

FORD SMART MOBILITY U.K. LIMITED

Annual Report and Financial Statements

For the Year Ended 31 December 2021

Registered number: 11099683



FORD SMART MOBILITY U.K. LIMITED

Table of Contents

	<u>Page</u>
Strategic Report	1
Directors' Report	3
Independent Auditors' Report to the members of Ford Smart Mobility U.K. Limited	6
Income Statement	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12

FORD SMART MOBILITY U.K. LIMITED STRATEGIC REPORT

Strategic report for the year ended 31 December 2021

The directors present their strategic report for the year ended 31 December 2021 for Ford Smart Mobility U.K. Limited ("the Company").

The Company is a private company limited by shares, incorporated and domiciled in the United Kingdom.

Principal activities

The principal activities in which the Company is engaged are building mobility solutions and connected subscription services for cities, citizens and commercial arrangements. We create and develop sustainable mobility solutions that allow people to move freely, safely and confidently.

Review of the business

In 2021 the Company has been focusing on:

- Continuing the set up of an optimal business model in the region;
- Piloting, scaling and rolling out a range of Mobility services across Business to Consumer (B2C), Business to Government (B2G) and Business to Business (B2B) market channels.
- Supporting Ford Motor Company's Always On strategy with connected feature subscription products for retail and commercial customers.

Principal risks and uncertainties

The principal risk that could potentially affect the Company is withdrawal of funding of the parent (Ford Smart Mobility LLC) and non-acceptance of our products in the market.

The Directors have considered the financial position of the Company at 31 December 2021 ((net liabilities of £28,005,989 (2020: £27,487,171)) and consider after making appropriate enquiries that the Company has adequate resources in the form of a letter of support for 12 months from the parent company. If required Ford Motor Company will support the Company to meet its liabilities and, therefore the Company continues to adopt the going concern basis in preparing the financial statements.

Key performance indicators (KPIs)

In this early period of operations, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Results

The Company's result for the year are set out in the Income Statement on page 9.

Employee communications

The Company had no directly contracted employees during the year, although receives services from other Ford related companies.

**FORD SMART MOBILITY U.K. LIMITED
STRATEGIC REPORT**

Strategic report for the year ended 31 December 2021

Diversity, equity and inclusion

With a long and deep heritage in the UK, Ford has shown a sustained commitment to Diversity, Equity and Inclusion (DEI) that spans numerous decades. However, in as much as we are proud of our rich history and the things we have achieved over that time, we also recognise that we are on a journey and still have more to do to create a fully diverse, equitable and inclusive organisation.

Our DEI aspiration therefore is to cultivate a culture of belonging, where all employees feel valued for the contribution they make to our business and can bring their individual uniqueness and authenticity to the workplace. Infusing a sense of belonging in everything that we do is fundamental to creating a culture where we care for each other and everyone feels they are part of the Ford family.

The Company's Diversity Councils and the application of fair employment practices, ensures that all employees are treated equitably regardless of sex, marital status, civil partnership status, parental status, race, ethnic origin, colour, nationality, national origin, disability, sexual orientation, religion/belief, gender identity, age or those with caring responsibilities. In short our DEI strategy underpinned by our Ford+ behaviours seek to create a culture in which everyone is able to contribute to the success of our business.

Health and safety

Health and Safety of personnel remains a priority consideration within the Company.

The staffing of the Company operations is through services provided by employees of other related entities, therefore Health and Safety policies are in line with Ford Motor Company Limited.

The Company has leveraged Ford Motor Company Limited's health and safety legal requirements, which has processes in place to minimise health and safety risks throughout the operation. This is achieved by ensuring that the Ford Motor Company Limited's health and safety management systems are consistent with UK health and safety executive guidance for managing health and safety.

Corporate social responsibility

"Contributing to a better world has always been a core value at Ford, and our commitment to sustainability is a key part of who we are. Our vision is to create an even more dynamic and vibrant company that improves people's lives around the world and creates value for all of our stakeholders."

William Clay Ford, Jr., Executive Chairman, Ford

The Company has adopted the Ford Corporate Social responsibility mandate, which is equally demonstrated through a focus on vehicle safety and our commitment to the community. Our corporate safety policy outlines our commitment to design and build vehicles that meet or exceed applicable laws and regulations, while meeting the safety needs and expectations of our customers. In line with our policy letter, Ford is continuously working to enhance the safety of our products.

On behalf of the Board

DocuSigned by:

263255F8A60F41D
Mark Harvey
Director
23 September 2022

**FORD SMART MOBILITY U.K. LIMITED
DIRECTORS' REPORT**

Directors' report for the year ended 31 December 2021

The Directors present their annual report and the audited financial statements for the year ended 31 December 2021.

Directors

The Directors of the company who were in office during the year and up to the date of signing the financial statements were:

Clive Bailey
Mark Harvey

Jane Skerry
Richard Balch

Brett Wheatley (resigned 31 March 2022)
Izabela Lozowska (appointed 21 June 2022)

Qualifying indemnity provisions

Qualifying third party indemnity provisions are in force for the Company's directors as of the date of this report and were in force for the duration of 2021.

Future developments

The Company plans to gradually accelerate on its plan of generating sustainable revenues and profits in the long-term by bringing successful Connected Feature Solutions and Mobility services to market. As the competitive landscape within the Mobility industry evolves and develops, the Company may consider broader strategic actions, for example entering into partnerships with third parties that provide complimentary assets and strengths, which the Company can leverage to achieve its growth objectives more effectively.

Financial highlights

The company's loss before tax was £424,042 (2020: profit of £530,185).

Total assets at 31 December 2021 were £27,645,508 (2020: £35,623,142) offset by total liabilities of £55,651,497 (2020: £63,110,313). These include cash and cash equivalents of £17,266,197 (2020: £8,885,614).

The company's share capital at the end of 2021 was £100 (2020: £100). All shares are owned by Ford Smart Mobility LLC.

Dividends

The directors recommend that no dividend will be paid in respect of 2021 (2020: £nil).

Political donations

There were no contributions to political parties in 2021 (2020: £nil).

**FORD SMART MOBILITY U.K. LIMITED
DIRECTORS' REPORT**

Directors' report for the year ended 31 December 2021

Financial risk management

The Company's operations expose it to a variety of financial risks that include credit risk, liquidity risk and exchange rate risk. The Company has in place a risk management programme that sets out specific guidelines to manage these risks and the circumstances where it would be appropriate to use financial instruments to manage these.

Credit risk

The amount of exposure to any individual counterparty is subject to a limit, which is specified within individual agreements. There is a limited credit risk, as there has been no lending provided by the Company.

Liquidity risk

The directors can be satisfied that the balance of cash and short term debt is maintained, providing sufficient available funds for operations. The Directors have taken action to ensure appropriate cash resources are available to fund the Company's operations.

Exchange risk

The Company has only limited exposure to exchange rate risk through the purchased services it incurs.

COVID-19 and Supplier disruptions

The impact of COVID-19, including changes in consumer behaviour, pandemic fears and market downturns, and restrictions on business and individual activities, has created significant volatility in the global economy. Recent outbreaks in certain regions, including China where lock-downs due to COVID-19 have been imposed in more than 40 cities, continue to cause intermittent COVID-19-related disruptions in our supply chain and local manufacturing operations. We also continue to face supplier disruptions due to the semi-conductor shortage. Further, actions taken by Russia in Ukraine could impact our suppliers, particularly our lower tier suppliers, as well as our operations in Europe.

Going concern basis

The directors consider, after making appropriate enquiries, that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company remains a key element of the Group's commercial strategy for the future and continues to have access to cash facilities within the wider Group to support its ongoing activities in developing connected services. The directors are comfortable that the revolving loan agreement will not be called up and support (per letter of support from parent 'Ford Motor Company') would be forthcoming from the Group, should an event occur where it should be required. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Research and development

The Company spent £1,593,604 (2020: £3,440,994) on research and development in the accounting year ended 31 December 2021 as part of the on-going drive to develop connected vehicle and mobility solutions. Connected services are used by the Group within the Passenger and Commercial vehicle product lines, for which the Company is paid a fee.

**FORD SMART MOBILITY U.K. LIMITED
DIRECTORS' REPORT**

Directors' report for the year ended 31 December 2021

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

PricewaterhouseCoopers LLP have expressed a willingness to remain as independent auditors of the Company.

On behalf of the Board

DocuSigned by:

283255F8A8DF41B
Mark Harvey
Director
23 September 2022

Registered office:
Business Unit 2, Broadcast Centre, Here East
Queen Elizabeth Olympic Park
Stratford, London, England, E20 3BS

**FORD SMART MOBILITY U.K. LIMITED
INDEPENDENT AUDITORS' REPORT**

Independent auditors' report to the members of Ford Smart Mobility U.K. Limited

Report on the audit of the financial statements

Opinion

In our opinion, Ford Smart Mobility U.K. Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2021; the Income Statement and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

**FORD SMART MOBILITY U.K. LIMITED
INDEPENDENT AUDITORS' REPORT**

Independent auditors' report to the members of Ford Smart Mobility U.K. Limited

Reporting on other information (continued)

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate or unusual journal entries outside the usual course of business as well as management bias in accounting estimates. Audit procedures performed by the engagement team included:

- challenging assumptions and judgements made by management in determining their accounting estimates, in particular in relation to the recoverability of amounts owed by group undertakings;
- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with the provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management about existing and potential litigation and claims, and known or suspected instances of non-compliance with laws and regulations and fraud;
- addressing the risk of fraud through management override of controls by testing the appropriateness of journal entries;
- incorporating an element of unpredictability into our audit testing, as required by ISA (UK) 240; and
- communicating relevant identified laws and regulations and potential fraud risks to all engagement team members, and reminding them to be alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**FORD SMART MOBILITY U.K. LIMITED
INDEPENDENT AUDITORS' REPORT**

Independent auditors' report to the members of Ford Smart Mobility U.K. Limited

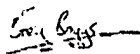
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Gregory Briggs (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford
23 September 2022

FORD SMART MOBILITY U.K. LIMITED
INCOME STATEMENT
for the year ended 31 December 2021

	Note	For the year ended 31 December 2021	For the year ended 31 December 2020
Revenue			
Revenue from contracts with customers	4	£ 10,044,405	£ 20,220,379
Total revenues		<u>10,044,405</u>	<u>20,220,379</u>
Cost of sales			
Cost of sales	5	(9,547,729)	(19,271,594)
Total costs and expenses		<u>(9,547,729)</u>	<u>(19,271,594)</u>
Finance expense, net	6	(920,718)	(418,600)
(Loss)/profit before income tax		(424,042)	530,185
Income tax expense	7	(94,776)	(180,215)
(Loss)/profit for the financial year		<u>£ (518,818)</u>	<u>£ 349,970</u>

(Loss)/profit for the financial year is equal to total comprehensive (loss)/profit

The accompanying notes are an integral part of the financial statements.

FORD SMART MOBILITY U.K. LIMITED
STATEMENT OF FINANCIAL POSITION
as at 31 December 2021


	Note	December 31, 2021	December 31, 2020
ASSETS			
Cash and cash equivalents		£ 17,266,197	£ 8,885,614
Trade and Other Receivables	9	10,364,663	26,642,272
Other assets		-	80,305
Total current assets		27,630,860	35,608,191
Property, plant, and equipment		14,648	14,951
Total non-current assets		14,648	14,951
Total assets		£ 27,645,508	£ 35,623,142
LIABILITIES			
Accounts payable	10	£ 55,651,497	£ 62,927,889
Deferred revenue and other liabilities		-	2,209
Income taxes payable		-	180,215
Total current liabilities		55,651,497	63,110,313
Deferred income taxes	7	-	-
Total non-current liabilities		-	-
Total liabilities		55,651,497	63,110,313
EQUITY			
Called up share capital	11	£ 100	£ 100
Accumulated deficit		(28,006,089)	(27,487,271)
Total equity		(28,005,989)	(27,487,171)
Total liabilities and equity		£ 27,645,508	£ 35,623,142

The accompanying notes are an integral part of the financial statements.

The financial statements on pages 9 to 17 were approved by the board of directors and were signed on its behalf by:

DocuSigned by:

283255F8A5DF41B...
Mark Harvey
Director
23 September 2022

DocuSigned by:

DD85B28955A44F5...
Richard Balch
Director
23 September 2022

Registered number: 11099683

FORD SMART MOBILITY U.K. LIMITED
STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2021

	Called up Share Capital	Accumulated Deficit	Total
Balance at January 1, 2020	£ 100	£ (27,837,241)	£ (27,837,141)
Profit and total comprehensive income for the year	-	349,970	349,970
Balance at December 31, 2020	<u>£ 100</u>	<u>£ (27,487,271)</u>	<u>£ (27,487,171)</u>
Balance at January 1, 2021	£ 100	£ (27,487,271)	£ (27,487,171)
Loss and total comprehensive expense for the year	-	(518,818)	(518,818)
Balance at December 31, 2021	<u>£ 100</u>	<u>£ (28,006,089)</u>	<u>£ (28,005,989)</u>

The accompanying notes are an integral part of the financial statements.

**FORD SMART MOBILITY U.K. LIMITED
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1. BACKGROUND AND BASIS OF PREPARATION

Background

Ford Smart Mobility U.K. Limited (or the "Company") was incorporated on 6 December 2017 and has its registered office at Business Unit 2, Broadcast Centre, Here East, Queen Elizabeth Olympic Park, Stratford, London, England, E20 3BS. Its business activities include building mobility solutions for cities, citizens and commercial arrangements.

The Company is a private company limited by shares, incorporated and domiciled in the United Kingdom. Registered office: Business Unit 2, Broadcast Centre, Here East, Queen Elizabeth Olympic Park, Stratford, London, E20 3BS.

Basis of Preparation

Statement of Compliance

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101).

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Copies of the ultimate holding company's financial statements can be obtained from the address outlined in Note 12.

The principal accounting policies applied in the preparation of the financial statements of the Company are set out in Note 2. These policies have been applied consistently to the period presented, unless otherwise stated.

Presentation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the Company's functional currency. All financial information has been rounded to the nearest pound, except where otherwise indicated.

The statement of financial position differentiates between current and non-current assets and liabilities. Assets and liabilities are classified as current if they mature within one year.

FRS 101

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined).
- IFRS 7, 'Financial Instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16 Property, plant and equipment;
 - (iii) paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows),
 - 16 (statement of compliance with all IFRS),
 - 38A (requirement for minimum of two primary statements, including cash flow statements),
 - 38B-D (additional comparative information),
 - 111 (cash flow statement information), and
 - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 and 18A of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

FORD SMART MOBILITY U.K. LIMITED
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Going Concern

The directors consider, after making appropriate enquiries, that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company remains a key element of the Group's commercial strategy for the future and continues to have access to cash facilities within the wider Group to support its ongoing activities in developing connected services. The directors are comfortable that the revolving loan agreement will not be called up and support (per letter of support from parent 'Ford Motor Company') would be forthcoming from the Group, should an event occur where it should be required. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Revenue Recognition

Revenue is recognized when obligations under the terms of a contract with our customer are satisfied: generally, this occurs with the transfer of control of our products and services. Revenue is measured as the amount of consideration we expect to receive in exchange for transferring goods or providing services. The transaction price is allocated to each performance obligation based on the relative standalone selling price at contract inception for each performance obligation. Sales, value add, and other taxes we collect concurrent with revenue-producing activities are excluded from revenue.

Cost of Sales and Selling, Administrative and Other Expenses

Cost of Sales and Selling, Administrative and other expenses are recognised in the period to which they relate. Research and Development costs include purchased services, wages and salaries, and contractors' expenses incurred to carry out discovery, research and incubating activities across a number of projects.

Trade and Other Receivables

Trade and other receivables are amounts due from related group undertakings for services provided, tax losses surrendered, or services performed in the ordinary course of business.

With the adoption of IFRS 9 Financial Instruments, provisions for expected credit losses are established using an expected credit loss model (ECL). The provisions are based on a forward-looking ECL, which includes possible default events on the trade receivables including amounts owed by fellow group undertakings over the entire holding period of the trade receivables. These provisions represent the difference between the trade receivable's carrying amount in the statement of financial position and the estimated collectible amount. Charges for doubtful trade receivables are recorded as administration costs. Management has assessed the impact of the adoption of IFRS 9 on the financial statements and they consider there to be no material impact.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement of Comprehensive Income.

When a debtor is uncollectible, it is written off against the allowance account for debtors. Subsequent recoveries of amounts previously written off are credited against the Statement of Comprehensive Income.

Accounts Payable

Accounts payables are accrued when the counterparty performs its obligations under the contract and are recognised initially at fair value and subsequently are carried at amortised cost using the effective interest method.

Foreign Currency Translation

Income statement transactions in foreign currency are translated into pounds sterling at rates ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the rates ruling at the year end date. The effect of this remeasurement process are reported in *Administrative and other expenses*.

Development of Products and Services relating to group activity

The Company is paid a fee by Ford Motor Company, for the scoping, development and running of connected services supporting the group, which is recognised as Revenue. All related costs including development and administrative are included within Cost of Sales, as they are in scope for the calculation of the fee. In the prior year a fee was not paid and therefore administrative and development costs were included in Administrative costs on the Income Statement.

**FORD SMART MOBILITY U.K. LIMITED
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, items recognised directly in equity, or items recognised in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised for temporary differences that exist between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

In determining the amount of current and deferred tax the company has no uncertain tax positions to take into consideration.

A deferred tax asset is recognised for unused tax losses, tax credits, and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in local bank account available upon demand and are recognised at fair value.

NOTE 3. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES, AND ASSUMPTIONS

The preparation of financial statements in conformity with FRS 101 requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

We consider an accounting estimate to be significant if: 1) the accounting estimate requires us to make assumptions about matters that were highly uncertain at the time the accounting estimate was made, and 2) changes in the estimate that are reasonably likely to occur from period to period, or use of different estimates that we reasonably could have used in the current period, would have a material impact on our financial condition or results of operations.

There are other items within our financial statements that require estimation, but are not deemed critical as defined above. Changes in estimates used in these and other items could have a material impact on our financial statements.

FORD SMART MOBILITY U.K. LIMITED
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4: REVENUE

Amounts included in *Revenue* on our income statement were as follows:

	For the years ended 31 December	
	2021	2020
Operating income relating to mobility products and services	£ 10,044,405	£ 20,220,379
Total revenues	£ 10,044,405	£ 20,220,379

Operating income includes the fee paid by Ford Motor Company for all software development, service development and associated administrative costs incurred, plus a markup of £9.4m (2020: £20.1m), as disclosed in Note 2 to the financial statements.

Revenue is recognized when obligations under the terms of a contract with our customer are satisfied; generally this occurs with the transfer of control of our products and services. Revenue is measured as the amount of consideration we expect to receive in exchange for transferring goods or providing services. The transaction price is allocated to each performance obligation based on the relative standalone selling price at contract inception for each performance obligation. Sales, value add, and other taxes we collect concurrent with revenue-producing activities are excluded from revenue.

NOTE 5. TOTAL COST OF SALES

Amounts included in *Cost of sales* on our income statement were as follows:

	For the years ended 31 December	
	2021	2020
Cost of sales relating to external revenue	£ 243,110	£ 389,174
Cost of sales relating to fee paid by Ford Motor Company (see note 2 for reference)		
Research and Development	1,593,604	3,440,994
Purchased services	40,467	336,451
Services from related companies	2,553,444	8,223,748
Office and overheads	4,457,369	6,288,228
Other administrative expenses	659,735	592,899
Total costs and expenses	£ 9,547,729	£ 19,271,594

Services from related companies included above:

	For the years ended 31 December	
	2021	2020
Wages and salaries	£ 2,476,917	£ 4,246,181
Pension costs, net of recharges	353	1,459,107
	£ 2,477,270	£ 5,705,288

Research and Development cost includes purchased services, wages, salaries and pensions of £1.0m (2020: £3.1m), and contractors' expenses incurred to carry out discovery, research and incubating activities across a number of projects.

Auditors' fees

Auditors' remuneration for the statutory audit of the company's annual financial statements was £21,600 (2020: £20,000). Non-audit services amounted to £nil (2020: £nil).

NOTE 6. FINANCE EXPENSE, NET

Amounts included in *finance expense, net* on our income statement were as follows:

	For the years ended 31 December	
	2021	2020
Interest expense, net - group undertakings	£ 920,718	£ 418,600
Total interest expense and finance cost, net	£ 920,718	£ 418,600

FORD SMART MOBILITY U.K. LIMITED
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. INCOME TAX EXPENSE

The *income tax expense* on our income statement was estimated as follows:

	For the years ended 31 December	
	2021	2020
Current		
UK corporation tax at 19.00% (2020: 19.00%)	£ 94,250	£ -
Group relief payable/(receivable)	-	179,934
Adjustments in respect of prior periods	(281)	-
Total current tax charge/(credit)	93,969	179,934
Deferred		
Recognition of net deferred tax assets		
Origination and reversal of temporary differences	£ 156	£ (28)
Effect of tax rate change on opening balance	89	-
Adjustments in respect of prior years	562	-
Total deferred tax charge	807	231
Tax on (loss)/profit on ordinary activities	£ 94,776	£ 180,215

The income tax charge is higher (2020: higher) than the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%) for the year ended 31 December 2021. The differences are explained below:

	For the years ended 31 December	
	2021	2020
(Loss)/profit on ordinary activities before tax	£ (424,042)	£ 530,185
Tax on (loss)/profit at standard Corporate Tax rate of 19% (2020: 19.00%)	(80,568)	100,735
Tax effects of:		
Transfer pricing adjustments	174,937	79,480
Adjustments to tax charge in respect of previous periods	(281)	-
Adjustments to tax charge in respect of previous periods - deferred tax	562	-
Remeasurement of deferred tax for changes in tax rates	126	-
Income tax expense for the year	£ 94,776	£ 180,215
Effective tax rate	-22%	34%

On 10th June 2021, Finance Act 2021 was enacted. This provided for an increase in the rate of UK corporation tax from 19% to 25% from 1st April 2023 for UK tax resident companies whose profits exceed a certain threshold. The company's net deferred tax asset has been revalued in these accounts to reflect the future change in tax rates. Had the 25% tax rate been applied to taxable profits of the year ended 31 December 2021 the corporation tax charge for the company would have increased by £29,763.

NOTE 8. EMPLOYEE BENEFITS

The Company had 5 directors at the year end (2020: 5).

Employment costs of £0.2m (2020: £0.3m) were recharged from the immediate subsidiary, Ford Motor Company Limited for 1 (2020: 3) directors.

The highest paid director's emoluments were £0.2m (2020: £0.2m).

The other directors of the Company are remunerated by other Ford Motor Company group companies and did not receive any emoluments in respect of their services to the Company.

NOTE 9. TRADE AND OTHER RECEIVABLES

Trade and other receivables are analysed as follows:

	As at 31 December	
	2021	2020
Amounts owed by group undertakings	£ 9,874,206	£ 28,603,298
Other receivables	142,619	38,974
Prepayments	347,838	-
Total	£ 10,364,663	£ 28,642,272

Amounts owed by group undertakings are unsecured, bear interest at a variable rate which is capitalised monthly and are repayable on demand.

FORD SMART MOBILITY U.K. LIMITED
NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. ACCOUNTS PAYABLE

Accounts payable on our statement of financial position were as follows:

	As at 31 December	
	2021	2020
Trade payables	£ 2,122,058	£ 767,097
Amounts owed to group undertakings	48,643,836	62,160,792
Corporation tax	274,184	-
Taxation and social security	39,224	-
Accruals and deferred income	4,572,195	-
Total	£ 55,651,497	£ 62,927,889

The amounts owed to group undertakings are unsecured and repayable on demand. £48,643,836 (2020: £57,988,491) of the balance incurs interest at a variable rate which is capitalised monthly. The remaining balance is non-interest bearing.

NOTE 11. CALLED UP SHARE CAPITAL

The number of ordinary shares outstanding at 31 December were as follows:

	As at 31 December	
	2021	2020
Shares issued and fully paid	£ 100	£ 100
100 (2020: 100) ordinary Shares of £1 each	£ 100	£ 100

All shares rank *pari passu* in all aspects.

NOTE 12. CONTROLLING PARTIES

The Company's immediate parent company is Ford Smart Mobility LLC, a company incorporated in the State of Delaware, USA. The ultimate parent company and controlling party is Ford Motor Company, a company also incorporated in the State of Delaware, USA. At 31 December 2021, the results of the Company are only consolidated into the financial statements of Ford Motor Company, the smallest and largest group to consolidate these financial statements. Copies of the ultimate parent company's financial statements may be obtained from: Ford Motor Company, One American Road, Dearborn, Michigan 48126, USA.