

Group Lotus Limited
Annual report and financial statements
for the Year Ended 31 December 2021

Registered Number: 00606189



Group Lotus Limited

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Group Lotus Limited

Company information

Directors

Daniel Li Donghui

Feng Qingfeng

Auditor

Grant Thornton UK LLP

30 Finsbury Square

London

EC2A 1AG

Registered office

Potash Lane

Hethel

Norwich

NR14 8EZ

Group Lotus Limited

Directors' report

The directors present their report and financial statements of Group Lotus Limited ("the Company") for the year ended 31 December 2021.

Principal activity

The Company is an intermediate holding company which holds the Lotus brand and trademarks.

Results and dividends

The Company's profit for the year after taxation amounted to £105,134,000 and a normalised profit after the exclusion of the one off other income as per note 5, of £509,000 (2020: £557,000).

During the year ended 31 December 2021 the directors approved and paid a Dividend in Specie of £104,624,700 to its immediate parent company, Lotus Group International Limited.

Directors

The directors who served during the year, and to the date of this report were as follows:

Daniel Li Donghui
Feng Qingfeng

Statement of directors' responsibilities

The directors are responsible for preparing the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare the financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards and applicable law, including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Group Lotus Limited

Directors' report (continued)

Going concern

The Company's financial statements have been prepared on the going concern basis, which assumes that the Company will be able to meet its liabilities as they fall due for the foreseeable future.

The Company made a profit for the year ended 31 December 2021 of £105.1m, this is after the £104m other income amount which was settled in shares, rather than cash (2020: £0.6m). As at 31 December 2021, the Company had net assets of £77.2m (2020: £76.7m).

Group Lotus Limited is a direct subsidiary of Lotus Group International Limited ("Lotus Group"), which requires a letter of parental support. The shareholders of the Company's intermediate holding company, Lotus Advance Technologies Sdn Bhd, Geely International (Hong Kong) Limited, to the extent of its 51% holding, and in conjunction with Etika Automotive Sdn Bhd who own 49%, have confirmed that they will provide the necessary financial support to the Lotus Group, so as to allow the Company and all of its subsidiaries to meet their liabilities as they fall due for at least 12 months from the date of signing of the audited financial statements to enable them to continue to trade and complete development projects. The directors have assessed the ability of both parties to provide such support.

The directors have prepared cash flow forecasts for the foreseeable future, being at least 12 months from the date of approval of these financial statements. The directors have therefore concluded that it is appropriate to prepare the financial statements on a going concern basis.

Qualifying third party indemnity provisions

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Disclosure of information to auditor

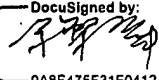
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each director has taken all the steps that ought to have been taken as a director in order to be aware of relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006

This report was approved by the board of directors and signed on its behalf.

DocuSigned by:

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Feng Qingfeng
Director

Date: 6/16/2022

Group Lotus Limited

Independent Auditor's Report to the Members of Group Lotus Limited

Opinion

We have audited the financial statements of Group Lotus Limited for the year ended 31 December 2021, which comprise the Income Statement, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Group Lotus Limited

Independent Auditor's Report to the Members of Group Lotus Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Group Lotus Limited

Independent Auditor's Report to the Members of Group Lotus Limited (continued)

Responsibilities of directors for the financial statements

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Auditor's 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 auditor's 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.

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and we further enquired of management and in-house legal counsel whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud;
- Laws and regulations identified as being of significance in the context of the entity are Companies Act and Vehicle regulations namely Emissions law, Fuel Efficiency requirements and safety and security of the vehicles.
- We communicated relevant laws and regulations to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

Group Lotus Limited

Independent Auditor's Report to the Members of Group Lotus Limited (continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
 - journal entries that increased revenues or that reclassified costs from the income statement to the balance sheet
 - potential management bias in determining accounting estimates, especially in relation to the calculation of impairment of intangible assets
 - transactions with related parties
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the entity's operations, including the nature of its revenue sources, products and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
 - the applicable statutory provisions
 - the entity's control environment, including the policies and procedures implemented to comply with the requirements of its regulations in place

We did not identify any matters relating to non-compliance with laws and regulation or relating to fraud

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

GA TL A LLP

Paul Naylor
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

Date: 6/16/2022

Group Lotus Limited

Income Statement

For the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Turnover	4	509	559
Gross Profit		509	559
Administrative expenses		-	(1)
Other income	5	104,625	
Operating Profit	6	105,134	558
Tax on profit on ordinary activities	9	-	(1)
Profit for the financial year		105,134	557

There were no recognised gains or losses for 2021 or 2020 other than those included in the Income Statement.

There was no Other comprehensive income for 2021 (2020: £Nil)

The notes on pages 11 to 19 form part of these financial statements.

Group Lotus Limited

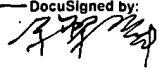
Statement of Financial Position

As at 31 December 2021

	Notes	2021 £'000	2020 £'000
Fixed assets			
Investments	10	-	-
		-	-
Current assets			
Debtors: amounts falling due within one year	11	106,509	106,542
		106,509	106,542
Current liabilities			
Creditors: amounts falling due within one year	12	(29,267)	(29,809)
		(29,267)	(29,809)
Net current assets		77,242	76,733
Total assets less current liabilities being net		77,242	76,733
Capital and reserves			
Called up share capital	13	36,978	369,780
Share premium account	14	8,120	8,120
Other reserve	14	210	210
Profit and loss account	14	31,934	(301,377)
Shareholders' funds		77,242	76,733

The notes on pages 11 to 19 form part of these financial statements.

The financial statements were approved and authorised for issue by the board of directors and were signed on its behalf by:

DocuSigned by:

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Feng Qingfeng
 Director

Date: 6/16/2022

Registered number: 00606189

Group Lotus Limited

Statement of Changes in Equity

For the year ended 31 December 2021

	Share capital £'000	Share premium £'000	Other reserves £'000	Profit and loss account £'000	Total equity £'000
At 1 January 2020	369,780	8,120	210	(301,934)	76,176
Profit for the year being total comprehensive income	-	-	-	557	557
At 31 December 2020	369,780	8,120	210	(301,377)	76,733
Profit for the year being total comprehensive income	-	-	-	105,134	105,134
Capital reduction (Note 13)	(332,802)	-	-	332,802	-
Dividend paid	-	-	-	(104,625)	(104,625)
At 31 December 2021	36,978	8,120	210	31,934	77,242

The notes on pages 11 to 19 form part of these financial statements.

Group Lotus Limited

Notes to the financial statements

For the year ended 31 December 2021

1. General information

The Company is a private company limited by shares and is incorporated in England and Wales. The address of its registered office is Potash Lane, Hethel, Norwich, Norfolk, NR14 8EZ.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' and in accordance with the Companies Act 2006.

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 (see note 3).

2.2 Financial reporting standard 101 – reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the requirement of paragraph 38 of IAS 1, 'Presentation of financial statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets; and
 - paragraph 76 and 79(d) of IAS 40 Investment Property.
- the requirements of paragraphs 10(d), 10 (f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial statements;
- the requirements of IAS 7 Statements of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

Group Lotus Limited

Notes to the financial statements

For the year ended 31 December 2021

2. Summary of significant accounting policies (continued)

2.3 Exemption from preparing consolidated financial statements

The Company is a wholly owned subsidiary of Lotus Group International Limited. It is included in the consolidated financial statements of Lotus Group International Limited which are publicly available. Therefore, the Company is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

2.4 Going concern

The Company's financial statements have been prepared on the going concern basis, which assumes that the Company will be able to meet its liabilities as they fall due for the foreseeable future.

The Company made a profit for the year ended 31 December 2021 of £105.1m, this is after the £104m other income amount which was settled in shares, rather than cash (2020: £0.6m). As at 31 December 2021, the Company had net assets of £77.2m (2020: £76.7m).

Group Lotus Limited is a direct subsidiary of Lotus Group International Limited ("Lotus Group"), which requires a letter of parental support. The shareholders of the Company's intermediate holding company, Lotus Advance Technologies Sdn Bhd, Geely International (Hong Kong) Limited, to the extent of its 51% holding, and in conjunction with Etika Automotive Sdn Bhd who own 49%, have confirmed that they will provide the necessary financial support to the Lotus Group, so as to allow the Company and all of its subsidiaries to meet their liabilities as they fall due for at least 12 months from the date of signing of the audited financial statements to enable them to continue to trade and complete development projects. The directors have assessed the ability of both parties to provide such support.

The directors have prepared cash flow forecasts for the foreseeable future, being at least 12 months from the date of approval of these financial statements. The directors have therefore concluded that it is appropriate to prepare the financial statements on a going concern basis.

2.5 Foreign currency translation

The Company's functional and presentational currency is GBP.

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Group Lotus Limited

Notes to the financial statements

For the year ended 31 December 2021

2. Summary of significant accounting policies (continued)

2.6 Revenue recognition

The Company earns royalty income from trademarks and brand licensing, which is invoiced on commencement of the licensing agreement and is recognised in the accounting period in which the services are rendered.

The Company's trademarks have been granted for a finite period by the relevant government agency with the option of renewal. Licences for the use of intellectual property are granted for periods ranging between five and ten years depending on the specific licence. The licences may be renewed at little or no cost to the Company. As a result, those licences are assessed as having an indefinite useful life.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

2.7 Other income

Other income comprises the consideration received by the Group in respect of activities or events outside its ordinary activities, including government grants and licence income. The time period for recognition of the licence income has been deemed on issue as the performance obligation has been met and no further activities are expected that will affect the intellectual property to which the licence relates.

2.8 Taxation

Tax is recognised in profit or loss, except that a charge attributable to an item of income and expense recognised as Other Comprehensive Income or to an item recognised directly in equity is also recognised in Other Comprehensive Income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws that have been enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the reporting date.

2.9 Investments

Investments in subsidiary undertakings and joint ventures are measured at cost less provision for impairment.

Dividends from joint ventures are recognized in the Income Statement when the right to receive the payment is established.

Group Lotus Limited

Notes to the financial statements

For the year ended 31 December 2021

2. Summary of significant accounting policies (continued)

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.12 Financial instruments

The Company recognises financial instruments when it becomes party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire.

(a) Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

All of the Company's financial assets are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

The Company recognises lifetime Expected Credit Losses (ECL) for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including the time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

(b) Financial liabilities

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss.

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, to the amortised cost of a financial liability.

Group Lotus Limited

Notes to the financial statements

For the year ended 31 December 2021

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgements

In the process of applying the Company's accounting policies, management have made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

- **Deferred tax asset recognition:** Management have determined not to recognise a deferred tax asset, upon consideration of recoverability against future sources of taxable income (see note 9).
- **Other income:** the time period of the licence income has been deemed on issue as the performance obligation has been met and no further activities are expected that will affect the intellectual property to which the licence relates.

Estimates and assumptions

The following estimates and assumptions have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

- **Impairment of receivables** – the Company makes an estimate of the recoverable value of trade and other receivables (both third parties and other group undertakings) [see note 11].

4. Turnover

An analysis of turnover by class of business is as follows:

	2021 £'000	2020 £'000
Royalty income	509	559

Turnover arose within the United Kingdom.

5. Other income

	2021 £'000	2020 £'000
Trademark licensing	104,625	-

Other income recognised in the year ended 31 December 2021 represents the licence income on issuance of the agreement where all performance obligations have been met, no future activity is expected that will impact the intellectual property.

Group Lotus Limited

Notes to the financial statements

For the year ended 31 December 2021

6. Operating profit

Profit on ordinary activities before taxation is stated after charging:

	2021 £'000	2020 £'000
Net foreign exchange losses	-	1

7. Auditors' remuneration

Fees payable to the Company's auditor for the audit of the financial statements were £13,000 (2020: £12,000). Fees were borne by Lotus Cars Limited, a fellow group undertaking, without right of recharge.

8. Employees

The directors' services to this Company are non-executive in nature and their emoluments are deemed to be wholly attributable to their qualifying services as directors of other group companies. Accordingly, these financial statements include no emoluments in respect of the directors (2020: £Nil).

Other than the directors, the Company had no employees (2020: none).

9. Taxation

Tax charged in the Income Statement

	2021 £'000	2020 £'000
Foreign tax on income for the year	-	1
Tax on profit on ordinary activities	-	1

Reconciliation of the total tax charge

Tax expense for the year is lower (2020: lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2021 of 19% (2020: 19%). The differences are explained below:

	2021 £'000	2020 £'000
Profit on ordinary activities before taxation	105,134	558
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	19,975	106
Effects of:		
Group relief received for nil consideration	(19,975)	(106)
Irrecoverable overseas withholding tax on UK income	-	1
Total tax charge for the year	-	1

Group Lotus Limited

Notes to the financial statements

For the year ended 31 December 2021

9. Taxation (contd)

Factors that may affect future tax charges

As a result of the Finance Bill 2021 (published 11 March 2021) the standard rate of corporation tax in the UK will increase from 19% to 25% for the financial year beginning 1 April 2023.

10. Investments

	Subsidiaries £'000	Joint Venture £'000	Total £'000
Cost			
At 1 January 2021	7,049	1	7,050
At 31 December 2021	7,049	1	7,050
Provision for diminution in value			
At 1 January 2021	7,049	1	7,050
Balance as at 31 December 2021	7,049	1	7,050
Net book value			
At 31 December 2021	-	-	-
At 31 December 2020	-	-	-

The following companies are directly owned subsidiaries of the Company as at 31 December 2020:

Subsidiary undertaking	Country of Incorporation	% Ownership	Nature of Business
Lotus Cars USA, Inc. ¹	USA	100%	Car sales and servicing
Lotus Pension Trustees Limited ²	England and Wales	100%	Pension Trustee

¹ Registered office: 47584 Galleon Dr, Plymouth, Michigan 48170 USA

² Registered office: Potash Lane, Hethel, Norwich, NR14 8EZ

The Company has a joint venture arrangement, Lotus Finance Limited, a company incorporated in England and Wales, in which it holds 49.9% of the ordinary shares. The entity's financial year end is 31 December and its principal activity was to provide financing to car dealers for new and used Lotus vehicles.

Group Lotus Limited

Notes to the financial statements

For the year ended 31 December 2021

11. Debtors

	2021 £'000	2020 £'000
Amounts owed by immediate parent	106,491	106,491
Prepayments and accrued income	18	41
Trade debtors	-	10
	106,509	106,542

The amounts owed by the immediate parent undertaking is unsecured, non-interest bearing and has no fixed repayment date.

12. Creditors: Amounts falling due within one year

	2021 £'000	2020 £'000
Amounts owed to fellow group undertaking	29,128	29,658
Other taxation and social security costs	1	6
Accruals and deferred income	138	145
	29,267	29,809

The amounts owed to the fellow group undertaking is unsecured, non-interest bearing and has no fixed repayment date.

13. Called up share capital

Allotted called up and fully paid	2021 Per Share	2021 £'000	2020 Per Share	2020 £'000
3,697,796,353 Ordinary shares	£0.01	36,978	£0.10	369,780

On 16 December 2021 the Company completed a capital reduction by cancelling and extinguishing capital to the extent of £0.09 on each issued ordinary share.

Group Lotus Limited

Notes to the financial statements

For the year ended 31 December 2021

14. Reserves

Profit and loss reserves

Profit and loss reserves represent accumulated profits and losses less any dividends paid.

During the year ended 31 December 2021 the directors approved and paid a Dividend in Specie of £104,624,700 to its immediate parent company, Lotus Group International Limited.

Share premium account

Share premium represents the excess of proceeds received over the nominal value of new shares issued.

Other reserves

Contains the merger reserve arising on acquisition of Lotus Cars USA, Inc. in a prior period.

15. Controlling party

The immediate holding company and controlling party is Lotus Group International Limited, a company incorporated in England and Wales. Copies of their consolidated financial statements may be obtained from Companies House.

The smallest group to consolidate the financial statements of the Company is headed by Lotus Group International Limited. Consolidated accounts are publicly available from Companies House, Cardiff, CF14 3UZ. The largest group to consolidate the financial statements of the Company is headed by Zhejiang Geely Holding Group Co, Ltd, a company incorporated in China. Copies of their consolidated financial statements are publicly available under PRC GAAP.

The directors regard Zhejiang Geely Holding Group Co, Ltd, a company incorporated in China, as the ultimate parent undertaking and controlling party.

16. Related party transactions

During the year the Group entered into the following transactions with related parties who are not members of the Group:

31 December 2021	Purchases from related party	Sales to related party	Amounts owed by related party	Amounts owed to related party
	£'000	£'000	£'000	£'000
Wuhan Lotus Technologies Co. Ltd	-	105	-	-

No transactions for the year ended 31 December 2020.