

Lotus Cars Limited

Directors' report and financial statements
for the year ended 31 March 2013

Registered Number: 00895081

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Lotus Cars Limited

Director's report and financial statements for the year ended 31 March 2013

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Lotus Cars Limited

Directors' report for the year ended 31 March 2013

The directors present their report and the audited financial statements for the year ended 31 March 2013

Principal activities

The principal activities of the company comprises the manufacture and sale of high performance motor cars and related merchandise (Lotus Cars division) and, the provision of engineering consultancy services and the commercial development and supply of technology to automotive and industrial clients world-wide (Lotus Engineering division) The company is a wholly owned subsidiary of Lotus Group International Limited and its ultimate parent company is DRB-HICOM Berhad

Review of business and future developments

The financial year ended 31 March 2013 was a challenging year for the company Whilst it continued its plans for the development of new exciting future products, the performance of the company was restricted by the continuing weak market conditions, fragile consumer confidence, increased competition, and cost pressures leading to increased operational cost

For the financial year ended 31 March 2013, the company recorded a turnover of £66.0m which represents a decrease of 14.3% when compared to the results of 2012 when turnover of £77.0m was reported Lotus Cars division contributed £54.5m (2012 £59.3m) and the Lotus Engineering division contributed £11.5m (2012 £17.7m) to the total company turnover Turnover by geographical market, as disclosed in note 2 of the financial statements, was attributable in the United Kingdom £16.8m (2012 £12.6m), Continental Europe £16.0m (2012 £24.6m), North and South America £14.9m (2012 £12.8m), Asia and Africa £18.3m (2012 £27.0m),

The company registered a loss of £159.4m (2012 £115.3m) during the financial year Rising operating costs together with investment into future product launches and brand enhancement has adversely contributed to the financial results of the company during the year, combined with reductions in sales across both the cars and engineering divisions The company has also taken an impairment charge on its intangible fixed assets, relating to certain product development costs Such write off's amounted to £86.2m (2012 £53.3m)

Following the acquisition of Lotus Group International Limited (LGIL) group ("the Group") of companies by DRB-HICOM Berhad and under the new leadership team, the business is implementing its new 10-year strategic business plan Underlying the new strategic business plan is a transformation to reposition both the Lotus Cars and Lotus Engineering divisions with the ultimate aim of delivering positive and sustainable financial returns to the company's stakeholders This plan is underpinned by continued ongoing support from the company's intermediate parent undertaking, Proton Holdings Berhad, ("Proton") as referred to below under "Going Concern"

Looking ahead to the new financial year, the primary focus is to ensure that the business continues to operate within the resources available while introducing additional measures to control operational costs

Lotus Cars will focus on maximising sales of its current Evora, Exige and Elise offerings which will be further enhanced by future variants to broaden and refresh the range and to meet a multitude of new legislative requirements

The focus for Lotus Engineering will be to continue the expansion and growth of its third party consultancy business by generating new opportunities, leveraging on its core competencies and partnering with other engineering service providers

As the company continues on this journey of transformation and repositioning, it readies itself for a challenging yet exciting time ahead The substantial investment needed to implement the strategies will impact the financial position of the company in the short term but once the transformation has taken shape, the company will be on a much stronger footing operationally and financially, thus creating value for all its stakeholders

Lotus Cars Limited

Directors' report for the year ended 31 March 2013 (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

As at 31 March 2013, the company had negative shareholders' funds of £91.4m (2012 £94.6m)

Included in net current liabilities is £203.5m in respect of bank loans shown as falling due within one year as a consequence of the company being in breach of a covenant of the loan at 31 March 2013 and the date of approval of these financial statements, whereby the company is required to maintain positive shareholders' funds. The bank loans are supported by a corporate guarantee from Perusahaan Otomobil Nasional Sdn Bhd ('PONSB'), a wholly owned subsidiary of Proton Holdings Berhad (PHB), the company's intermediate parent company (see below for further details)

PHB has confirmed in writing that it will provide such financial support to the company so as to allow the company to meet its liabilities as they fall due for the next 12 months from the date of signing of the audited financial statements for the financial year ended 31 March 2013

It is on the basis of this letter of support that the board of directors have determined that it is appropriate to prepare the financial statements on a going concern basis

The ability of PHB to provide the support required is, however, dependent upon negotiations which are currently underway with the company's bankers as detailed below

As disclosed in note 15, the company secured financing facilities totalling £270 million, supported by a corporate guarantee from Perusahaan Otomobil Nasional Sdn Bhd (PONSB), a wholly owned subsidiary of PHB. Management of PHB is currently in discussion with the lenders to negotiate the waiver of the requirement to maintain Positive Shareholders Funds. Currently a temporary waiver of this condition has been approved by the lead lender to 31 March 2014. In addition, PHB is planning to re-finance the loan via collateralisation of property, plant and equipment of certain wholly owned subsidiaries. The proposed re-financing plan is expected to be completed within the financial year ending 31 March 2014

Unless a further waiver is obtained, the company will continue to be in technical breach and the outstanding loan amounts will continue to be classified as current liabilities. The lenders would in addition have the right to demand early repayment of the amount from PONS B as guarantor for the loan. Based on the cash flow projections prepared by the management of PHB covering the next 12 month period, PHB is expected to have sufficient financial headroom to meet its current liabilities and to continue with the current development of the new models until completion and commercialisation. The projections include deferring certain long term capital expenditure pending availability of funding via loan re-financing

Having considered the above carefully, the directors are of the opinion that it is appropriate that the financial statements be prepared on a going concern basis. However, until the lenders have confirmed sufficient facilities will be in place to fund the company's operations for the foreseeable future, there is a material uncertainty which may cast doubt over the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern

Lotus Cars Limited

Directors' report for the year ended 31 March 2013 (continued)

Key performance indicators ("KPIs")

The directors monitor the overall company performance through the following KPIs

- Turnover by class of business and geographical segment – see note 2 for further details
- Profitability – (£159.4m) (2012 (£115.3m)) EBITDA is considered to be the key performance measurement – (£53.9m) (2012 (£43.9m))

See Review of Business above for an explanation of the movement in the above KPI's

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. A risk register is maintained, regularly updated and is reported at monthly management meetings. The key business risks affecting the performance of the company and the mitigation of those risks are as follows:

- Supply chain – Key suppliers' ability to deliver to the agreed timetable and quality, mitigated by multi-sourcing where possible, continuous monitoring of supplier performance and careful supplier selection based on quality and capability,
- Quality management – To ensure quality is maintained in products and services supplied and is also embedded within the organisation. The company is an ISO90001:2000 accredited organisation with regular third party assessments underpinning the business operations,
- Foreign exchange – A large proportion of the company's revenues are in currencies other than sterling. In addition the business sources supplies from all over the world in a variety of currencies and elements of its funding are denominated in foreign currencies. Where there is a significant forecast net position in any foreign currency a proportion of that risk is mitigated by forward contract hedging arrangements, where these are deemed appropriate,
- Market for the company's products and services – These are to an extent dependent on competitor activity, having the right products and services that the market demands and the health of the global economy. The company seeks to mitigate this risk through offering competitive and attractive products and services and through significant investment in research and development.

All risks and uncertainties are monitored on a regular basis with action plans put in place to mitigate any adverse effects on the business.

Lotus Cars Limited

Directors' report for the year ended 31 March 2013 (continued)

Financial risk management

The company's operations expose it to a variety of financial risks, which include price risk, credit risk, liquidity risk, foreign exchange risk and interest rate cash flow risk. Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

Price risk

The company is exposed to price risk through the indirect impact of competitor activities. The pricing of competitors is closely monitored and it is the policy of the company to ensure that the company's products and services are competitively priced, whilst reflecting the quality of the products and services supplied. The company is also subject to movements in commodity prices (for example, steel prices). Such exposure is not currently managed by hedge arrangements, although the directors will revisit the appropriateness of this policy should the exposure change in size or nature.

Credit risk

Credit risk is the risk customers will default on their obligation to make payment for the product or services supplied. The company has implemented policies that require appropriate credit checks on potential customers before sales are made. In some circumstances advance payments are required. Credit control procedures are implemented if customers exceed their agreed terms.

Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with its financial liabilities. The company has access to a mixture of Proton group loans and debt finance that is designed to ensure the company has sufficient available funds for operations and planned expansions.

Foreign exchange risk

The company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro and the US Dollar. Foreign exchange risk arises from commercial transactions, borrowing transactions and investments in foreign operations.

Where there is a significant forecast net position in any foreign currency a proportion of that risk is covered by forward contract hedging arrangements, as appropriate.

Interest rate cash flow risk

The company pays interest on elements of its debts at a variable rate. The directors will revisit the appropriateness of the policy of not hedging the company's exposure to changes in interest rates should the exposure change in size or nature.

Results and dividends

The company's loss for the financial year after taxation amounted to £159,394,000 (2012 £115,288,000). The directors do not recommend the payment of a dividend (2012 £nil), and the loss for the financial year has been transferred to reserves.

Lotus Cars Limited

Directors' report for the year ended 31 March 2013 (continued)

Research and development

The company is committed to research and development and undertaking such expenditure as is required to maintain its current market position and further enhance future growth and profitability, principally through the development of new models and variants of existing models. Development costs that meet the capitalisation criteria of SSAP 13, 'Accounting for Research and Development', are capitalised and amortised over their estimated useful life. Research costs and other development costs are expensed as incurred. Research and development expenditure charged to the profit and loss account, including amounts amortised and impaired, amounted to £93,439,000 (2012 £54,947,000).

Employees

The directors acknowledge the importance of good communication and employee relations. Communications are essential to progress, as such the company has devoted considerable time and effort to ensure that employees are well informed about those aspects of the business which affect them.

Employees and their representatives are briefed on all matters relevant to their area of operation and their views are sought and taken into account. The company undertakes regular staff briefings both business wide and in divisional groups. Senior management hold separate monthly meetings with the staff representatives, to discuss company performance, issues, employee matters and future plans. These together with regular divisional newsletters, which are distributed to all staff via emails and notice boards, ensure that all staff are informed of the company's performance and plans.

Applications for employment from disabled persons are fully considered, bearing in mind the aptitudes and abilities of the persons concerned. In the event of employees becoming disabled every effort is made to ensure that their employment with the company continues. It is the policy of the company to further as far as possible the training, career development and promotion of disabled employees.

Charitable donations

During the financial year the company made charitable donations of £28,684 to a cancer charity (2012 £52,280 to a disaster crisis charity).

Directors

The following directors served during the financial year and up to the date of signing the financial statements, except where otherwise stated.

Dato' Lukman bin Ibrahim (appointed 19 April 2012)

Encik Mohd Khalid bin Yusof (appointed 19 April 2012, resigned 27 August 2013)

Aslam Farikullah (appointed 9 July 2012)

Michael Edward Bell (resigned 19 June 2012)

Azman Abdullah (resigned 13 June 2012)

Dany Taner Bahar (resigned 13 June 2012)

Dato' Radzai bin Mohamed (appointed 27 August 2013)

Thean Hin Soo (appointed 27 August 2013)

Lotus Cars Limited

Directors' report for the year ended 31 March 2013 (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

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 and applicable law). 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,
- 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.


Statement of disclosure of information to auditor

So far as each of the directors are aware, there is no relevant audit information of which the company's auditor is unaware, and they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Independent auditor

PricewaterhouseCoopers LLP resigned as auditor on 30 November 2012 and Ernst & Young LLP were appointed in their place. Ernst & Young LLP have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

On behalf of the Board



Dato' Lukman bin Ibrahim
Director

25 November 2013

Independent auditor's report to the members of Lotus Cars Limited

We have audited the financial statements of Lotus Cars Limited for the year ended 31 March 2013 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, note of historical cost profits and losses and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its loss 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.

Independent auditor's report to the members of Lotus Cars Limited (continued)

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The conditions described in note 1 indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

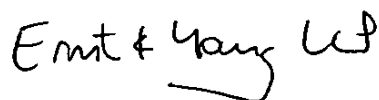
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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.



Tony McCartney (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Cambridge, UK

28 November 2013

Lotus Cars Limited

Profit and loss account for the year ended 31 March 2013

	Note	2013 £'000	2012 £'000
Turnover	2	65,971	77,018
Cost of sales		(55,809)	(73,935)
Gross profit		10,162	3,083
Exceptional administrative expenses, impairment of fixed assets	3	(86,193)	(53,316)
Other administrative expenses		(75,978)	(60,808)
Operating loss	3	(152,009)	(111,041)
Interest receivable and similar income	6	35	328
Interest payable and similar charges	6	(7,508)	(5,278)
Other finance income	6	88	815
Loss on ordinary activities before taxation		(159,394)	(115,176)
Tax on loss on ordinary activities	7	-	(112)
Loss for the financial year	19	(159,394)	(115,288)

The results for the current and prior year relate entirely to continuing operations

There are no material differences between the loss on ordinary activities before taxation and the loss for the financial year for the above periods and their historical cost equivalents

Lotus Cars Limited

Statement of total recognised gains and losses for the year ended 31 March 2013

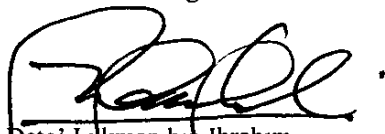
	Notes	2013 £'000	2012 £'000
Loss for the financial year		(159,394)	(115,288)
Actuarial loss relating to pension scheme liability	17	(6,557)	(4,404)
Total recognised gains and losses relating to the financial year		(165,951)	(119,692)

Lotus Cars Limited

Balance sheet as at 31 March 2013

	Note	2013 £'000	2012 £'000
Fixed assets			
Intangible assets	8	30,449	104,749
Tangible assets	9	56,597	57,296
Investments	10	68	68
		87,114	162,113
Current assets			
Stocks	11	31,564	39,379
Debtors	12	241,097	35,554
Cash at bank and in hand		13,241	15,613
		285,902	90,546
Creditors: amounts falling due within one year	13	(240,654)	(262,602)
Net current assets / (liabilities)		45,248	(172,056)
Total assets less current liabilities		132,362	(9,943)
Creditors: amounts falling due after more than one year	14	(209,670)	(75,066)
Provision for liabilities	16	(6,596)	(8,257)
Net liabilities excluding pension liability		(83,904)	(93,266)
Pension liability	17	(7,508)	(1,291)
Net liabilities including pension liability		(91,412)	(94,557)
Capital and reserves			
Called up share capital	18	283,056	113,960
Revaluation reserve	19	3,714	3,806
Capital reserve	19	17	17
Profit and loss account	19	(378,199)	(212,340)
Total shareholders' deficit	20	(91,412)	(94,557)

The financial statements were approved by the Board of Directors and authorised for issue on 25 November 2013 and were signed on its behalf by


 Dato' Lukman bin Ibrahim
 Director

Registered number: 00895081

Lotus Cars Limited

Note of historical cost profits and losses for the year ended 31 March 2013

	2013 £'000	2012 £'000
Loss for the financial year before taxation	(159,394)	(115,288)
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	92	92
Historical cost loss on ordinary activities before taxation	(159,302)	(115,196)
Historical cost loss on ordinary activities after taxation	(159,302)	(115,196)

Lotus Cars Limited

Notes to the financial statements for the year ended 31 March 2013

1. Accounting policies

Basis of preparation

These financial statements have been prepared under the historical cost convention as modified to include the revaluation of certain fixed assets and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been consistently applied, are set out below.

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.

As at 31 March 2013, the company had negative shareholders' funds of £91.4m (2012: £94.6m).

Included in net current liabilities is £203.5m in respect of bank loans shown as falling due within one year as a consequence of the company being in breach of a covenant of the loan at 31 March 2013 and the date of approval of these financial statements, whereby the company is required to maintain positive shareholders' funds. The bank loans are supported by a corporate guarantee from Perusahaan Otomobil Nasional Sdn Bhd ('PONSB'), a wholly owned subsidiary of Proton Holdings Berhad (PHB), the company's intermediate parent company (see below for further details).

PHB has confirmed in writing that it will provide such financial support to the company so as to allow the company to meet its liabilities as they fall due for the next 12 months from the date of signing of the audited financial statements for the financial year ended 31 March 2013.

It is on the basis of this letter of support that the board of directors have determined that it is appropriate to prepare the financial statements on a going concern basis.

The ability of PHB to provide the support required is, however, dependent upon negotiations which are currently underway with the company's bankers as detailed below.

As disclosed in note 15, the company secured financing facilities totalling £270 million, supported by a corporate guarantee from Perusahaan Otomobil Nasional Sdn Bhd (PONSB), a wholly owned subsidiary of PHB. Management of PHB is currently in discussion with the lenders to negotiate the waiver of the requirement to maintain Positive Shareholders Funds. Currently a temporary waiver of this condition has been approved by the lead lender to 31 March 2014. In addition, PHB is planning to re-finance the loan via collateralisation of property, plant and equipment of certain wholly owned subsidiaries. The proposed re-financing plan is expected to be completed within the financial year ending 31 March 2014.

Unless a further waiver is obtained, the company will continue to be in technical breach and the outstanding loan amounts will continue to be classified as current liabilities. The lenders would in addition have the right to demand early repayment of the amount from PONS B as guarantor for the loan. Based on the cash flow projections prepared by the management of PHB covering the next 12 month period, PHB is expected to have sufficient financial headroom to meet its current liabilities and to continue with the current development of the new models until completion and commercialisation. The projections include deferring certain long term capital expenditure pending availability of funding via loan re-financing.

Having considered the above carefully, the directors are of the opinion that it is appropriate that the financial statements be prepared on a going concern basis. However, until the lenders have confirmed sufficient facilities will be in place to fund the company's operations for the foreseeable future, there is a material uncertainty which may cast doubt over the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Lotus Cars Limited

Notes to the financial statements for the year ended 31 March 2013 (continued)

1. Accounting policies (continued)

Cash flow statement and related party disclosures

The company is a wholly-owned subsidiary and is included in the consolidated financial statements of DRB-HICOM Berhad, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (Revised 1996), 'Cash Flow Statements'. The company is also exempt under the terms of FRS 8, 'Related Party Disclosures' from disclosing related party transactions with DRB-HICOM Berhad and 100% owned group companies.

Consolidated financial statements

The company is a wholly owned subsidiary undertaking of a company incorporated in England and Wales, which itself prepares consolidated financial statements. Accordingly, the preparation of group financial statements by the company is not required under section 400 of the Companies Act 2006. Therefore these financial statements present information about the company and not its group.

Turnover

Turnover represents the sales value of goods and services supplied to customers and is net of VAT. Turnover on the sale of a vehicle is recognised upon despatch of the vehicle to the dealer.

Turnover on long-term engineering contracts is recognised on the basis of the stage of completion of such contracts at the balance sheet date, where the contract outcome can be assessed with reasonable certainty. Related costs are included in cost of sales. Full provision is made for all foreseeable losses on contracts entered into before the year end.

Amounts are included within accrued income and payments in advance on engineering contracts to recognise timing differences arising between amounts invoiced and received and amounts recognised in the profit and loss account on individual engineering contracts.

Tangible fixed assets

The cost of tangible fixed assets is their historic purchase cost or valuation, together with any incidental costs of acquisition. Depreciation is calculated so as to write off the cost or valuation of tangible fixed assets, less their estimated residual values, over their estimated useful economic lives at the following principal rates:

Freehold buildings	40 years
Plant and machinery	2 to 10 years
Motor vehicles	4 to 5 years
Fixtures, fittings and equipment	2 to 10 years

Freehold land is not depreciated. Vehicle tooling costs are depreciated based upon the number of units produced in the financial year and an amortised rate per unit calculated based upon forecast production to the end of each respective model's life. Assets in the course of construction are not depreciated until the assets are brought into operational use.

Lotus Cars Limited

Notes to the financial statements for the year ended 31 March 2013 (continued)

1. Accounting policies (continued)

Revaluation policy

On adoption of Financial Reporting Standard 15 (FRS 15), 'Accounting for Tangible Fixed Assets', the company elected to retain certain of its freehold land and buildings at a valuation undertaken on 31 March 1992. The company has not adopted a policy of annual revaluation since then, as allowed by the transitional provisions of FRS 15.

Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the profit and loss account for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate based upon the company's weighted average cost of capital that reflects current market assessments of the time value of money and the risks specific to the company.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Research and development

Development costs that meet the capitalisation criteria of SSAP 13, 'Accounting for Research and Development' are capitalised as intangible assets. Amortisation of the assets begins once the associated vehicle goes into production. The amortisation is charged on a straight line basis over the period which the products are expected to be sold. Research costs and other development costs are expensed as incurred.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost (comprising direct materials and labour together with manufacturing overheads) and net realisable value. Cost is determined on a first-in, first-out basis. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the cost of realisation. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Lotus Cars Limited

Notes to the financial statements for the year ended 31 March 2013 (continued)

1. Accounting policies (continued)

Long-term contracts

The amount of long-term contracts, at costs incurred, net of amounts transferred to cost of sales, after deducting foreseeable losses and payments on account not matched with turnover, is included in work in progress. The amount by which recorded turnover is in excess of payments on account is included in debtors as accrued income. Payments in excess of recorded turnover and long-term contract balances are included in creditors as payments in advance on engineering contracts. The amount by which provisions or accruals for foreseeable losses exceed costs incurred, after transfers to cost of sales, is included within either provisions for liabilities and charges or creditors, as appropriate.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates ruling at the balance sheet date. Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the date of the transaction. All foreign exchange differences arising thereon are included in the profit and loss account.

Warranty provision

Provision is made for the estimated liability on all products under warranty in addition to claims already received. The provision is based on experienced levels of claims arising during the period of warranty and the average cost of fulfilling these claims on a model by model basis.

Finance and operating leases

Assets obtained under finance leases are capitalised in the balance sheet and are depreciated over the shorter of the lease term and their estimated useful economic lives. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element. Costs in respect of operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Lotus Cars Limited

Notes to the financial statements for the year ended 31 March 2013 (continued)

1. Accounting policies (continued)

Pensions

The company operates a defined benefit pension scheme, the Lotus Pension Plan, which is accounted for under the provisions of FRS 17, 'Retirement Benefits'. The assets are held in separate trustee administered funds. Full actuarial valuations are carried out every three years with interim reviews in the intervening years, these valuations are updated to 31 March each year by qualified independent actuaries. The last full actuarial valuation was performed as of 31 December 2011. For the purpose of these updates, scheme assets are included at market value and scheme liabilities are measured on an actuarial basis using the projected unit method. These liabilities are discounted at the current rate of return on a high quality corporate bond of equivalent currency and term. The current service cost and any past service costs are included in the profit and loss account within operating expenses and the expected return on the scheme's assets, net of the impact of the unwinding of the discount on the scheme's liabilities, is included within other finance income. Actuarial gains and losses, including differences between the expected and actual return on scheme assets, are recognised, net of the related deferred tax, in the statement of total recognised gains and losses. A pension asset is recognised to the extent that the entity has an unconditional right to access the asset either through reduced contributions or as a lump sum.

The company also operates a defined contribution scheme, contributions to the scheme being charged to the profit and loss account in the period to which they relate. The pension assets are held separately in an independently administered fund.

Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost in the financial statements of the company. Provision against the carrying value is made where, in the opinion of the directors, there is a permanent diminution in value of the underlying business.

Deferred income

Payments made in advance on engineering projects are treated as deferred income and recorded on the balance sheet.

Provisions

In accordance with FRS 12, 'Provisions, Contingent Liabilities and Contingent Assets', the company provides in full for liabilities when it has a legal or constructive obligation arising from a past event.

Lotus Cars Limited

Notes to the financial statements for the year ended 31 March 2013 (continued)

2. Turnover

	2013	2012
	£'000	£'000
Turnover by class of business		
Sales of cars and parts	54,528	59,315
Engineering consultancy	11,443	17,703
	65,971	77,018
Turnover by geographical market supplied		
United Kingdom	16,789	12,566
Continental Europe	15,992	24,607
North and South America	14,944	12,862
Asia and Africa	18,246	26,983
	65,971	77,018

The directors regard disclosure of turnover by origin to be seriously prejudicial and have therefore taken the available exemption not to disclose such information

Lotus Cars Limited

Notes to the financial statements for the year ended 31 March 2013 (continued)

3. Operating loss

	2013 £'000	2012 £'000
The operating loss is stated after charging/(crediting)		
Operating lease rentals		
- plant and machinery	70	95
- other	855	594
Depreciation of tangible fixed assets		
- owned assets	5,484	4,710
- leased assets	97	167
- impairment of tangible fixed assets	-	7,400
Research and development		
- expenditure on research	869	847
- amortisation of capitalised development costs	6,377	8,184
- impairment of capitalised development costs	86,193	45,916
Loss on disposal of tangible fixed assets	(639)	(3)
Loss on foreign exchange	(751)	(1,333)
Audit services		
- fees payable to the company's auditor for the audit of the financial statements	54	54

Lotus Cars Limited

Notes to the financial statements for the year ended 31 March 2013 (continued)

4. Directors' emoluments

	2013	2012
	£'000	£'000
Aggregate emoluments	412	1,581
Contributions to personal pension plans	-	37
	412	1,618

None (2012 two) directors had retirement benefits accruing under a defined benefit scheme. None of the directors (2012 one) had retirement benefits accruing under a defined contribution scheme.

	2013	2012
	£'000	£'000
The emoluments of the highest paid director amounted to:		
Aggregate emoluments	191	1,237

5. Employees and pension costs

The average monthly number of persons employed by the company (including executive directors) during the financial year was as follows:

	2013	2012
	Number	Number
Category		
Management and administration	643	685
Production and sales staff	342	399
	985	1,084

Lotus Cars Limited

Notes to the financial statements for the year ended 31 March 2013 (continued)

5. Employees and pension costs (continued)

The aggregate payroll cost of the above persons was as follows

	2013 £'000	2012 £'000
Wages and salaries	38,316	41,472
Social security costs	4,016	4,576
Other pension costs	1,675	1,716
	44,007	47,764

Other pension costs comprise the following

	2013 £'000	2012 £'000
Charges in respect of the defined benefit pension scheme (note 17)	1,675	1,699
Contributions to defined contribution pension schemes	-	17
	1,675	1,716

Lotus Cars Limited

Notes to the financial statements for the year ended 31 March 2013 (continued)

6. Interest

	2013 £'000	2012 £'000
Interest receivable and similar income		
Interest from bank deposits	5	9
Interest from customers	30	319
	35	328
Interest payable and similar charges		
Bank overdrafts and loans	(7,492)	(5,252)
Other interest	(13)	(10)
Finance lease interest	(3)	(17)
	(7,508)	(5,278)
Other finance income		
Income in respect of the defined benefit pension scheme (note 17)	88	815

7. Tax on loss on ordinary activities

a) Analysis of charge in the year

	2013 £'000	2012 £'000
Current taxation		
Overseas taxation charge – current year	-	112

Lotus Cars Limited

Notes to the financial statements for the year ended 31 March 2013 (continued)

7. Tax on loss on ordinary activities (continued)

b) Factors affecting taxation charge in the year

The standard rate of UK corporation tax for 2013 was 24% (2012 26%) The tax credit for the year is lower (2012 lower) than the standard rate of corporation tax in the UK The differences are explained below

	2013 £'000	2012 £'000
Loss on ordinary activities before tax	(159,394)	(115,176)
Loss on ordinary activities at standard rate of corporation tax in the UK of 24% (2012 26%)	(38,255)	(29,946)
Effects of.		
Depreciation in excess of capital allowances	1,946	3,810
Other short term timing differences	700	(185)
Research and development enhanced relief	(360)	(1,326)
Expenses not deductible for tax purposes	1,019	170
Pension contribution relief in excess of net pension charge	(82)	(422)
Overseas tax on UK income	-	132
Group relief – current year	-	(66)
Current year tax losses carried forward	35,032	27,945
Total current tax credit for the financial year	-	112

c) Factors affecting future taxation charges

As a result of the change in the UK main corporation tax rate to 24% that was substantively enacted on 26 March 2012 and to 23% that was substantively enacted on 17 July 2012 and that will be effective from 1 April 2014, the relevant deferred tax balances have been re-measured

Further reductions to the UK corporation tax rate were announced in the March 2013 Budget The changes, which were enacted in July 2013, reduced the rate to 20% on 1 April 2015 The changes had not been substantively enacted at the balance sheet date and, therefore are not recognised in these financial statements Details of unprovided deferred tax assets are provided in note 16 to the financial statements

Lotus Cars Limited

Notes to the financial statements for the year ended 31 March 2013 (continued)

8. Intangible assets

	Capitalised development costs £'000
Cost	
At 1 April 2012	177,256
Additions	18,536
Disposals	(266)
At 31 March 2013	195,526
Accumulated amortisation	
At 1 April 2012	72,507
Charge for the financial year	6,377
Impairment for the financial year	86,193
At 31 March 2013	165,077
Net book amount	
At 31 March 2013	30,449
At 31 March 2012	104,749

Intangible and tangible fixed assets have been reviewed for impairment at a company level by reference to the recoverable amount based on a value in use calculation. The key assumptions in the model are sales growth and the discount rate. Sales are included in the first three years at the growth levels projected in the strategic business plan and after that at a constant rate. The pre-tax discount rate of 12% (2012: 12%) is based on the directors' estimate of the return on capital appropriate to the business.

Lotus Cars Limited

Notes to the financial statements for the year ended 31 March 2013 (continued)

9. Tangible fixed assets

	Freehold land and buildings £'000	Plant and machinery £'000	Fixtures, fittings, tooling, equipment and motor vehicles £'000	Assets in the course of construction £'000	Total £'000
Cost or valuation					
At 1 April 2012	41,550	33,643	49,571	13,103	137,867
Additions	-	245	2,432	3,011	5,688
Transfers	-	423	1,664	(2,087)	-
Disposals	-	(108)	(807)	-	(915)
At 31 March 2013	41,550	34,203	52,860	14,027	142,640
Accumulated					
At 1 April 2012	11,683	30,391	38,497	-	80,571
Charge for the year	902	1,161	3,518	-	5,581
Disposals	-	-	(109)	-	(109)
At 31 March 2013	12,585	31,552	41,906	-	86,043
Net book amount					
At 31 March 2013	28,965	2,651	10,954	14,027	56,597
At 31 March 2012	29,867	3,252	11,074	13,103	57,296

The net book value of tangible fixed assets includes an amount of £nil (2012 £97,000) in respect of assets held under finance leases

The historic cost net book value of freehold land and buildings at 31 March 2013 was £25,251,000 (2012 £26,061,000) All other tangible fixed assets are carried at cost

Assets in the course of construction relate to the development of the manufacturing site and information systems which was started during the prior year but not completed at the year end

Included in freehold land and buildings is land cost of £982,000 (2012 £982,000) which is not depreciated

Lotus Cars Limited

Notes to the financial statements for the year ended 31 March 2013 (continued)

10. Investments

Shares in subsidiary undertakings	£'000
Cost and net book value at 1 April 2012 and 31 March 2013	68

The following companies are the principal subsidiaries of Lotus Cars Limited

	Country of incorporation	Nature of business
Lotus Engineering Limited	England and Wales	Dormant Company
Lotus Engineering Malaysia Sdn Bhd*	Malaysia	Engineering consultancy
Lotus Engineering Company Limited	China	Engineering consultancy

*Indirectly held and ceased to trade during the year ended 31 March 2013

11. Stocks	2013	2012
	£'000	£'000
Raw materials	10,935	11,516
Cars in course of production and other work in progress	2,729	3,617
Service stocks	9,734	12,845
Finished goods	8,166	11,401
	31,564	39,379

The difference between purchase price or production cost of stock and the replacement cost is not material

12. Debtors	2013	2012
	£'000	£'000
Trade debtors	12,415	15,928
Amounts owed by other group companies	224,568	13,767
Amounts owed by intermediate parent undertakings	637	1,723
Amounts due from parent undertaking	185	-
Other debtors	1,505	1,887
Prepayments and accrued income	1,787	2,249
	241,097	35,554

Amounts owed by other group companies are unsecured, interest free and have no fixed repayment terms

Lotus Cars Limited

Notes to the financial statements for the year ended 31 March 2013 (continued)

13. Creditors – amounts falling due within one year

	2013	2012
	£'000	£'000
Bank loans (note 15)	203,512	202,596
Trade creditors	19,253	40,086
Obligations under finance leases (note 15)	-	118
Amounts owed to other group companies	7,625	6,857
Other taxation and social security	1,535	1,462
Payments in advance on engineering contracts	3,153	4,615
Accruals and deferred income	5,576	6,868
	240,654	262,602

The amounts owed to other group companies are unsecured, repayable in line with the agreed terms and are interest free

14. Creditors – amounts falling due after more than one year

	2013	2012
	£'000	£'000
Loans from other group undertakings	209,670	75,066

Loans from other group undertakings are unsecured. The lender has confirmed that it will not seek repayment of the loan for a period of at least one year from the date of signing these financial statements

Lotus Cars Limited

Notes to the financial statements for the year ended 31 March 2013 (continued)

15. Loans and other borrowings

	2013 £'000	2012 £'000
Bank loans	203,512	202,596
Loans from other group undertakings	209,670	75,066
Obligations under finance leases	-	118
	413,182	277,780
Maturity of financial liabilities		
In one year or less, or on demand	203,512	202,714
In more than one year, but not more than two years	-	-
In more than two years, but not more than five years	209,670	75,066
	413,182	277,780

During the prior year, Lotus Cars Limited secured financing facilities comprising

- (i) Syndicated Term Loan Facilities £230 million,
- (ii) Revolving Credit Facility £25 million, and
- (iii) Working Capital Facilities £15 million

collectively referred to as 'the Facilities' totalling £270 million

The Facilities are supported by a corporate guarantee from Perusahaan Otomobil Nasional Sdn Bhd ('PONSB'), a wholly owned subsidiary of Proton Holdings Berhad (PHB), the company's intermediate parent company

The Facilities are repayable in nine quarterly instalments from 31 March 2015 to 31 March 2017. The Revolving Credit Facility and Working Capital Facilities are repayable in full on 31 March 2017. The interest rates payable on the Facilities are as follows

- (i) Syndicated Term Loan Facilities and the Revolving Credit Facility bear interest at 2% per annum above the London Interbank Offered Rate ('LIBOR') plus the cost of maintaining statutory reserve on the amounts outstanding, and
- (ii) Working Capital Facilities bear interest at between 0.1% to 0.125% per month

The Facilities are subject to a covenant whereby the company is required to maintain Positive Shareholders' Fund throughout the period of the loan. However, as at 31 March 2013 and 31 March 2012, the company and LGIL had a shareholders' deficit which resulted in reclassification of £203.5 million (2012: £202.6 million) of the outstanding syndicated term loans from non-current borrowings to current borrowings.

Lotus Cars Limited

Notes to the financial statements for the year ended 31 March 2013 (continued)

15. Loans and other borrowings (continued)

The Facilities were also subject to various Conditions Subsequent, certain of which had not been complied with. On 28 March 2013, the lead arrangers granted a waiver for the two outstanding Conditions Subsequent that could not be perfected.

As indicated above, the company and LGIL is required to maintain Positive Shareholders' Funds throughout the period of the loan. However, as at 31 March 2012, the company and LGIL had a shareholders' deficit which resulted in reclassification of £202.6 million of the outstanding syndicated term loans from non-current borrowings to current borrowings.

On 25 May 2012, the company received conditional approval from the lead arrangers to rectify the technical breach by capitalisation of certain loans received from intermediate parent undertakings before 24 July 2012. In June 2012, the capitalisation exercise was completed.

As at 31 March 2013, due to further losses incurred by the company and LGIL in the current financial year and intangible assets being written off following the revision of the Lotus business plan, the shareholders' funds of the company and LGIL were in deficit again. As a result, the loan continues to be classified as short term.

Management of the PHB is currently in discussion with the lenders to negotiate the waiver of the requirement to maintain Positive Shareholders Funds. Currently a temporary waiver of this condition has been approved by the lead lender to 31 March 2014. In addition, PHB is planning to re-finance the loan via collateralisation of property, plant and equipment of certain wholly owned subsidiaries. The proposed re-financing plan is expected to be completed within the financial year ending 31 March 2014. Unless a further waiver is obtained, LCL will continue to be in technical breach and the outstanding loan amounts will continue to be classified as current liabilities. The lenders would in addition have the right to demand early repayment of the amount from PONS B as guarantor for the loan.

In addition to the corporate guarantee issued by PONS B, the facility is secured via charges over certain property, plant and equipment, bank accounts, trade receivables and shares in other group companies.

The loans from other group companies comprises of loans from Lotus Group International Limited. The loans are interest free and are unsecured.

Obligations under finance leases

Future minimum payments under finance leases are as follows:

	2013 £'000	2012 £'000
Within one year	-	122
Less finance charges included above	-	(4)
	-	118

Lotus Cars Limited

Notes to the financial statements for the year ended 31 March 2013 (continued)

16. Provision for liabilities

	Warranty provision £'000
At 1 April 2012	8,257
Charged to the profit and loss account	3,232
Provision utilised	(4,893)
At 31 March 2012	6,596

All vehicles sold by the company have a warranty period of up to 36 months. Provision is made based upon the directors' best estimate of likely future claims under warranty. The provision is expected to be utilised within 3 years.

The provision has not been discounted as the directors consider the effect to be immaterial.

	2013 £'000	2012 £'000
The unprovided deferred tax asset is analysed as follows:		
Depreciation in excess of capital allowances	16,554	16,212
Short term timing differences	712	(264)
Losses available for future relief	83,434	53,779
Deferred tax on pension liability	1,727	310
Unprovided deferred tax asset	102,427	70,037

No deferred tax asset has been recognised in relation to these timing differences due to the current level of profitability, and resulting uncertainty as to future recoverability.

Lotus Cars Limited

Notes to the financial statements for the year ended 31 March 2013 (continued)

17. Defined benefit pension scheme

Defined benefit pension scheme

The company operates a defined benefit pension scheme, the Lotus Pension Plan. The assets are held in separate trustee administered funds.

An actuarial valuation using the projected unit basis was carried out at 31 March 2013 by an independent actuary. The expected return on assets is a weighted average of the assumed long-term returns for the various asset classes. The major assumptions used by the actuary were as follows:

	2013	2012	2011
Rate of increase in salaries	4.30%	4.30%	4.60%
Rate of increase in pensions in payment	2.30%	2.30%	2.85%
Discount rate	4.50%	5.00%	5.60%
Inflation	3.30%	3.30%	3.60%
Long term expected rate of return on:			
Equities	5.85%	7.10%	7.10%
Bonds	3.10%	4.35%	4.40%
Cash	3.10%	4.35%	4.40%

The assumptions used under the adopted mortality tables were as follows:

	2013	2012	2011
Longevity at age 65 for current pensioners:			
- Men	87.4	86.0	85.9
- Women	89.6	88.4	88.4
Longevity at age 65 for future pensioners currently aged 45:			
- Men	89.1	87.1	87.1
- Women	91.6	89.4	89.4

The assets in the scheme were:

	2013 £'000	2012 £'000	2011 £'000
Equities	62,476	55,602	56,006
Bonds	16,789	13,448	11,112
Cash	3,467	4,084	3,357
Total fair value of scheme assets	82,732	73,134	70,475

Lotus Cars Limited

Notes to the financial statements for the year ended 31 March 2013 (continued)

17. Defined benefit pension scheme (continued)

The following amounts at 31 March 2013 were measured in accordance with the requirements of FRS 17 "Retirement Benefits"

	2013 £'000	2012 £'000	2011 £'000
Total fair value of scheme assets	82,732	73,134	70,475
Present value of scheme liabilities	(90,240)	(74,425)	(68,985)
Net pension (liability) / asset	(7,508)	(1,291)	1,490

No deferred tax asset has been recognised in relation to these timing differences due to the current level of profitability, and resulting uncertainty as to future recoverability (see note 16)

Analysis of the amount charged to operating loss	2013 £'000	2012 £'000	2011 £'000
Current service cost	1,675	1,699	1,404
Total operating charge	1,675	1,699	1,404

Analysis of the amount credited to other finance income	2013 £'000	2012 £'000
Expected return on pension scheme assets	3,798	4,679
Interest on pension scheme liabilities	(3,710)	(3,864)
Net credit to other finance income (note 6)	88	815

Analysis of amount recognised in consolidated statement of total recognised gains and losses ("STRGL")	2013 £'000	2012 £'000
Actual return less expected return on pension scheme assets	5,992	(2,857)
Experience gains and losses arising on the scheme liabilities	(1,384)	768
Changes in assumptions underlying the present value of the scheme	(11,165)	(2,315)
Actuarial loss recognised in STRGL	(6,557)	(4,404)
Cumulative loss recognised in STRGL	(14,543)	(7,986)

Lotus Cars Limited

Notes to the financial statements for the year ended 31 March 2013 (continued)

17. Defined benefit pension scheme (continued)

Reconciliation of present value of scheme liabilities	2013 £'000	2012 £'000
At beginning of the year	74,425	68,985
Current service cost	1,675	1,699
Interest cost	3,710	3,864
Employee contributions	765	856
Benefits paid	(2,884)	(2,526)
Actuarial loss	11,165	2,315
Experience loss	1,384	(768)
At end of the year	90,240	74,425

Reconciliation of fair value of scheme assets	2013 £'000	2012 £'000
At beginning of the year	73,134	70,475
Expected return on scheme assets	3,798	4,679
Benefits paid	(2,884)	(2,526)
Actual return less expected return on pension scheme assets	5,992	(2,857)
Employer contributions	1,927	2,507
Employee contributions	765	856
At end of the year	82,732	73,134

Lotus Cars Limited

Notes to the financial statements for the year ended 31 March 2013 (continued)

17. Defined benefit pension scheme (continued)

History of experience gains and losses	2013	2012	2011	2010	2009
Defined benefit obligation	(90,240)	(74,425)	(68,985)	(72,517)	(44,836)
Plan assets	82,732	73,134	70,475	63,369	42,986
(Deficit) / surplus	(7,508)	(1,291)	1,490	(9,148)	(1,850)
Difference between the expected and actual return on scheme					
- Amount (£'000)	(5,992)	(2,857)	2,296	16,962	(14,394)
- Percentage of scheme assets	(7.2%)	(3.9%)	3.3%	26.8%	(33.5%)
Experience gains and losses on scheme liabilities:					
- Amount (£'000)	(1,384)	768	726	(1,507)	(1,396)
- Percentage of the present value of the scheme liabilities	(1.5%)	(1.0%)	(1.1%)	(2.1%)	(3.1%)
Total amount recognised in statement of total recognised gains and losses:					
- Amount (£'000)	(6,557)	(4,404)	9,221	(8,067)	(7,215)
- Percentage of the present value of the scheme liabilities	(7.3%)	(5.9%)	13.4%	(11.1%)	(16.1%)

Lotus Cars Limited

Notes to the financial statements for the year ended 31 March 2013 (continued)

18. Called up share capital

	2013 Number	2013 £'000	2012 Number	2012 £'000
Allotted, called up and fully paid – ordinary shares of £1 each				
At 1 April	113,960,000	113,960	113,960,000	113,960
Issued during the financial year	169,096,400	169,096	-	-
At 31 March 2013	283,056,400	283,056	113,960,000	113,960

During the year, the company issued 169,096,400 ordinary shares at par for consideration of £169,096,400

19. Reserves

	Revaluation reserve	Capital reserve	Profit and loss account
	£'000	£'000	£'000
At 1 April 2012	3,806	17	(212,340)
Loss for the financial year	-	-	(159,394)
Actuarial loss relating to the pension scheme	-	-	(6,557)
Transfer of amount equivalent to additional depreciation	(92)	-	92
At 31 March 2013	3,714	17	(378,199)

Lotus Cars Limited

Notes to the financial statements for the year ended 31 March 2013 (continued)

20. Reconciliation of movements in shareholders' deficit

	2013	2012
	£'000	£'000
Loss for the financial year	(159,394)	(115,288)
Issue of ordinary share capital at par	169,096	-
Actuarial loss relating to pension liability	(6,557)	(4,404)
Net movement in shareholders' deficit	3,145	(119,692)
Opening shareholders' deficit	(94,557)	25,135
Closing shareholders' deficit	(91,412)	(94,557)

21. Capital commitments

	2013	2012
	£'000	£'000
Contracted but not provided for	1,153	35,988

22. Financial commitments

The company had annual commitments under non-cancellable operating leases for assets expiring as follows

	2013 Land and Buildings	2013 Other	2012 Land and Buildings	2012 Other
	£'000	£'000	£'000	£'000
Within one year	116-	41	76	39
Between one and five years	215	212	213	267
After five years	525	-	525	-
	856	323	814	306

Lotus Cars Limited

Notes to the financial statements for the year ended 31 March 2013 (continued)

23. Ultimate parent undertaking and controlling party

The immediate holding company of Lotus Cars Limited is Group Lotus plc

The smallest group to consolidate the financial statements of Lotus Cars Limited is headed by Lotus Group International Limited. The largest group to consolidate the financial statements of the company is headed by DRB-HICOM Berhad, a company incorporated in Malaysia. Copies of their group financial statements are available from Level 5, Wisma DRB-HICOM, No 2, Jalan Usahawan U1/8, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia.

The directors regard Etika Strategi Sdn Bhd, a company incorporated in Malaysia, as the ultimate holding company.

24. Related party transactions

- 1) The company operates an Executive Car purchase scheme which allows directors to purchase company products at marginal cost or above. During the year directors purchased vehicles with a cost of £nil (2012 £41,542) from the company and sold vehicles with a cost of £nil (2012 £63,207) back to the company.
- 2) Under the terms of a financing agreement, Lotus Finance Limited, in which Group Lotus plc has a 49.9% interest, provides finance services to dealers and customers of the company to enable them to acquire Lotus cars. During the year cars with a sales value of £nil (2012 £4,946,388) were sold through Lotus Finance Limited. At 31 March 2013 the amount outstanding from Lotus Finance Limited was £nil (2012 nil) and the amount owed to Lotus Finance Limited was £nil (2012 nil).

25. Contingent liabilities

The company has a number of claims from third parties, which in the directors' opinion, will not have a material impact on the financial position of the company. Included within this are £5.5m of supplier claims which are being contested and the directors expect to resolve at no material cost.