Lotus Cars Limited

Annual report and financial statements

for the period ended 31 December 2018

Registered Number: 00895081

Contents

Lotus Cars Limited

Company Information

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Feng Qingfeng
Daniel Li Donghui

Secretary
James Bradley

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Lotus Cars Limited

Strategic Report

As required by the amendments to the Companies Act 2006, effective 30 September 2013, the directors of Lotus Cars Limited ("the company") present their Strategic Report for the period 1 April 2018 to 31 December 2018.

Principal activities

The principal activities of the company comprise 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).

Financial review

During the year, the Company has shortened its Current accounting period from 31 March 2019 to 31 December 2018. Accordingly, the financial statements are prepared as at 31 December 2018 and for the 9-month period ending 31 December 2018. The comparative period is as at 31 March 2018 and for the 12-month period ending 31 March 2018.

As with the Vision80 business plan, we are continuing to invest in the business to ensure the right staff are recruited in the right areas whilst the company builds in structure and stature for the next phase of the business.

Loss for the 9-month period ended 31 December 2018 reduced to £17.0m from the 12 month period ending 31 March 2018 loss of £36.3m. This is principally due to the one off impairments that took place in the prior year (note 5).

New Product Introductions

In July 2019 Lotus revealed the first part of its Vision80 plan with the launch of the Lotus Evija – the first all-electric British hyper-car, designed, engineered and produced in the UK. Designed for the drivers, the Lotus Evija aims to be the most powerful series production road car in the world with a target to reach 2000 PS, a top speed of over 200mph and 0-62mph in under three seconds. Like all Lotus cars throughout the brand's 71-year history, the Evija has been precision-engineered to deliver an outstanding driving experience both on the road and track. It is the most dynamically accomplished model ever built by the company, setting new standards for Lotus driving performance.

Continual improvements to the model range

In April 2019 Lotus returned to the world stage at the Shanghai Auto Show – the brand's first appearance at a Tier One automotive show since Geely took a majority shareholding in the business. Lotus' presence at Shanghai reflects a renewed focus on the Chinese market – the largest and most vibrant new car market in the world. At the show, Lotus marked its intention to return to the international motor racing arena by revealing a British-built Evora GT4 Concept which will compete in the GT4 series from 2020. Retaining the personality and natural ability of the road-going Lotus Evora, the GT4 Concept builds on the brand's advanced lightweight engineering expertise to deliver a race car that perfectly encapsulates the company's competitive spirit.

In July 2019 Lotus unveiled the new 2020 Evora GT for North America, replacing the Evora Sport 410 and the Evora 400. The new Evora GT, available in both two-seat and 2+2 configuration and with manual and automatic transmissions, is the fastest and most powerful road-going Lotus for the USA and Canada, with a top speed of 188 mph (303 km/h) and 0-60 mph in just 3.8 seconds.

Strategic Report (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 IAS 38 'Intangible Assets', are capitalised and amortised over their estimated useful economic life. Research costs and other development costs are expensed as incurred. Research and development expenditure charged to the income statement, including amounts amortised and impaired, amounted to £7.8m (March 2018: £32.7m).

Key performance indicators ("KPIs")

The directors monitor the overall company performance through the following KPIs:

- Revenue – £59m (March 2018: £100m)
- Number of units sold in 9-month period – 845 (12-month period to 31 March 2018: 1,452) vehicles; and
- Profitability (normalised EBITDA) – £2.2m loss (12-month period to 31 March 2018: £4.7m profit).

Strategic report (continued)

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 for the company is maintained and 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 ISO90001:2008 accredited organisation with regular third-party assessments underpinning the business operations valid until 22 August 2021;
- 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 competitors' 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 investment in research and development; and
- Finance – The availability of sufficient finance to fund the company's continuing operations and growth as discussed in the Going Concern section of the Directors' Report and note 2 of the financial statements.
- Lotus has a Brexit Taskforce that meets weekly to keep abreast of current developments to ensure effective contingency planning.

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

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 relevant departments within the company.

Price risk
The company is exposed to price risk through the indirect impact of competitors' 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, aluminium and 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 risk is mitigated as the company has access to inter group finance that is designed to ensure the company has sufficient available funds for operations and planned expansions. The inter group finance is provided by Geely International Hong Kong Limited and Etika Automotive Sdn. Bhd., the company's shareholders, and has been confirmed in writing that they will provide the necessary financial support to enable the company and its subsidiaries to meet their liabilities as they fall due for at least 12 months from the date of signing the financial statements of the company for the financial period ended 31 December 2018.

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, US Dollar and Japanese Yen. Foreign exchange risk arises from commercial transactions, borrowing transactions and investments in foreign operations.

The company's policy is to apply natural hedging on foreign exchange risk wherever possible. Where a significant net position in any foreign currency is forecast, the risk is reviewed and forward contract hedging arrangements are considered if appropriate. During the period, the company has not entered into any foreign currency hedging.

Interest rate cash flow risk
At 31 December 2018 and the date of approval of these financial statements, the Company is not exposed to significant interest rate risk. The directors monitor this position and will revisit the appropriateness of its policy to mitigate the risk should the exposure change in size or nature.

By order of the board

Feng Qingfeng
Director
24 September 2019

Potash Lane
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NR14 8EZ

Lotus Cars Limited

Directors' report

The directors present their Directors Report with the audited Financial Statements of the company for the period 1 April 2018 to 31 December 2018.

Results and dividends

The company's loss for the financial period after taxation amounted to £17.0m (March 2018: £36.3m). The directors do not recommend any payment of dividend (March 2018: £nil), and the loss for the financial period has been transferred to reserves.

Future developments

The directors have outlined in detail all significant future developments within the Strategic Report – Review of business and future developments on page 2.

Directors

The directors who served during the year are as follows:

Daniel Li Donghui
Feng Qingfeng
Nathan Ning Yu (resigned 11 June 2018)

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 their liabilities as they fall due for the foreseeable future.

The Company made a loss for the period ended 31 December 2018 of £17.0m (March 2018: £36.3m). As at 31 December 2018, the Company had shareholders' funds of £77.7m and net current assets of £14.6m. Included in the net current liabilities is £73.2m of funding provided by the majority shareholder, who has confirmed that they do not intend to seek repayment of this amount.

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. They have also considered the principal risks and uncertainties set out in the Strategic Report on page 4.

The Company's shareholders have confirmed that they will provide the necessary financial support to the Company, so as to ensure that the Company and all of its subsidiaries meet their liabilities as they fall due for at least 12 months from the date of signing of the audited financial statements.

The directors have therefore concluded that it is appropriate to prepare the financial statements on a going concern basis.

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 group performance, issues, employee matters and future plans. These, together with regular communications of latest developments, 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.

Directors' report (continued)

Subsequent events

Changes in structure

The operational activities of the legal entity Lotus Lightweight Structures Limited was merged with Lotus Cars Limited legal entity on 1 January 2019. From an operational perspective there were no changes.

Government grants

During 2014, the company received a government business support grant. As specific criteria for the grant was not met, the company provided in full for the repayment in the year ended 31 March 2018 accounts.

During 2019, the previous owners DRB-HICOM BERHAD confirmed re-imbursement of £8.0m. This has been recognised as an asset as at 31 December 2018.

Material funding

Post year end, the company also received material funding from Geely International Hong Kong Limited and Etika Automotive Sdn. Bhd. amounting to £24.8m and £65.4m respectively to support the company to meet the agreed investment plan.

Disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the company's auditor, each of these directors confirm that

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditor is unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Ernst & Young LLP have indicated their willingness to continue in office.

By order of the board

Feng Qingfeng
Director
24 September 2019

Potash Lane
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Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 period/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) including FRS 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.

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

Opinion

We have audited the financial statements of Lotus Cars Limited for the period ended 31 December 2018 which comprise Income Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related Notes 1 to 21, 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 FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2018 and of its loss for the period 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 below. 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report set out on pages 2 to 7 other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the 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 strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 strategic report or directors' report.

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.

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 8, 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 https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

Ernst & Young LLP

Nick Gomer (Senior statutory auditor)
for and on behalf of Ernst & Young LLP
Statutory Auditor
Cambridge
30 September 2019

Lotus Cars Limited

Income statement for the period ended 31 December 2018

	Note	**9-month ended 31 Dec '18 £'000**	12-month ended 31 Mar'18 £'000
Turnover	4	**58,663**	100,254
Cost of sales		**(49,825)**	(76,917)
Gross profit		**8,838**	23,337
Administrative expenses		**(24,225)**	(59,374)
Other operating income		**77**	-
Operating loss	5	**(15,310)**	(36,037)
Interest receivable and other similar income	7	**129**	75
Interest payable and other similar charges	7	**(1,856)**	(292)
Loss on ordinary activities before taxation		**(17,037)**	(36,254)
Tax on loss on ordinary activities	8	**-**	-
Loss for the financial period/year		**(17,037)**	(36,254)

All of the activities of the company are classified as continuing. The accompanying notes to the accounts are an integral part of the financial statements.

Statement of comprehensive income for the period ended 31 December 2018

	Note	**9-month ended 31 Dec '18 £'000**	12-month ended 31 Mar'18 £'000
Loss for the financial period/year		**(17,037)**	(36,254)
Other comprehensive income/(loss)			
Actuarial gain/(loss) recognised on defined benefit pension scheme	17	**238**	(475)
Total other comprehensive income/(loss)		**238**	(475)
Total comprehensive loss for the period/year		**(16,799)**	(36,729)

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

Lotus Cars Limited

Balance sheet at 31 December 2018

	Note	31 Dec '18 £'000	31 Mar '18 £'000
Fixed assets			
Intangible assets	9	**35,825**	26,082
Tangible assets	10	**35,622**	32,310
Investments	11	**-**	-
		71,447	58,392
Current assets			
Stocks	12	**24,933**	13,287
Debtors	13	**257,411**	258,265
Cash at bank and in hand		**22,438**	39,708
		304,782	311,260
Creditors: amounts falling due within one year	14	**(290,229)**	(258,763)
Net current assets		**14,553**	52,497
Total assets less current liabilities		**86,000**	110,889
Creditors: amounts falling due after more than one year	15	**-**	(7,631)
Provision for liabilities	16,17	**(8,330)**	(8,789)
Net assets		**77,670**	94,469
Capital and reserves			
Called up share capital	18	**368,816**	368,816
Share premium account	18	**215,196**	215,196
Revaluation reserve	18	**2,858**	3,067
Capital redemption reserve	18	**17**	17
Other reserve	18	**65,958**	65,958
Profit and loss account		**(575,175)**	(558,585)
Total capital and reserves		**77,670**	94,469

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

The Annual Report and Financial Statements were approved by the board of directors and authorised for issue on 24 September 2019 were signed on its behalf by:

Feng Qingfeng
Director

Registered number: 00895081

Lotus Cars Limited

Statement of changes in equity for the period ended 31 December 2018

	Called up share capital £'000	Share premium £'000	Revaluation reserve £'000	Capital redemption reserves £'000	Other reserves £'000	Profit and loss account £'000	Total capital and reserves £'000
Balance as at 1 April 2017	**368,816**	**215,196**	**3,346**	**17**	**–**	**(522,135)**	**65,240**
Loss for the year	–	–	–	–	–	(36,254)	(36,254)
Other comprehensive loss	–	–	–	–	–	(475)	(475)
Total comprehensive income	**–**	**–**	**–**	**–**	**–**	**(36,729)**	**(36,729)**
Waiver of intercompany loan	–	–	–	–	65,958	–	65,958
Depreciation transfer for revalued assets	–	–	(279)	–	–	279	–
Balance as at 1 April 2018	**368,816**	**215,196**	**3,067**	**17**	**65,958**	**(558,585)**	**94,469**
Loss for the period	–	–	–	–	–	(17,037)	(17,037)
Other comprehensive income	–	–	–	–	–	238	238
Total comprehensive income	**–**	**–**	**–**	**–**	**–**	**(16,799)**	**(16,799)**
Depreciation transfer for revalued assets	–	–	(209)	–	–	209	–
Balance as at 31 December 2018	**368,816**	**215,196**	**2,858**	**17**	**65,958**	**(575,175)**	**77,670**

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

Notes to the financial statements for the period ended 31 December 2018

1. General information

Lotus Cars Limited ("the company") manufactures high performance motor cars and related merchandise (Lotus Cars division), it also provides and sells engineering consultancy services, commercial development and supply of technology to automotive and industrial clients world-wide (Lotus Engineering division) and within the United Kingdom.

Lotus Cars Limited is a private, limited by shares company that is incorporated and domiciled in the UK. The address of its registered office is Potash Lane, Hethel, Norwich, Norfolk, NR14 8EZ.

During the year, the company has shortened its current accounting period from 31 March 2019 to 31 December 2018. Accordingly, the financial statements are prepared as at 31 December 2018 and for the 9-month period ending 31 December 2018. The comparative period is as at 31 March 2018 and for the 12-month period ending 31 March 2018.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of preparation
The financial statements of Lotus Cars Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

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

- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1; and
  - (ii) paragraph 73(e) of IAS 16 Property, plant and equipment.

Notes to the financial statements for the period ended 31 December 2018 (continued)

2. Summary of significant accounting policies (continued)

Basis of preparation (continued)

- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d), (statement of cash flows);
  - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B-D (additional comparative information);
  - 40A-D (requirements for a third statement of financial position);
  - 111 (cash flow statement information); and
  - 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows';
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation);
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.
- The requirements of IFRS 7 'Financial Instruments: Disclosures';
- The requirements of paragraphs 91-99 of IFRS13, 'Fair Value Measurement' new IFRS that has been issued but is not yet effective; and
- The requirements of paragraphs 130(f)(ii), 130(f)(iii),134(d) to 134(f) and 135(c) to 135 (e) of IAS 36 Impairment of Assets, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of a cash flow statement, presentation of comparative information in respect of certain assets, standards not yet effective, impairment of assets, business combinations, discontinued operations and related party transactions.

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 their liabilities as they fall due for the foreseeable future.

The Company made a loss for the period ended 31 December 2018 of £17.0m (March 2018: £36.3m). As at 31 December 2018, the Company had shareholders' funds of £77.7m and net current assets of £14.6m. Included in the net current liabilities is £73.2m of funding provided by the majority shareholder, who has confirmed that they do not intend to seek repayment of this amount.

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. They have also considered the principal risks and uncertainties set out in the Strategic Report on page 4.

Notes to the financial statements for the period ended 31 December 2018 (continued)

2. Summary of significant accounting policies (continued)

Going concern (continued)
The Company's shareholders have confirmed that they will provide the necessary financial support to the Company, so as to ensure that the Company and all of its subsidiaries meet their liabilities as they fall due for at least 12 months from the date of signing of the audited financial statements.

The directors have therefore concluded that it is appropriate to prepare the financial statements on a going concern basis.

Consolidation
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.

Foreign currency translation
Functional and presentation currency
Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the company's functional currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges.

Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods and services supplied, stated net of discounts, returns and value added taxes. The company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the company's activities, as described below.

The company bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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

Revenue 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.

Notes to the financial statements for the period ended 31 December 2018 (continued)

2. Summary of significant accounting policies (continued)

Revenue recognition (continued)
Revenue on other engineering contracts and activities is recognised when the service or solution has been delivered and customer acceptance has occurred.

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.

Payments made in advance on engineering projects are treated as deferred income and recorded on the statement of financial position.

Grants
Grants are recognised at their fair values where there is reasonable assurance that the grant will be received and all conditions attached will be met.

(a) Grants relating to assets are included in non-current liabilities as deferred income and are amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalment or by deducting the grants in arriving at the carrying amount of the asset.
(b) Grants relating to costs are recognised immediately through profit or loss to match them with the costs incurred.
(c) Income grants are grants other than the above grants and recognised in the statements of comprehensive income where there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions.

Current and deferred income tax
The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Notes to the financial statements for the period ended 31 December 2018 (continued)

2. Summary of significant accounting policies (continued)

Current and deferred income tax (continued)
Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

2. Summary of significant accounting policies (continued)

Intangible assets
An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Research and development
Expenditure in connection with research activities (research expenditure) is recognised as an expense when incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria for recognition are fulfilled:

(a) It is technically feasible to complete the intangible asset so that it will be available for use or sale;
(b) Management's intention to complete the intangible asset for use or sale;
(c) There is an ability to use or sell the intangible asset;
(d) It can be demonstrated that the intangible asset will generate probable future economic benefits;
(e) Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
(f) The expenditure attributable to the intangible asset during its development can be reliably measured.

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development expenses capitalised include costs incurred in the development from the date it first meets the recognition criteria and up to the completion of the development project and commencement of commercial production. Capitalised development cost is stated at cost less accumulated amortisation and accumulated impairment losses, if any.

A summary of the policies applied to the company's intangible assets is, as follows:

Intangible assets	Useful lives	Amortisation method used
Software	Finite (3 years)	Straight-line
Development cost	Finite (basis over the period of expected future sales from the related project which ranges from 5 to 7 years)	Straight-line

Notes to the financial statements for the period ended 31 December 2018 (continued)

2. Summary of significant accounting policies (continued)

Tangible assets

The cost of tangible property, plant and equipment 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 property, plant and equipment, less their estimated residual values, over their estimated useful economic lives at the following principal rates:

Tangible assets	Useful lives	Depreciation method used
Freehold buildings	Finite (40 years)	Straight-line
Freehold land	Infinite	N/A
Plant and machinery	Finite (2 to 10 years)	Straight-line
Motor vehicles	Finite (4 years)	Straight-line
Fixtures, fittings and equipment	Finite (2 to 10 years)	Straight-line
Vehicle tooling	Finite (period which the products are expected to be sold)	Straight-line
Assets in the course of construction	Finite (depreciation begins with effect from the date that the assets are available for operational use)	N/A

Investments in subsidiary undertakings

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

Inventories

Inventory 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 stock 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 stock.

Notes to the financial statements for the period ended 31 December 2018 (continued)

2. Summary of significant accounting policies (continued)

Financial instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The company has applied IFRS 9 retrospectively, with the initial application date of 1 January 2018. The adoption of IFRS 9 had no impact on the primary financial statements for any years presented within the financial statements.

(a) Financial assets

The Company's financial assets include cash at bank, trade and other receivables. Non-derivative financial assets are classified as either 'available for sale' financial assets or 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as receivables. Receivables are measured at amortised cost using the effective interest method, less any impairment.

Cash at bank comprise balances on bank accounts, cash in transit and cash floats held in the business. Finance income is accounted for on an accruals basis and credited to the Income Statement when recognition criteria have been met.

Classification – Financial assets are classified, at initial recognition, as financial assets at Fair value through profit or loss (FVPL), loans and receivables, held to maturity (HTM) investments, available-for-sale (AFS) financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Financial assets are recognised initially at fair value plus, in the case of investments not at FVPL, directly attributable transaction costs that are attributable to the acquisition of the financial asset.

The classification depends on the purpose for which the investments were acquired or originated.

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

(a) Financial assets (continued)

Impairment of financial assets – Financial assets, other than those at fair value through profit or loss (FVTPL), are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

(b) Financial liabilities

The Company's financial liabilities include trade and other liabilities. Financial liabilities are classified according to the substance of the contractual arrangements entered into.

All financial liabilities are classified as 'other financial liabilities' and are initially measured at fair value net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The Company derecognises financial liabilities when the Company's obligations are discharged, cancelled or they expire.

Impairment of non-financial 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.

Notes to the financial statements for the period ended 31 December 2018 (continued)

2. Summary of significant accounting policies (continued)

Provisions
Provisions for environmental restoration, warranty costs, restructuring costs and legal claims are recognised when: the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Reorganisation provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Employee benefits
The group operates various schemes, including both defined benefit and defined contribution pension plans.

(a) Pension obligations
A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods. The company's contributions to the defined contribution plan are charged to profit or loss in the period to which they relate. Once the contributions have been paid, the company has no further payment obligations.

The company operates a defined benefit pension scheme, the Lotus Pension Plan for their eligible employees. The defined benefit obligation is calculated using the projected unit credit method, determined by independent actuaries and charged to the statement of comprehensive income so as to spread the cost of the pension over the average remaining service lives of the related employees participating in the defined benefit plan. Assumptions were made in relation to the expected rate of salary increases and annual discount rate. Full actuarial valuations are carried out every three years, the last full actuarial valuation was performed on 31 December 2017.

Notes to the financial statements for the period ended 31 December 2018 (continued)

2. Summary of significant accounting policies (continued)

Employee benefits (continued)

(a) Pension obligations (continued)

The liability in respect of a defined benefit plan is the present value of the defined benefit obligations at the date of the statement of financial position less the fair value of plan assets, together with adjustments for actuarial gains/losses and past service. The group determines the present value of the defined benefit obligations with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the reporting date. When the calculation results in a potential asset for the company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit obligations, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the changes in asset ceiling (excluding interest), are recognised immediately in other comprehensive income. The company determines the net interest income or expense on the net defined obligations for the period by applying the discount rate used to measure the defined benefit obligations at the beginning of the annual period, taking into account any changes in the net defined benefit obligations during the period as a result of contributions and benefit payments.

Net interest income or expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(b) Termination benefits

Termination benefits are payable to an entitled employee whenever the employment has to be terminated before the normal retirement date or when the employee accepts mutual/voluntary separation in exchange for these benefits. The company recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Notes to the financial statements for the period ended 31 December 2018 (continued)

2. Summary of significant accounting policies (continued)

Called up share capital

Called up share capital includes ordinary shares that have attached to them full voting, dividend and capital distribution (including on winding up) rights. They do not confer any rights of redemption and are classified as equity. Any excess of consideration received in exchange of par value of ordinary shares issued will be included in the share premium account.

The Company's non-cumulative redeemable preference shares have been accounted for as equity. The preference shares do not give holders the rights to dividends or voting rights. The holders have preferential rights to assets before ordinary shareholders on liquidation. These shares are non-convertible and are redeemable at the option of the company upon notice.

Leases

Leases in which substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

3. Critical accounting estimates and judgments

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Useful economic lives of tangible assets
The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See Note 10 for the carrying amount of the tangible assets, and Note 2 for the useful economic lives for each class of assets.

(b) Inventory provisioning
The company sells cars and is subject to changing consumer demands. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See Note 12 for the net carrying amount of the inventory and associated provision.

Notes to the financial statements for the period ended 31 December 2018 (continued)

3. Critical accounting estimates and judgments (continued)

(c) Provisioning of trade debtors
The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience. See Note 13 for the net carrying amount of the receivables and associated impairment provision.

(d) Impairment of non-financial assets
Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and the CGU's value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model ("DCF"). The cash flows are derived from the budget for the next five years and do not include restructuring activities that the group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. See Note 9 for the carrying amount of intangible assets.

(e) Defined benefit pension scheme
The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date by the directors. Further details about pension obligations are given in Note 17.

(f) Warranty provision
All vehicles sold by the group have a warranty period of up to 36 months. Provision is made based on current volumes of products sold still under warranty and on historic quality rates for mature products as well as estimates and assumptions on future quality rates for new products and estimates of costs to remedy the various qualitative issues that might occur. Refer to Note 16 for further details.

Notes to the financial statements for the period ended 31 December 2018 (continued)

4. Turnover

	9-month ended 31 Dec '18 £'000	12-month ended 31 Mar '18 £'000
Revenue by class of business		
Sales of cars and parts – Lotus Cars division	**50,362**	83,803
Engineering consultancy – Lotus Engineering division	**8,301**	16,451
	58,663	100,254

	9-month ended 31 Dec '18 £'000	12-month ended 31 Mar '18 £'000
Revenue by geographical market supplied		
United Kingdom	**21,567**	29,337
Continental Europe	**18,567**	46,068
North and South America	**5,229**	10,351
Rest of the world	**13,300**	14,498
	58,663	100,254

	9-month ended 31 Dec '18 £'000	12-month ended 31 Mar '18 £'000
Revenue by geographical origin		
United Kingdom	**58,663**	100,254

Notes to the financial statements for the period ended 31 December 2018 (continued)

5. Operating loss

The operating loss is stated after charging/(crediting):

	9-month period ending 31 Dec 18 £'000	12-month period ending 31 Mar 18 £'000
Operating lease rentals	**528**	1,357
Amortization of intangible assets (Note 9)	**6,954**	11,424
Depreciation of tangible assets – owned assets (Note 10)	**1,540**	2,634
Profit on disposal of tangible assets	**(53)**	–
Net foreign exchange gains	**(1,022)**	(442)
Auditor's remuneration – audit of the financial statements	**130**	130
Cost of sales recognized as an expense (including reversal of inventory write down of £607,000 (March 2018: £577,000)	**49,825**	76,917
Impairment of non-financial assets:		
Intangible assets (Note 9)	**844**	21,282
Tangible assets (Note 10)	**–**	3,511
Investments (Note 11)	**–**	2,032
Other material profit and loss items:		
Losses from early termination of lease agreements	**3,800**	–

Notes to the financial statements for the period ended 31 December 2018 (continued)

6. Staff costs

	9-month ended 31 Dec '18 £'000	12-month ended 31 Mar '18 £'000
Wages and salaries	**19,169**	23,733
Social security costs	**1,866**	2,445
Other pension costs	**1,893**	2,204
	22,928	28,382

The average number of persons employees of the company was:

	9-month ended 31 Dec '18 £'000	12-month ended 31 Mar '18 £'000
Category		
Management and administration	**338**	306
Production and sales	**407**	397
	745	703

Directors' remuneration

The directors' services to this company are non-executive in nature and their emoluments are deemed to be wholly attributable to their qualifying services to other group companies. Accordingly, these financial statements include other benefits in respect of the directors £11,000 (March 2018: £174,000).

Notes to the financial statements for the period ended 31 December 2018 (continued)

7. Interest receivable/(payable) and other similar income/(charges)

	9-month ended 31 Dec '18 £'000	12-month ended 31 Mar '18 £'000
Interest receivable and similar income		
Interest from bank deposits	**45**	4
Interest from customers	**84**	71
	129	75

	9-month ended 31 Dec '18 £'000	12-month ended 31 Mar '18 £'000
Interest payable and similar charges		
Interest from intermediate parent undertaking	**(1,778)**	(162)
Charge in respect of the defined benefit pension scheme (note 17)	**(78)**	(111)
Other interest charges	**–**	(19)
	(1,856)	(292)

Notes to the financial statements for the period ended 31 December 2018 (continued)

8. Tax on profit on ordinary activities

(a) Tax charged in the income statement

	9-month period ending 31 Dec 18 £'000	12-month period ending 31 Mar 18 £'000
Current taxation	–	–
UK Corporation tax at 19% (March 2018: 19%)	–	–
Current income tax charge	–	–
Deferred taxation		
Origination and reversal of temporary differences and losses	–	–
Tax on profit/(loss) on ordinary activities	–	–

(b) Reconciliation of the total tax charge

Tax expense for the period is lower (March 2018: lower) than the standard rate of corporation tax in the UK for the period ended 31 December 2018 of 19% (March 2018: 19%). The differences are explained below:

	9-month period ending 31 Dec 18 £'000	12-month period ending 31 Mar 18 £'000
Loss on ordinary activities before taxation	**(17,035)**	(36,254)
Loss on ordinary activities multiplied by the standard rate of corporation tax at 19% (March 2018: 19%)	**(3,237)**	(6,888)
Expenses not deductible for tax purposes	**1,068**	703
Depreciation in excess of capital allowances	**246**	501
Tax losses carried forward	**1,923**	5,684
Total tax charge for period/year	-	-

Notes to the financial statements for the period ended 31 December 2018

8. Tax on profit on ordinary activities (continued)

(c) Deferred tax
Deferred tax assets are recognised for tax loss carry-forwards and timing differences to the extent that the realisation of the related tax benefit through future taxable profits is probable. Deferred tax assets were not recognised on the following unused tax losses and other deductible temporary differences due to uncertainty over the level of future taxable profits against which it would be recovered which is in accordance with the company's accounting policies.

	31 Dec 18	31 Mar 18
	£'000	£'000
Depreciation in excess of capital allowances	**5,549**	10,702
Short term timing differences	**47**	8
Unutilised tax losses	**95,792**	84,480
Deferred tax on pension liability	**685**	737
Gross unrecognised deferred tax assets	**102,073**	95,927

(d) Change in corporation tax rate
The Finance Act (No.2) 2015 reduced the rate of corporation tax from 20% to 19% from 1 April 2017 and the Finance Act 2016 further reduced the rate to 17% from 1 April 2020. Both these rate reductions were substantively enacted at the balance sheet date and are therefore included in these accounts.

Notes to the financial statements for the period ended 31 December 2018 (continued)

9. Intangible assets

	Software	Capitalised development costs	Total
	£'000	£'000	£'000
Cost			
At 1 April 2018	2,295	137,613	139,908
Additions	-	19,371	19,371
Disposals	-	(1,832)	(1,832)
At 31 December 2018	**2,295**	**155,152**	**157,447**
Accumulated amortisation and impairment			
At 1 April 2018	2,286	111,538	113,824
Charge for the period	9	6,945	6,954
Impairment charge for the period	-	844	844
At 31 December 2018	**2,295**	**119,327**	**121,622**
Net book amount			
At 31 December 2018	**-**	**35,825**	**35,825**
At 31 March 2018	9	26,075	26,084

Impairment testing
Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use is calculated using the DCF Model. Intangible development costs and tangible assets (see Note 10) have been reviewed for impairment at a cash generating unit level, being the vehicle models (Evora, Exige, Elise and 3-Eleven).

The key assumptions in the model are sales growth and the discount rate.

- Sales are included at the growth levels projected in the strategic business plan.
- The pre-tax discount rate of 12% (March 2018: 12%) is based on the directors' estimate of the return on capital appropriate to the income generating unit. Growth rates are related to introduction of known enhanced models with improved margins. They also depend on increasing the number of dealers and further penetration into the prospective markets.

Sensitivity to changes in assumptions
The company has performed a sensitivity analysis on the impairment test using two scenarios; firstly where the discount rate increases by 3% and secondly where sales volumes decrease by 10%. These scenarios represent the upper limit of what is considered reasonably possible.

Neither scenario resulted in the need to recognise further impairment.

Notes to the financial statements for the period ended 31 December 2018 (continued)

10. Tangible assets

	Freehold land and buildings	Plant and machinery	Fixtures, fittings, tooling, equipment and motor vehicles	Assets in the course of constructio	Total
	£'000	£'000	£'000	£'000	£'000
Cost:					
At 1 April 2018	40,734	38,209	32,645	5,850	117,438
Additions	348	198	1,466	3,151	5,163
Disposals	-	(115)	(335)	-	(450)
At 31 December 2018	**41,082**	**38,292**	**33,776**	**9,001**	**122,151**
Accumulated depreciation:					
At 1 April 2018	17,161	36,821	31,146	-	85,128
Charge for the period	702	221	617	-	1,540
Disposals	-	(111)	(28)	-	(139)
At 31 December 2018	**17,863**	**36,931**	**31,735**	**-**	**86,529**
Net book amount:					
At 31 December 2018	**23,219**	**1,361**	**2,041**	**9,001**	**35,622**
At 31 March 2018	23,573	1,384	1,499	5,850	32,306

Assets in the course of construction relate to the development of the manufacturing site which was started but not completed at the period end.

On transition to FRS 101, the net book value of historically revalued freehold land and buildings was determined to be the deemed cost. Included in freehold land and buildings is land with a cost of £982,000 (March 2018: £982,000) which is not depreciated.

Notes to the financial statements for the period ended 31 December 2018 (continued)

11. Investments

	Subsidiary undertaking	Equity investment	Total
	£'000	£'000	£'000
Cost:			
At 1 April 2018 and 31 December 2018	68	2,032	2,100
Provision for impairment:			
At 1 April 2018 and 31 December 2018	(68)	(2,032)	(2,100)
Net book amount:			
At 31 December 2018	**-**	**-**	**-**
At 31 March 2018	-	-	-

Notes to the financial statements for the period ended 31 December 2018 (continued)

11. Investments (continued)

Investment in subsidiary undertakings
The following companies are the principal subsidiaries of Lotus Group International Limited, which directly or indirectly owns the majority of their issued ordinary share capital.

Subsidiary undertaking	Country of Incorporation	% Ownership	Nature of Business
Group Lotus Limited (direct) [1]	England and Wales	100%	Holding company of UK subsidiaries
Lotus Cars Limited (indirect)[1]	England and Wales	100%[6]	Car Manufacture and engineering consultancy
Lotus Body Engineering Limited (indirect)[1]	England and Wales	100%	Dissolved 9 July 2019
Lotus Engineering Limited (indirect)[1]	England and Wales	100%	Dormant
Lotus Motorsport Limited (indirect)[1]	England and Wales	100%	Dormant
Lotus Youngman Automotive Limited (indirect)[1]	England and Wales	100%	Dissolved 5 February 2019
Lotus Cars USA, Inc. (indirect)[2]	USA	100%	Car sales and servicing
Lotus Engineering Malaysia Sdn Bhd (indirect) [5]	Malaysia	100%	Non trading
Lotus Engineering, Inc. (indirect) [2]	USA	100%	Merged with Lotus Cars USA Inc 26 December 2018
Lotus Holdings Inc. (indirect) [2]	USA	100%	Merged with Lotus Cars USA Inc 26 December 2018
Lotus Engineering Company Limited (indirect) [4]	China	100%	Non trading
Lotus Lightweight Structures Holdings Limited (indirect)[1]	England and Wales	100%	Dissolved 16 July 2019
Lotus Lightweight Structures Limited (indirect)[1]	England and Wales	100%	Car parts manufacturing
Lotus Pension Trustees Limited (indirect)[1]	England and Wales	100%	Pension Trustee
Lotus Cars Foundation (indirect)[3]	Liechtenstein	100%	Dissolved 22 March 2019

[1] Registered office: Potash Lane, Hethel, Norwich, NR14 8EZ
[2] Registered office: 47584 Galleon Dr, Plymouth, Michigan 48170 USA
[3] Registered office: Austrasse 15, 9495 Triese, Liechtenstein
[4] Registered office: Lujiazui Financial Center, Shanghai, China
[5] Registered office: Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No1 Leboh Ampang, 50100, Kuala Lumpar, Malaysia
[6] The redeemable preference shares were owned by Proton Holdings Berhad at 31st March 2018, and transferred on 12th *September 2018 as to 51% to Zhejiang Geely Holding Co. Ltd and 49% to Etika Automotive Sdn Bhd.*

Equity investments
During the financial year ended 31 March 2018 the agreement with Goldstar LOTUS Automobile Co. Ltd ceased, the investment of £2,032,000 was provided for in full for the 10% share capital of Goldstar LOTUS Automobile Co. Ltd, a company registered in China.

Notes to the financial statements for the period ended 31 December 2018 (continued)

12. Stocks

	31 Dec '18	31 Mar '18
	£'000	£'000
Raw materials	**10,003**	9,293
Cars in course of production and other work in progress	**2,104**	153
Service inventories	**1,775**	2,183
Finished goods	**11,051**	1,658
	24,933	13,287

The difference between purchase price or production cost of inventory and the replacement cost is not considered material by the directors. Inventories are stated after provisions of £2,757,000 (March 2018: £2,309,000).

13. Debtors

	31 Dec '18	31 Mar '18
	£'000	£'000
Trade debtors	**12,163**	18,882
Amounts owed by immediate parent undertaking	**207,407**	208,724
Amounts owed by other group undertakings	**35,319**	27,744
Other debtors	**1,010**	993
Prepayments and accrued income	**1,512**	1,922
	257,411	258,265

The amounts owed by intermediate parent undertakings and other group undertakings are unsecured, non-interest bearing and have no fixed repayment date.

Included in amounts owed by other group undertakings is an amount of £8.0m being re-imbursement for the grant repayment (note 15).

Trade receivables are stated after provision of £485,000 (March 2018: £39,000). Amounts owed by other group undertakings are stated after provision of £1,095,000 (March 2018: £1,095,000).

Notes to the financial statements for the period ended 31 December 2018 (continued)

14. Creditors: amounts falling due within 1 year

	31 Dec '18	31 Mar '18
	£'000	£'000
Trade creditors	**8,719**	11,202
Amounts owed to intermediate parent undertaking	**72,606**	35,029
Amounts owed to intermediate parent undertaking	**176,611**	176,852
Amounts owed to other group undertakings	**13,576**	22,477
Accruals and deferred income	**7,144**	4,984
Payments in advance on engineering contracts	**3,128**	4,071
Other taxation and social security	**814**	748
Other creditors (Note 15)	**7,631**	3,400
	290,229	258,763

The amounts owed to intermediate parent undertaking and other group undertakings are unsecured, non-interest bearing and have no fixed repayment date.

The intermediate parent undertaking balance is interest bearing and has no fixed repayment date.

15. Creditors: amounts falling due after more than 1 year – Government grants

During 2014, the company received a government business support grant. As specific criteria for the grant was not met, the company provided in full for the repayment in the year ended 31 March 2018 accounts.

During 2019, the previous owners DRB-HICOM BERHAD confirmed re-imbursement of £8.0m. this has been recognised as an asset as at 31 December 2018.

	31 Dec '18	31 Mar '18
	£'000	£'000
Opening balance	**11,031**	14,431
Amount repaid during the year	**(3,400)**	(3,400)
Balance at end of period/year	**7,631**	11,031

Notes to the financial statements for the period ended 31 December 2018 (continued)

15. Creditors: amounts falling due after more than 1 year – Government grants (continued)

	31 Dec '18 £'000	31 Mar '18 £'000
Amounts falling due within 1 year	**7,631**	3,400
Amounts falling due after more than 1 year	–	7,631
	7,631	11,031

16. Provision for liabilities

	Warranty provision £'000	Pension liability (Note 17) £'000	Total £'000
Opening balance	**4,456**	**4,333**	**8,789**
Charge to profit and loss	1,162	(541)	621
Charge to other comprehensive income	–	238	238
Provision utilised	(1,318)	–	(1,318)
Balance at end of period/year	**4,300**	**4,030**	**8,330**

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 potential future claims under warranty. The provision is expected to be utilised within the next 3 years. The provision has not been discounted as the directors consider the effect to be immaterial.

	31 Dec '18 £'000
Amounts falling due within 1 year	1,479
Amounts falling due after more than 1 year	2,821
	4,300

Notes to the financial statements for the period ended 31 December 2018 (continued)

17. Pension commitments

Defined contribution pension scheme
The company operates a defined contribution group personal pension scheme and a defined benefit pension scheme. Total contributions outstanding by the company at 31 December 2018 were £237,777 (March 2018: £213,461).

The company operates a defined contribution group personal pension scheme for eligible employees, the assets of which are held independently of the company. Pension fund contributions are charged to the profit and loss account in the periods in which they are payable.

Defined benefit pension scheme
The company operates a defined benefit pension scheme, the Lotus Pension Plan (the "Plan"). The Plan provides benefits based on salary and length of service on retirement, leaving service or death. The assets of the Plan are held in separate trustee administered funds.

The scheme is now closed to new entrants and are closed to future accrual.

The Plan is subject to the Statutory Funding Objective under the Pensions Act 2004. A full actuarial valuation of the Plan is carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process the group must agree with the Trustees of the Plan the contributions to be paid to address any shortfall against the Statutory Funding Objective and contributions to pay for future accrual of benefits. The Statutory Funding Objective does not currently impact on the recognition of the Plan in these financial statements. The Plan is managed by a board of Trustees appointed in part by the group and in part from elections by members of the Plan. The Trustees have responsibility for obtaining valuations of the fund, administering benefit payments and investing the Plan's assets. The Trustees delegate some of these functions to their professional advisers where appropriate.

The Plan exposes the group to a number of risks:

- Investment risk - The Plan holds investments in asset classes, such as equities, which have volatile market values and while these assets are expected to provide the real returns over the long-term, the short-term volatility can cause additional funding to be required if an increase in the deficit emerges.
- Interest rate risk - The Plan's liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the Plan holds assets such as equities the value of the assets and liabilities may not move in the same way.
- Inflation risk - A significant proportion of the benefits under the Plan are linked to inflation. Although the Plan's assets are expected to provide a good hedge against inflation over the long term, movements over the short-term could lead to movements in the deficit.
- Mortality risk - In the event that members live longer than assumed, a deficit will emerge in the Plan.

Notes to the financial statements for the period ended 31 December 2018 (continued)
17. Pension commitments (continued)

Effect of the Plan on the group's future cash flows

The group is required to agree a Schedule of Contributions with the Trustees of the Plan following an actuarial valuation which must be carried out every 3 years. The last actuarial valuation of the Plan was at 31 December 2017. In the event that a valuation reveals a larger deficit than expected, the group may be required to increase the contributions above those set out in the existing Schedule of Contributions. Conversely, if the position is better than expected contributions may be reduced. The group expects to pay contributions of approximately £1,104,000 in the year ending 31 December 2019.

The valuation of the Plan under IAS 19 has been based on the actuarial valuation as at 31 December 2017, updated by the actuary from Barnett Waddingham in order to assess the assets and liabilities of the Plan as at 31 December 2018.

The key assumptions used by the actuary in the IAS 19 valuation were:

	31 Dec '18	31 Mar '18
Rate of increase in salaries	**1.50%**	1.50%
Discount rate	**2.90%**	2.70%
Price Inflation (RPI)	**3.30%**	3.20%
Price inflation (CPI)	**2.00%**	2.00%

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

	31 Dec '18	31 Mar '18
Longevity at age 65 for current pensioners		
- Men	**87.0**	86.9
- Women	**88.9**	88.8
Longevity at age 65 for future pensioners currently aged 45		
- Men	**88.4**	88.3
- Women	**90.4**	90.4

The following amounts at were measured in accordance with the requirements of IAS 19 "Retirement Benefits":

	31 Dec '18 £'000	31 Mar '18 £'000
Total fair value of scheme assets	**116,047**	116,760
Present value of scheme liabilities	**(120,077)**	(121,093)
Net pension liability	**(4,030)**	(4,333)

Notes to the financial statements for the period ended 31 December 2018 (continued)

17. Pension commitments (continued)

Analysis of the amount charged to operating loss:	**9-month ended 31 Dec '18 £'000**	12-month ended 31 Mar '18 £'000
Current service cost	**882**	1,242
Plan expenses	**542**	491
Total operating charge	**1,424**	1,733

Analysis of the amount charged/(credited) to other finance charges:	**9-month ended 31 Dec '18 £'000**	12-month ended 31 Mar '18 £'000
Expected return on pension scheme assets	**(2,351)**	(3,212)
Interest on pension scheme liabilities	**2,429**	3,323
Net charge to other finance charges	**78**	111

Analysis of amount recognised in other comprehensive income:	**9-month ended 31 Dec '18 £'000**	12-month ended 31 Mar '18 £'000
Actual return less expected return on pension scheme assets	**(2,556)**	(1,145)
Experience gains arising on the scheme liabilities	**(1,389)**	942
Changes to demographic assumptions	**-**	441
Change to financial assumptions	**4,183**	(713)
Actuarial gain/(loss) recognised in other comprehensive income	**238**	(475)

Notes to the financial statements for the period ended 31 December 2018 (continued)

17. Pension commitments (continued)

The following amounts were measured in accordance with the requirements of IAS 19 "Retirement Benefits":

	31 Dec '18 £'000	31 Mar '18 £'000
Total fair value of scheme assets	**116,047**	116,760
Present value of scheme liabilities	**(120,077)**	(121,093)
Net pension liability	**(4,030)**	(4,333)

Reconciliation of Net pension liability:	**31 Dec '18 £'000**	Mar '18 £'000
Net pension liability brought forward	**4,333**	5,379
Current service cost	**882**	1,242
Net interest expense	**78**	111
Re-measurements	**(238)**	475
Plan expenses	**542**	491
Employer contributions	**(1,567)**	(3,365)
Net pension liability carried forward	**4,030**	4,333

Reconciliation of present value of scheme liabilities:	**31 Dec '18 £'000**	31 Mar '18 £'000
At beginning of the period/year	**121,093**	120,148
Current service cost	**882**	1,242
Interest cost	**2,429**	3,323
Employee contributions	**391**	577
Benefits paid	**(1,924)**	(3,527)
Changes to demographic assumptions	**-**	(441)
Change to financial assumptions	**(4,183)**	713
Experience gains arising on the scheme liabilities	**1,389**	(942)
At end of the period/year	**120,077**	121,093

Notes to the financial statements for the period ended 31 December 2018 (continued)

17. Pension commitments (continued)

Reconciliation of fair value of scheme assets:	31 Dec '18 £'000	31 Mar '18 £'000
At beginning of the period/year	**116,760**	114,769
Expected return on scheme assets	**2,351**	3,212
Benefits paid	**(1,924)**	(3,527)
Scheme expenses	**(542)**	(491)
Actual return less expected return on pension scheme assets	**(2,556)**	(1,145)
Employer contributions	**1,567**	3,365
Employee contributions	**391**	577
At end of the period/year	**116,047**	116,760

The table below shows the investment allocation of pension assets against the related liabilities of the pension schemes:

	31 Dec '18 £'000	31 Mar '18 £'000
Equities	**60,856**	33,775
Bonds	**12,072**	11,045
Managed funds	**40,743**	67,408
Cash	**2,376**	4,532
Total fair value of scheme assets	**116,047**	116,760

The sensitivities regarding the principal assumptions assessed in isolation that have been used to measure the scheme liabilities are set out below:

	31 Dec '18 £'000	31 Mar '18 £'000
Discount rate		
Plus 0.50%	**(10,100)**	(10,500)
Minus 0.50%	**11,500**	12,300
Inflation rate		
Plus 0.50%	**10,200**	10,500
Minus 0.50%	**(9,000)**	(9,000)
Salary increase		
Plus 0.50%	**800**	1,000
Minus 0.50%	**(800)**	(700)
Life expectancy		
Plus 1.0 years	**(3,300)**	(3,500)
Minus 1.0 years	**3,200**	3,300

Notes to the financial statements for the period ended 31 December 2018 (continued)

18. Called up share capital and reserves

	Allotted, called up and fully paid			
	31 December 2018		31 March 2018	
	Number	**£'000**	Number	£'000
Ordinary shares of £1	**366,642,062**	**366,642**	366,642,062	366,642
Redeemable non-voting preference	**2,173,700**	**2,174**	2,173,700	2,174

Redeemable non-voting preference

The preference shares does not give holders the rights to dividends or voting rights. The holders have preferential rights to assets before ordinary shareholders on liquidation. These shares are non-convertible and are redeemable at the option of the company upon notice.

Share premium account

Share premium account is the excess of consideration received over the nominal value of shares issued.

Revaluation reserve

Revaluation reserve of £2,858,000 (March 2018: £3,067,000) is a revaluation surplus over book value of freehold land and buildings. During 2018 the valuation provision release to retained earnings was increased to align with the depreciation policy for freehold land and buildings of 40 years.

Capital redemption reserve

The capital redemption reserve arose from the purchase and cancellation of own share capital, and represents the nominal amount of the share capital cancelled.

Other reserves

Represents amount of loan owing to Proton which was waived in prior year.

Notes to the financial statements for the period ended 31 December 2018 (continued)

19. Contingent liabilities, guarantees and other financial commitments

(a) Capital commitments
As at 31 December 2018, the company was committed to the following future capital expenditure:

	31 Dec '18 £'000	31 Mar '18 £'000
Contracted but not provided for	**1,376**	2,021

(b) Obligation under operating leases – Company as a lessee
The company has entered into commercial leases on certain properties and other assets. These leases have an average life between one to ten years, with no renewal option included in the contracts. There are no restrictions placed upon the company by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	31 Dec '18 Land and Buildings	**31 Dec '18 Other**	31 Mar '18 Land and Buildings	31 Mar '18 Other
	£'000	**£'000**	£'000	£'000
Within one year	**587**	**229**	891	29
Between two and five years	**442**	**327**	428	39
After five years	**-**	**-**	-	-
	1,029	**556**	1,319	68

(c) Financial guarantees
The company had the following guarantees in place at 31 December 2018:

	31 Dec '18 £'000	31 Mar '18 £'000
HM Customs and Excise duty bond (Perpetual guarantee)	-	500

Notes to the financial statements for the period ended 31 December 2018 (continued)

20. Ultimate parent undertaking and controlling party

The immediate holding company of the ordinary share capital of the company is Lotus Group International Limited, a company incorporated in England and Wales.

The smallest group to consolidate the financial statements of Lotus Cars Limited is headed by Lotus Group International Limited, a company incorporated in England and Wales. 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 the Zhejiang Geely Holding Group Co.,Ltd consolidated group financial statements are available from 1760 Jiangling Road, Binjiang District, Hangzhou, Zhejiang Province, P.R.China 310051.

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

The company has taken advantage of the exemptions permitted under FRS 101 (Paragraph 8(k)) not to disclose transactions with other members of the group, as the company is a wholly owned subsidiary of Lotus Group International Limited.

21. Subsequent events

Changes in structure
Post year end, Lotus Lightweight Structures Limited transferred assigns any legal and equitable rights to the premises in Sywell Road, Industrial Estate, Worcester, all fixed and movable properties, stocks, intellectual properties and any other assets to Lotus Cars Limited.

On 19 July 2019, a restructuring of the group took place, the only change was to replace the group parent holding company, Lotus Advance Technologies Sdn.Bhd, with Symphony Lotus Limited, a Hong Kong Registered entity. The ownership of Symphony Lotus Limited is consistent with the previous holding company being 51% to Geely International Hong Kong Ltd and 49% to Etika Automotive Sdn Bhd.

As part of the restructuring process, the ownership of the following entities were transferred from Group Lotus Limited to Lotus Group International Limited for £nil consideration:

- Lotus Cars Limited
- Lotus Motorsport Limited

Government grants
On 4 March 2019, the Lotus' legal counsel received a letter from Group Director of Corporate Planning & Strategy of DRB-HICOM BERHAD agreeing to reimburse Lotus for an amount £8.0m. Lotus has recognized an asset for this amount as at 31 December 2018 and recognized a corresponding profit for the reversal of the remaining creditor balance at the end of the period.

Material funding
Post year end, the company also received material funding from Geely International Hong Kong Limited and Etika Automotive Sdn. Bhd. to support the continued growth of the business in accordance with the business plan.