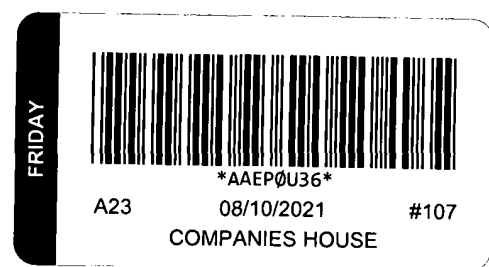


Registered no: 08336808

Geely UK Limited

Annual Report and Financial Statements
for the year ended 31 December 2020



Geely UK Limited

1

Company registration number

08336808

Directors

An Conghui
Dong Hui (Daniel) Li
Shengliang Nan

Registered office

Li Close
Ansty Park
Coventry
CV7 9RF

Auditor & Tax Advisor

Mazars LLP
First Floor
Two Chamberlain Square
Birmingham
B3 3AX

Tax Advisor

KPMG LLP
One Snowhill Queensway
Birmingham
B4 6GH

Bankers

HSBC Bank plc
London Commercial Banking Centre
Level 6, 71 Queen Victoria Street
London
EC4V 4AY

Black Horse Limited
25 Gresham Street
London
EC2V 7HN

Santander UK plc
1 Cornwall Street
Birmingham
B3 2DX

BNP Paribas
10 Harewood Avenue
London
NW1 6AA

Standard Chartered Bank
1 Basinghall Avenue
London
EC2V 5DD

Bank of China (UK) Limited
33 Horse Fair
Birmingham
B1 1DD

Citibank, N.A., London Branch
Citigroup Centre, Canada Square
Canary Wharf
London
E14 5LB

Santander Consumer Bank AG
Santander-Platz 1, 41061
Mönchengladbach

Ping An Bank
Shenzhen Development Bank Building
5047 Shen Nan Road East - Post / ZIP
Code : 518001

China Construction Bank
No.25, Finance Street, Beijing, China
100033

Strategic Report for the year ended 31 December 2020

The Directors present their strategic report for Geely UK Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2020. London EV Company Limited ("LEVC") is the principal operating subsidiary of the Group. The full list of the Company's subsidiaries is given at note 13.

The Board of Directors carefully consider all future strategic options for the business and in doing so take due consideration of all parties that may be affected by its decisions. The Directors consider the key stakeholders and interested parties to be shareholders, namely the Zhejiang Geely Holding Group Co Ltd, banks, other financial institutions, employees, customers, contractors, suppliers and Government bodies.

The Board employs various methods of communicating with these interested parties which include, monthly reporting of performance to its ultimate parent company and periodic meetings with key personnel within the parent Group. Employee communication includes a detailed quarterly business update from the CEO which includes performance against key KPI's, relevant news and the opportunity for questions. Regular meetings are held with our Banking partners / Customers and Suppliers on an individual and periodically on a group basis to provide insight to our future business and product plans.

During 2020 the business reacted rapidly to the evolving Covid 19 pandemic, protecting the health of our employees and maximising use of the Government furlough scheme in order that redundancies were not required. However, key activities, including completion of the development of our Light Commercial Vehicle, VN5, were still achieved.

Liquidity of the business during this challenging year was maintained through support of our key banking partners, although disappointingly LEVC was excluded from Government support under the CLBILS scheme due to our foreign ownership.

The company maintains its general ethos and desire to be a truly class leading employer of choice and environmentally clean producer of products that will benefit the wider community.

Review and analysis of the business

2020 saw LEVC's sales halved versus 2019 to 1118 units, due to the Covid 19 pandemic. The effects of successive lockdowns and economic uncertainty significantly reduced demand for the TX. The launch of the VN5 van in November was then hampered by the closure of vehicle dealerships, although deliveries did commence in line with this key project's timing.

Commercial Strategy

LEVC continued to expand its UK dealer footprint in preparation for VN5. Significant expansion in the European Union was supported by our office in Frankfurt, principally in Germany but including Netherlands, Switzerland & Malta. Further afield, TX has also been sold to South Korea, Azerbaijan, India and Egypt.

Product Portfolio

The VN5 van was launched at events in London and Germany, achieving wide press coverage and interest, including 2 prestigious awards. UK sales commenced in November and Left-Hand Drive sales commence in quarter 1 2021.

Strategic Report for the year ended 31 December 2020 (continued)

Business Environment

Prior to Covid restrictions in March, LEVC was out-performing budgeted sales and profit targets, but the pandemic then made this the most challenging business environment imaginable. However, significant sales milestones, such as the 5,000th electric TX delivered, were still achieved.

Financial review

Sales Revenue of £101m in 2020 was down from £150m in 2019, reflecting the impact of Covid19 on sales.

EBITDA (Earnings Before Interest, Tax Depreciation and Amortisation) was a £9.7m profit, versus a loss of £(19.5m) in 2019, reflecting key strategic initiatives to support development of the business.

Key activities

Operational losses were minimised by further efficiency measures across all areas of the business and maximised usage of the furlough scheme to protect employment and the key skills required to ramp up production of VN5.

Agreement was reached with Geely for licensed production in the Yiwu factory of a Chinese market version of the TX for which ongoing royalty payments will also be paid.

A sale and leaseback agreement was completed in respect of our Brewery Road dealership, releasing significant value to the business.

LEVC entered into a Carbon pooling agreement with VWAG, allowing sale of credits generated by TX volume in both the UK and EU territories.

Net worth

The Group's Shareholders' Funds or "Net Worth" stood at £90.4m on 31 December 2020 (2019: £127.9m) presenting a strong Statement of Financial Position to stakeholders, including its bankers and suppliers.

The Board is satisfied with the Group's financial position.

Key performance indicators

Management utilise a series of KPI's on a weekly and monthly basis to address financial and operating performance. These KPI's include product quality, profitability improvement, inventory management, cash flow and headcount.

Overall, the Board is satisfied with the Group's operating performance during the year.

Strategic Report for the year ended 31 December 2020 (continued)

Principal risks and uncertainties facing the business

Management continually monitor the key risks facing the Group together with assessing the controls used for managing these risks. The board of directors formally reviews and documents the principal risks facing the business at least annually.

In the opinion of the Directors, the principal risks and uncertainties facing the Group are as follows:

- **Trade with the EU.** The Brexit arrangements agreed between the UK and the EU have added cost, complexity and delays to trading with our business partners in the EU. However, these are not significant versus the worst case "no deal" scenario that was threatened.
- **Foreign exchange risk.** The Group constantly reviews and implements hedging contracts to limit exposure to EUR, USD, CNY and SEK exchange risk as a net purchaser of these currencies.
- **Funding risk.** The Group is funded through a combination of debt and equity with debt becoming due for repayment on various dates in the future. The Group regularly undertakes financial forecasting in order to measure its financing requirements against its available facilities and uncalled Capital Contribution and works closely with its parent company's treasury function to obtain new facilities as required.
- **Warranty risk.** The Group is satisfied with the warranty cost incurred during the year and considers the warranty provision to be adequate to cover all future estimated repair costs for the vehicle under warranty.
- **Coronavirus (Covid-19) risk.** At the time of signing these Accounts the Group is seeing recovery of confidence in the key London market. Accordingly, 2021 budget targets appear achievable after the expected very weak quarter 1 when lockdown measures curtailed normal business activity.

Strategic Report for the year ended 31 December 2020 (continued)

Directors' statement of compliance with duty to promote the success of the Company

Long-term decision making

The Company aims to bring value to its ultimate shareholders by creating a sustainable and profitable business. Key activities, including completion of the development of our Light Commercial Vehicle, VN5, were still achieved in spite of Covid 19. This vehicle occupies a much larger market segment than our existing Taxi product, so will ultimately determine the long term success of the company.

The Company also engaged in other product development activity with Geely subsidiaries in China which are intended to further broaden the portfolio offered in Europe and further enhance Group profitability.

Employee engagement

During 2020 the business reacted rapidly to the evolving Covid 19 pandemic, protecting the health of our employees and maximising use of the Government furlough scheme in order that redundancies were not required.

Employee communication includes a detailed quarterly business update from the CEO which includes performance against key KPI's, relevant news and the opportunity for questions.

We ensure there is fairness in action between members of the company and that we all operate with a culture of "Speed, Performance and Trust"

Business relationships

Regular meetings are held with our Banking partners, Customers and Suppliers on an individual and periodically on a group basis to provide insight to our future business and product plans.

The Company aims to provide high quality products to its customers. Supplier relationships are guided by the principles of respect and partnership, creating long term value for both parties. We recognise that supplier quality is key to ensure that the quality of the end product meets customer requirements.

The Company and its members operate to maintain the highest standards of business conduct.

The company maintains its general ethos and desire to be a truly class leading employer of choice and environmentally clean producer of products that will benefit the wider community.

**Strategic Report for the year ended 31 December
2020 (continued)**

Approval

This report was approved by the board on 28th April 2021 and signed on its behalf by:


Shangliang Nan
Director

Directors' Report for the year ended 31 December 2020

The Directors present their report for Geely UK Limited (the 'Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020.

Principal activity

The Group's principal activity is the research, development, production, distribution and sale of urban commercial vehicles. The Company is the holding company for the wholly-owned interests of Zhejiang Geely Holding Group Co. Ltd ('Geely') in the UK and Continental Europe.

Future developments

Having started production of the VN5 Light Commercial Vehicle in November 2020 for the U.K. market, a Left-Hand Drive version will enter production in First Quarter of 2021.

Subsequent events

On 18th March 2021, the \$400m Green Bond initially issued in 2016 was successfully renewed and replaced with a \$400m Senior Bond with a three year tenure.

Dividends

The Directors do not recommend the payment of any dividend.

Directors

The Directors, who served throughout the year, unless indicated otherwise, are as follows:

An Conghui	Chairman
Dong Hui (Daniel) Li	
Shengliang Nan	Appointed 2 nd December 2020
Jianqun Zhou	Resigned 2 nd December 2020

Directors' indemnity

The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for directors and officers of the Company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them which relate to anything done or omitted or alleged to have been done or omitted, by them as officers or employees of the Company.

Appropriate directors' and officers' liability insurance cover is in place in respect of the Company's directors.

Directors' Report for the year ended 31 December 2020 (continued)

Financial instruments

Note 24 to the financial statements gives details of the Group's management of risks arising from the use of financial instruments.

Research and development

Development of the TX and VN5 continues as LEVC expands its market footprint into the Middle East and Far East.

The Group retains Commercial R&D activities at the Ansty site. This centre is to support the UK Group and the wider Geely Group in activities related to electric commercial vehicles.

During the year, the Group directly expensed development expenditure of £1,174,000 (2019: £416,000) and capitalised expenditure of £17,492,000 (2019: £17,263,000), as detailed at note 11.

Employment policies

The Company is concerned that its employees, wherever they are in the world, are treated with due respect and dignity. Discrimination of any form will not be tolerated and this includes discrimination or harassment on the grounds of sex, race, disability, age and religion or belief. Family friendly and equal opportunities policies are followed.

The Directors regard the involvement, participation and training of employees to be of great importance. Management takes every opportunity to inform employees of Group developments and encourages them to be aware of the performance of the Group. Employees are encouraged to discuss with management matters of interest to the employee.

Employee briefings and action review meetings, at all levels of responsibility, provide the necessary information flow in both directions. Health, safety and environmental matters are discussed at regular meetings with actions being proposed and monitored.

Applications for employment from disabled people are given full and fair consideration bearing in mind the aptitudes and abilities of each person in relation to the requirements of the job. Opportunities also exist for employees of the Group who become disabled to continue in their employment or to be trained for other positions in the Group. Disabled people have the same training, career development and promotion opportunities as all other employees.

Political contributions

The Group made no political contributions in the year. (2019: Nil).

Directors' Report for the year ended 31 December 2020 (continued)

Streamlined Energy and Carbon Reporting (SECR)

GUK appointed BiU Ltd (British Independent Utilities), who are award winning experts in energy and carbon optimisation to independently assess our Greenhouse Gas (GHG) emissions in accordance with the UK Governments environmental reporting guidelines including Streamlined Energy and Carbon Reporting requirements.

The assessment has used the 2020 emission conversion factors published by Department for Environment, Food and Rural Affairs (DEFRA).

The company is continuously improving its environmental management system and is working towards being accredited BS EN ISO14001 and is committed to undertake all steps that could be reasonably expected of it to respect and protect the environment. The company continues to investigate the use of and invest in new technology which reduces its environmental footprint.

The Company has presented its total energy consumption and greenhouse gas emissions data in the table below for the year ended 31 December 2020:

	Year ended 31 December 2020
Total tonnes of CO2e	1,403.0
Total tonnes of greenhouse gas (transport related)	561.0
Total energy consumption (kWh)	817.0
Tonnes of CO2 per £m	18.7
Tonnes of CO2 per production unit	0.9

There was a significant reduction on the environmental impacts of the business due to Coronavirus and the effects of successive lockdowns resulting in our production volumes being significantly reduced from the previous year.

The fitting of timers on hot water heaters (identified in the ESOS phase 2 report) was the only significant improvement carried out during the year. However, the building has an Energy Performance Certificate rating of 16. There have been no other Carbon/Efficiency measures identified to date.

For 2021 an additional logistics warehouse at Ryton and showroom/repair facility at Potters Bar have been added to the company's resources. In addition the company has also contracted a third-party logistics company to provide storage and inspection facilities at a location within one mile of our contracted paint supplier, enabling extended ocean freight container capacity, eliminating partial air freight whilst reducing the road emissions significantly. The company has also reintroduced and extended the road haulage consolidation activities it had in place pre Covid and has future plans to roll this out across Europe.

The company is exempt from reporting comparative SECR data at 31 December 2020 as this is the first year that the company is required to report under the SECR provisions. The year ended 31 December 2020 will form the company's base year and will form a comparative for reporting at 31 December 2021.

Directors' Report for the year ended 31 December 2020 (continued)

Going concern

The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future, therefore they continue to adopt the going concern basis in preparing the annual financial statements.

For further information regarding the directors' assessment of the going concern status of the Company and the Group, refer to the accounting policies (note 2) in the financial statements.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the Company and the Group financial statements in accordance with United Kingdom Generally Accepted Accounting Practice incorporating Financial Reporting Standard 102, the "Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 the Group and of the profit or loss of the Group 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 and the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure of information to the auditor

Each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the auditor is aware of that information. As far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware.

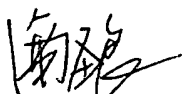
**Directors' Report
for the year ended 31 December 2020 (continued)**

Auditor

Under section 487(2) of the Companies Act 2006, Mazars LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members, or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

Approval

This report was approved by the board on 28 April 2021 and signed on its behalf by:



Shengliang Nan
Director

Li Close
Ansty Park
Coventry
CV7 9RF

Independent Auditor's Report to the Members of Geely UK Limited

Opinion

We have audited the financial statements of Geely UK Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent 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.

Independent Auditor's Report to the Members of Geely UK Limited (continued)

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Independent Auditor's Report to the Members of Geely UK Limited (continued)

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Members of Geely UK Limited (continued)

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 the financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the group and the parent company, and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation, pensions legislation, employment regulation and health and safety regulation, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

We evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to loss reserves, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the group and the parent company which were contrary to applicable laws and regulations, including fraud.

Independent Auditor's Report to the Members of Geely UK Limited (continued)

Our audit procedures in relation to fraud included but were not limited to:

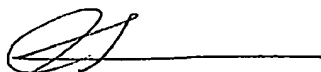
- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit 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.



Louis Burns (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor

First Floor
Two Chamberlain Square
Birmingham
B3 3AX

Date 28 May 2021

Consolidated Statement of Comprehensive Income for the year ended 31 December 2020

	Note	Continuing operations					
		Year ended 31 December 2020			Year ended 31 December 2019		
		Underlying £'000	Non underlying (note 5) £'000	Total £'000	Underlying £'000	Non underlying (note 5) £'000	Total £'000
Turnover	3	100,563	-	100,563	150,350	-	150,350
Cost of sales		(115,908)	(4,649)	(120,557)	(180,238)	-	(180,238)
Gross loss		(15,345)	(4,649)	(19,994)	(29,888)	-	(29,888)
Distribution costs		(10,332)	(163)	(10,495)	(8,839)	-	(8,839)
Administrative expenses		(33,328)	(196)	(33,524)	(14,211)	-	(14,211)
Other Income	4	22,887	2,639	25,526	3,150	-	3,150
Trading loss		(36,118)	(2,369)	(38,487)	(49,788)	-	(49,788)
Gain on disposal of leasehold property		17,812	-	17,812	-	-	-
Foreign exchange (losses)/gains on foreign currency borrowings	6	(11)	-	(11)	1,566	-	1,566
Operating loss		(18,317)	(2,369)	(20,686)	(48,222)	-	(48,222)
Interest payable and similar charges	9			(15,229)			(15,596)
Loss on ordinary activities before tax	6			(35,915)			(63,818)
Taxation	10			(2,061)			(205)
Loss for the financial year				(37,976)			(64,023)
Other comprehensive income – gain/(loss) on translation of subsidiary undertaking				494			(462)
Total comprehensive loss attributable to the parent company				(37,482)			(64,485)

The accompanying notes form an integral part of these financial statements.

Consolidated and Company Statement of Financial Position at 31 December 2020

	Notes	Group		Company	
		2020 £'000	2019 £'000	2020 £'000	2019 £'000
Non-current assets					
Intangible assets	11	169,704	169,215	-	-
Tangible assets	12	121,818	112,692	-	-
Investments	13	-	-	95,218	138,596
Debtors	14	27,559	31,865	551	521
		<u>319,081</u>	<u>313,772</u>	<u>95,769</u>	<u>139,117</u>
Current assets					
Inventories	15	50,341	28,090	-	-
Debtors	14	319,693	321,174	292,839	302,686
Cash at bank and in hand		10,663	8,291	118	50
		<u>380,697</u>	<u>357,555</u>	<u>292,957</u>	<u>302,736</u>
Current liabilities					
Creditors	16	(293,485)	(220,025)	(302,509)	(311,374)
Net current assets/(liabilities)		<u>87,212</u>	<u>137,530</u>	<u>(9,552)</u>	<u>(8,638)</u>
Total assets less current liabilities		<u>406,293</u>	<u>451,302</u>	<u>86,217</u>	<u>130,479</u>
Non-current liabilities					
Creditors	16	(311,422)	(318,019)	-	-
Provisions for liabilities	17	(4,434)	(5,364)	-	-
		<u>(315,856)</u>	<u>(323,383)</u>	<u>-</u>	<u>-</u>
Net Assets		<u>90,437</u>	<u>127,919</u>	<u>86,217</u>	<u>130,479</u>
Capital and reserves					
Called up share capital	18	97,500	97,500	97,500	97,500
Capital contribution	19	312,097	312,097	312,097	312,097
Retained earnings		(319,160)	(281,678)	(323,380)	(279,118)
Equity shareholders' funds		<u>90,437</u>	<u>127,919</u>	<u>86,217</u>	<u>130,479</u>

The loss after tax of the Company for the year was £44,262,000 (2019: loss of £58,610,000).

The financial statements of Geely UK Limited, registered number 08336808, were approved and authorised for issue by the Board on 28 April 2021 and signed on its behalf by:


Shengliang Nan
 Director

The accompanying notes form an integral part of this statement of financial position.

Consolidated Statement of Changes in Equity for the year ended 31 December 2020

	Share capital £'000	Capital Contrib- ution £'000	Profit & loss account £'000	Total equity £'000
At 31 December 2018	30,000	195,511	(217,193)	8,318
Loss for the year	-	-	(64,023)	(64,023)
Other comprehensive income	-	-	(462)	(462)
Issue of shares	67,500	-	-	67,500
Capital Contribution	-	116,586	-	116,586
At 31 December 2019	97,500	312,097	(281,678)	127,919
Loss for the year	-	-	(37,976)	(37,976)
Other comprehensive income	-	-	494	494
At 31 December 2020	97,500	312,097	(319,160)	90,437

The accompanying notes form an integral part of this statement of changes in equity.

Company Statement of Changes in Equity for the year ended 31 December 2020

	Share capital £'000	Capital Contrib- ution £'000	Profit & loss account £'000	Total equity £'000
At 31 December 2018	30,000	195,511	(220,508)	5,003
Loss for the year	-	-	(58,610)	(58,610)
Other comprehensive income	-	-	-	-
Issue of shares	67,500	-	-	67,500
Capital Contribution	-	116,586	-	116,586
At 31 December 2019	97,500	312,097	(279,118)	130,479
Loss for the year	-	-	(44,262)	(44,262)
Other comprehensive income	-	-	-	-
At 31 December 2020	97,500	312,097	(323,380)	86,217

The accompanying notes form an integral part of this statement of changes in equity.

Consolidated Cash Flow Statement for the year ended 31 December 2020

	Year ended Note 31 December 2020		Year ended 31 December 2019	
	£'000	£'000	£'000	£'000
Operating loss		(20,686)		(48,222)
Adjustments for:				
Profit on disposal of tangible fixed assets		(17,812)		-
Depreciation of tangible fixed assets	12	10,593		10,262
Amortisation of intangible fixed assets	11	17,002		16,500
Amortisation of government grants		(1,881)		(1,567)
Foreign exchange losses/(gains)		149		(1,730)
		(12,635)		(24,757)
(Increase)/decrease in inventories		(22,251)		15,465
Increase in debtors		(3,233)		(5,661)
Increase/(decrease) in creditors		21,940		(6,419)
(Decrease)/increase in warranty provision		(930)		1,654
UK taxation paid (net)		(561)		(343)
Overseas tax paid		(1,500)		-
		(6,534)		4,696
Cash used in operations		(19,169)		(20,061)
Returns on investment and servicing of finance				
Interest paid		(12,719)		(13,942)
Net cash used in operating activities		(31,888)		(34,003)
Investing activities				
Purchase of intangible fixed assets, including capitalised borrowing costs	11	(17,492)		(17,726)
Purchase of tangible fixed assets	12	(21,866)		(2,710)
Receipts from sales of tangible fixed assets		20,500		-
Receipt of government grants	16	6,334		5,043
Net cash used in investing activities		(12,524)		(15,393)
Financing				
Loans raised/(repaid):				
Black Horse wholesale unit stocking loan	16	2,264		(2,172)
MTC promissory note	16	-		(4,058)
Santander UK – Stocking loan VN5	16	7,233		-
Ping AN Bank	16	1,564		-
BNP Paribas revolving credit facility	16	13,700		6,300
Santander revolving credit facility	16	1,550		-
Geely International (Hong Kong) Ltd inter-company loans	16	4,255		(28,929)
Shares issued for cash		-		67,500
Net cash generated from financing		30,566		38,641
Net decrease in cash and cash equivalents		(13,846)		(10,755)
Cash and cash equivalents at beginning of year		(3,789)		6,966
Cash and cash equivalents at end of year		(17,635)		(3,789)
Composition of cash and cash equivalents:				
		2020		2019
		£'000		£'000
Cash at bank and in hand		10,663		8,291
Bank overdrafts		(28,298)		(12,080)
Total cash and cash equivalents		(17,635)		(3,789)

The accompanying notes form an integral part of this cash flow statement.

Notes to the Financial Statements for the year ended 31 December 2020

1 General information

Geely UK Limited is a private company, limited by shares, incorporated in England and Wales under registration number 08336808. The address of the registered office is Li Close, Ansty Park, Coventry, CV7 9RF. The nature of the Group's operations and its principal activities are set out in the Directors' Report.

These financial statements are for the year ended 31 December 2020 (the previous accounting period was for the year ended 31 December 2019).

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group and Company operates. Foreign operations are included in accordance with the policies set out in note 2.

The Company has adopted the triennial review of FRS102 effective for periods commencing 1 January 2019. The policies applied under the entity's previous accounting framework are not materially different to the triennial review of FRS 102 and have not impacted on equity or profit or loss.

2 Statement of compliance & significant accounting policies

Statement of Compliance

The financial statements have been prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard Applicable in the United Kingdom and Republic of Ireland' ('FRS 102').

In its individual financial statements the Company has chosen to take advantage of the reduced disclosure framework under FRS 102, paragraph 1.12. In particular, the Company is exempt from the requirement to:

- prepare a cash flow statement; and
- disclose key management personnel compensation.

Under section 408 of the Companies Act the company has taken the exemption from presenting its own Statement of Comprehensive Income.

The Group has taken advantage of section 33.1A of FRS 102 to not disclose transactions entered into between two or more members of a group, where any subsidiary which is a party to the transaction is wholly owned by such a member.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements:

Basis of accounting

The financial statements have been prepared on the historic cost basis with the exception of financial instruments at fair value.

The principal accounting policies adopted are set out below.

2 Statement of compliance & significant accounting policies (continued)**Basis of consolidation**

The consolidated financial statements comprise the accounts of the Company and its subsidiary undertakings made up to 31 December 2020.

The purchase method of accounting has been adopted in accordance with paragraph 19.6 of FRS 102. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated statement of comprehensive income from the date of acquisition up to the date of disposal.

Going concern

The consolidated financial statements are prepared on a going concern basis which the Directors believe to be appropriate for the reasons set out below.

As stated in the Financial Review section of the Strategic Report, the Group's Shareholders' Funds at 31 December 2020 were £90,437,000 (31 December 2019: £127,919,000). Within Debtors (note 14) is a receivable of £292,839,000 (31 December 2019: £302,686,000) from the Company's immediate parent. After making relevant enquiries, the directors are satisfied as to the quality of the receivable, in particular, that the immediate parent undertaking has the necessary resources to make full payment on the Company's demand. This, together with the bank facilities as detailed in the Financial Review and the 2021/22 cash flow forecasts for the business, give the Directors a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Board has adopted the going concern basis in preparing the financial statements.

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising in respect of acquisitions is capitalised as an intangible asset. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life. Provision is made for impairment where required. On the subsequent disposal or termination of a business, the profit or loss on disposal or termination is calculated after charging the unamortised amount of any related goodwill.

Research and development

Research expenditure is charged to the statement of comprehensive income as incurred. Development expenditure is also charged to the statement of comprehensive income, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is capitalised as an intangible asset and amortised over the period during which the Group is expected to benefit. Provision is made for impairment where required.

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2 Statement of compliance & significant accounting policies (continued)**Fixed asset investments**

Investments in subsidiary undertakings are stated at original cost. Provision is made for impairment where required.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any subsequent accumulated impairment losses.

The cost less estimated residual value of fixed assets, other than freehold land and assets in the course of construction, is depreciated by equal instalments over the expected useful life of the assets as follows:

Freehold buildings	- 50 years
Leasehold buildings	- 50 years or the lease term, if shorter
Motor cars	- 4 years
Commercial vehicles	- 4 years
Plant and equipment	- 3-10 years

Freehold land is not depreciated. Assets in Course of Construction are not depreciated until the asset is completed and brought into use. At this point the asset is reclassified from Assets in Course of Construction to the appropriate depreciating asset category. The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Inventories

Inventories are stated at the lower of cost and net realisable value after making due allowance for any obsolete or slow-moving items. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials and consumables	- purchase cost on a first in, first out basis
Work in progress and finished goods	- cost of direct materials and labour plus attributable overheads based on a normal level of activity

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Taxation

Current taxation, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred taxation is recognised (without discounting), in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the reporting date, except as otherwise required by FRS 102.

2 Statement of compliance & significant accounting policies (continued)**Revenue recognition**

Revenue is recognised when goods have been delivered to UK customers or shipped to international customers. Revenue relating to the provision of services is recognised when the service has been provided in full.

Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the group. Items that are material either because of their size or their nature, or that are nonrecurring are considered as exceptional items.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. All gains and losses on translation are included in the statement of comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the Statement of Financial Position date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

Leases

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Company are capitalised and are depreciated over their useful lives. The capital elements of future obligations under the leases are included as liabilities in the Statement of Financial Position. The interest elements of the rental obligations are charged in the Statement of Comprehensive Income over the periods of the leases and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

Pensions

The Group operates a defined contribution pension scheme. Contributions are charged in the Statement of Comprehensive Income as they become payable in accordance with the rules of the scheme. Differences between contributions payable in the period and contributions actually paid are shown in either accruals or prepayments in the Statement of Financial Position.

2 Statement of compliance & significant accounting policies (continued)**Government grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the Statement of Comprehensive Income over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to intangible or tangible assets are included in creditors as deferred government grants and are credited to the Statement of Comprehensive Income on a straight-line basis over the expected lives of the related assets.

Provisions

Provisions are recognised when there is a present obligation as a result of a past event, and it is probable that there will be a requirement to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the period end date and are discounted to present value where the effect is material.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Derivative financial instruments

The Group's activities expose it to the financial risks of changes in foreign currency exchange rates. The Group may use foreign exchange forward contracts to hedge this exposure. The Group does not use derivative financial instruments for speculative purposes.

Changes in the fair value of derivative financial instruments that are designated and are effective as hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in the Statement of Comprehensive Income. Amounts deferred in equity are recognised in the Statement of Comprehensive Income in the same period in which the hedged item affects net profit or loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the Statement of Comprehensive Income as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs.

Receivables

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

2 Statement of compliance & significant accounting policies (continued)*Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Further details on the Group's financial instruments can be found in note 24.

Key sources of estimation uncertainty and key judgements made by management

The Group 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 chance of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

The directors estimate the carrying value of the warranty provision (note 17) using projections based on historic warranty claims data and through close analysis of any patterns in claims which indicate root causes of parts component failure. Data is captured for each vehicle and analysed throughout the vehicle's qualifying warranty period using dedicated computer software.

Past warranty claims are, by themselves, an unreliable indicator of future warranty claims, therefore, the directors exercise judgement in making a determination of the provision required for future claims which may arise for all vehicles within warranty at the reporting date.

In addition to the warranty provision, the Directors exercise judgement in relation to intangible and tangible fixed assets, including assessing the degree of certainty attached to the flow of future economic benefits and in determining the estimated useful life of the assets based on various criteria such as the period over which the asset is expected to be available for use. Specifically, that the net present value of future expected cash flows relating to TX business activities is positive, in order to support the carrying value of the intangible and tangible assets as detailed in notes 11 and 12.

3 Turnover

Turnover comprises the invoiced value of goods and related services supplied by the Group exclusive of VAT and net of trade discounts. The majority of turnover is for the sale of goods. The sale of services is closely linked to those goods and includes earnings from contracts with third parties associated with the sale of vehicles and vehicle spares. Turnover is solely attributable to the Group's principal activity.

In the opinion of the Directors, an analysis of turnover by geographical destination would be seriously prejudicial to the interests of the Group for commercial reasons and therefore no disclosure has been made.

4 Other income

Other income is analysed as follows:

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Underlying:		
Royalty income	14,978	-
Carbon credits	4,547	-
Research and development tax credits receivable	3,047	3,150
Other miscellaneous income	315	-
	22,887	3,150
Non-underlying:		
Coronavirus Job retention Scheme (CJRS) grant receivable	2,639	-
	25,526	3,150

Royalty income received in the year relates to an intellectual property licence granted.

Carbon credit income receivable in the year relates to carbon credits generated by the company and sold under pooling arrangements with a third party.

5 Non-underlying costs

Certain non-underlying exceptional costs have been incurred during the year which have been disclosed separately in the Consolidated Statement of Comprehensive Income because of their material and non-recurring nature in order to set them apart from the core underlying result. These can be analysed as follows:

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Non-underlying costs can be analysed as follows:		
Cost of sales:		
Covid 19 Personal Protective Equipment	106	-
Unutilised labour due to production shutdown	4,165	-
Special freight due to Covid 19	378	-
	4,649	-
Distribution costs:		
Contract termination costs	163	-
Administrative expenses:		
Redundancy & severance costs	196	-
	5,008	-

These costs have been identified as non-underlying for the following reasons:

Costs totalling £4,649,000 (2019: Nil) relate to the Covid 19 pandemic. These were principally related to the employment cost of unutilised staff furloughed under the Government's Coronavirus Job Retention Scheme.

Contract termination costs incurred by The Group of £163,000 (2019: Nil) relate to the termination of the joint venture with Unipart to supply aftersales parts.

Redundancy and severance costs incurred by The Group of £196,000 (2019: Nil) relate to a restructure of the European commercial operation.

6 Loss on ordinary activities

	Year ended 31 December 2020	Year ended 31 December 2019 (re-stated)
	£'000	£'000
This is stated after charging/(crediting):		
Research and development expenditure	1,174	416
Amortisation of intangible fixed assets	17,002	16,500
R&D tax credits receivable	(3,047)	(3,150)
Total research and development	15,129	13,766
 Depreciation of tangible fixed assets	 10,593	 10,262
 Operating lease rentals - plant and machinery	 334	 410
- land and buildings	923	747
Total operating lease rentals	1,257	1,157
 Net foreign exchange gain on trade monetary assets & liabilities	 518	 (30)
Net foreign exchange loss/(gain) on financing monetary assets & liabilities	11	(1,566)
Total foreign exchange losses/(gains)	529	(1,596)
 Cost of inventories recognised as expense	 77,230	 141,909
Gain on disposal of fixed assets	(17,812)	-
Government grant amortisation	(1,881)	(1,567)

6 Loss on ordinary activities (continued)

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
This is stated after charging/(crediting):		
Auditor's remuneration:		
Audit of these financial statements	8	8
Audit of financial statements of subsidiaries	54	38
Audit fees under-accrued in prior year	1	4
Total audit fees	63	50
Tax compliance services	15	23
Other taxation advisory services	68	54
Total non-audit fees	83	77
Total auditor's remuneration	146	127

The Group incurred a foreign currency loss on foreign currency borrowings which has been charged to the Consolidated Statement of Comprehensive Income of £547,000 in the year (2019: gain of £1,566,000). The loss stems from the USD-denominated Green Bond liability (note 16) on the Group's Statement of Financial Position. In issuing the \$400m Green Bond, the Group borrowed in USD to fund project investment costs which were largely denominated in GBP.

On 31 December 2019, the GBP:USD exchange rate was \$1.3215 and on 31 December 2020, the GBP:USD exchange rate was \$1.3659.

The net loss of £547,000 comprises the translation difference on the \$400m gross liability offset by translation differences on the resultant USD cash balances from the bond proceeds and on the \$400m receivable resulting from capital contributions from the Company's immediate parent undertaking.

Details of the Group's policies relating to foreign currency risk management are given in note 24.

7 Staff costs

Group staff costs (which includes Directors' remuneration) were as follows:

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Wages and salaries	37,403	23,848
Social security costs	4,087	2,413
Other pension costs	1,034	1,175
	42,524	27,436
Amount capitalised	(6,939)	(3,726)
Staff costs charged to Statement of Comprehensive Income	35,585	23,710

The monthly average number of employees during the year was:

	No.	No.
Production and engineering	472	364
Sales, marketing and distribution	91	89
Administration and finance	72	77
	635	530

8 Directors' emoluments

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Total emoluments		
Remuneration and benefits in kind	-	24
	-	24

The above remuneration was borne by a subsidiary undertaking.

Other than the above, all other directors are remunerated for services provided to the wider Geely group and no allocation was made to the Company or Group during the year.

Key management personnel compensation for the Group amounted to £673,000 (2019: £1,164,000). Key management personnel comprise certain current and former directors of significant subsidiaries.

9 Net interest payable

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Interest payable and similar charges:		
Interest payable on wholesale unit stocking loan	212	216
Bank interest and charges	185	284
Interest payable on bank loans	3,572	3,809
Interest payable on inter-company loans	497	525
Interest payable on Green Bond	10,763	10,762
Net interest payable	15,229	15,596

10 Taxation

(a) Analysis of credit in the year

Statement of comprehensive income:

Current tax charge:

Prior year tax paid (net)	293	205
Current year tax charge	268	-
Overseas tax paid (irrecoverable withholding tax)	1,500	-

Total current tax charge

2,061 205

Deferred taxation (note 16):

Origination and reversal of timing differences

Total tax charge

2,061 205

(b) Factors affecting the total tax credit for the year

The tax assessed for the year is different to the standard rate of corporation tax in the UK at 19.00% (year ended 31 December 2019: 19.00%). The differences are explained below:

Loss on ordinary activities before tax (35,915) (63,818)

Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (year ended 31 December 2019: 19.00%) (6,824) (12,125)

Effects of:

Current year tax charge	293	-
Prior year tax charge	268	205
Overseas tax paid (irrecoverable withholding tax)	1,500	-
Change in unrecognised deferred tax assets	6,824	12,125

Tax charge for the year

2,061 205

(c) Factors that may affect future tax charges

The Group had trading tax losses available to carry forward of £298,248,000 at 31 December 2019, comprising £100,223,000 of losses incurred pre 1 April 2017 and £198,025,000 of losses incurred post 1 April 2017, which have not been recognised as deferred tax assets as the directors consider that recognition of tax assets would be premature until such time that the business generates a taxable profit and begins utilising brought forward tax losses or an opportunity presents itself to surrender its losses elsewhere in the wider UK Geely Group.

Notwithstanding that the current year tax loss has not yet been quantified, the directors remain of the opinion that these current year tax losses would be recognised as deferred tax assets in the same way as the brought forward losses detailed above.

A Research and Development tax credit has been recognised during the year totalling £3,047,000 (of which £1,562,862 was received during the year) relating to the twelve-month period ending 31 December 2019 and the twelve month period ending 31 December 2020 (2019 £3,150,000 relating to the six month period ending 31 December 2017 and the twelve month period ending 31 December 2018).

As the Group's R&D tax credits are claimed under the Research and Development Expenditure Credit ("RDEC") scheme, R&D tax credits are disclosed as other income rather than as a credit to the tax charge in the Statement of Comprehensive Income, with a corresponding tax charge recognised against the credit received.

11. Intangible fixed assets

Summary

Group	Goodwill £'000	Develop- ment costs (see below) £'000	Software £'000	Beneficial contract £'000	Total £'000
Cost					
At 1 January 2020	9,229	204,788	462	-	214,479
Additions	-	17,263	229	-	17,492
At 31 December 2020	9,229	222,051	691	-	231,971
Amortisation					
At 1 January 2020	9,229	35,997	39	-	45,265
Charge for year	-	16,795	207	-	17,002
At 31 December 2020	9,229	52,792	246	-	62,267
Net book value					
At 31 December 2020	-	169,259	445	-	169,704
At 31 December 2019	-	168,791	424	-	169,215

Development Costs

Group	Group Projects £'000	Horizon Project TX vehicle £'000	VN5 vehicle £'000	Total £'000
Cost				
At 1 January 2020	260	171,014	33,514	204,788
Additions	272	8,950	8,041	17,263
At 31 December 2020	532	179,964	41,555	222,051
Amortisation				
At 1 January 2019	-	35,130	867	35,997
Charge for year	-	16,795	-	16,795
At 31 December 2019	-	51,925	867	52,792
Net book value				
At 31 December 2020	532	128,039	40,688	169,259
At 31 December 2019	260	135,884	32,647	168,791

11 Intangible fixed assets (continued)

Development costs relating to ongoing vehicle product development projects are charged to cost of sales and are detailed below:

Project	Details
Product development projects being amortised at reporting date:	
TX	Range extended electric taxi vehicle project. Start of production of the TX vehicle commenced in October 2017. TX development costs are being amortised over a period of 10 years which is management's best estimate of the useful life of this asset. Additions in the year relate to "Model Year" improvements and development of derivative products.
VN5	Range extended electric van project. Start of production of the VN5 vehicle commenced in November 2020. The VN5 project will be amortised over a period of 10 years which is management's best estimate of the useful life of this asset.
Product development projects in progress at reporting date:	
Group Projects	Smaller projects related to supporting the development programmes for Group products that will form part of the future product offering of LEVC.

The Company holds no intangible fixed assets.

12 Tangible fixed assets

Group	Land & buildings		Vehicles, plant & equipment	Total
	Freehold £'000	Leasehold £'000	£'000	£'000
Cost				
At 1 January 2020	45,112	2,670	88,297	136,079
Additions	-	-	21,866	21,866
Disposals	-	(2,670)	-	(2,670)
At 31 December 2020	45,112	-	110,163	155,275
Depreciation				
At 1 January 2020	1,584	480	21,324	23,388
Charge for year	610	44	9,939	10,593
Disposals	-	(524)	-	(524)
At 31 December 2020	2,194	-	31,263	33,457
Net book value				
At 31 December 2020	42,918	-	78,900	121,818
At 31 December 2019	43,529	2,190	86,973	112,692

Included in freehold land and buildings is freehold land of £8,766,000 (31 December 2019: £8,766,000) which is not depreciated.

13 Fixed asset investments

Company	Shares in subsidiary undertakings £'000
Cost	
At 1 January 2020	416,792
Addition	-
At 31 December 2020	416,792
Provision for diminution in value	
At 1 January 2020	278,196
Impairment in year	43,378
At 31 December 2020	321,574
Net book value	
At 31 December 2020	95,218
At 31 December 2019	138,596

13 Fixed asset investments (continued)

Details of all subsidiary undertakings are as follows:

Subsidiary	Country of incorporation	Holding	Proportion of voting rights & shares held	Nature of Business
London EV Company Limited (LEVC)*	UK	Ordinary shares	100%	Production and sale of urban commercial motor vehicles
Emerald Automotive Design Limited (EAD)*	UK	Ordinary shares	100%	Dormant
London EV Company (USA) Inc.	USA	Ordinary shares	100%	Dormant
London EV Company (USA) LLC*	USA	Ordinary shares	100%	Dormant
LTC GB Limited	British Virgin Islands	Ordinary Shares	100%	Bond issuer (note 16)
Geely Auto Technical (Deutschland) GmbH*	Germany	Ordinary Shares	100%	Advanced automotive design and development
The London Taxi Corporation Limited*	UK	Ordinary shares	100%	Dormant
Geely FinanceCo UK Limited*	UK	Ordinary shares	100%	Dormant
Geely Automobile Limited*	UK	Ordinary shares	100%	Dormant
GEVC Limited*	UK	Ordinary shares	100%	Dormant

* interests held directly by Geely UK Limited

All the above subsidiaries have been included in the consolidated financial statements.

The registered office of UK incorporated subsidiaries is Li Close, Ansty Park, Coventry, CV7 9RF.

The registered office of USA incorporated subsidiaries is 6 City Place Drive, Suite 900, St Louis, Missouri, 63141.

The registered office of LTC GB Limited is Wickhams Cay 1, P.O Box 3140, Road Town, Tortola, British Virgin Islands, VG1110.

The registered office of Geely Auto Technical (Deutschland) GmbH is Prime Parc 2, 65479 Raunheim, Germany.

14 Debtors

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
<i>Amounts falling due within one year:</i>				
Trade debtors	6,548	7,024	-	-
Amounts owed by parent undertaking	292,839	302,713	292,839	302,686
Amounts owed by group undertakings	2,568	5,130	-	-
Other debtors	2,692	3,097	-	-
Prepayments	9,052	1,967	-	-
Accrued income	5,994	1,104	-	-
Corporation tax recoverable	-	138	-	-
	<u>319,693</u>	<u>321,174</u>	<u>292,839</u>	<u>302,686</u>
<i>Amounts falling due after more than one year:</i>				
Prepayments	27,008	31,344	-	-
Property lease deposits	551	521	551	521
	<u>27,559</u>	<u>31,865</u>	<u>551</u>	<u>521</u>
Total	<u>347,252</u>	<u>353,039</u>	<u>293,390</u>	<u>303,207</u>

15 Inventories

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Raw materials and consumables	24,898	19,631	-	-
Work in progress	443	220	-	-
Finished goods and goods for resale	25,000	8,239	-	-
	<u>50,341</u>	<u>28,090</u>	<u>-</u>	<u>-</u>

Finished goods (vehicles) with a carrying value of £11,650,000 (31 December 2019: £2,153,000) were pledged as collateral against the Wholesale Unit Stocking Loans (see note 16).

During the year net impairment costs of £378,000 (2019: £328,000) were charged to cost of sales.

16 Creditors

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
<i>Amounts falling due within one year:</i>				
Trade creditors	22,834	19,589	-	-
Bank overdrafts	28,298	12,080	-	-
Wholesale unit stocking loans	11,650	2,153	-	-
Bank loans	156,614	139,800	-	-
Amount owed to immediate parent undertaking:				
Current account	588	588	588	588
Intercompany loans	18,431	13,890	14,381	13,890
Interest accrued on intercompany loans	1,156	815	1,156	815
Amounts owed to group undertakings (note 24)	15,524	9,889	286,384	296,081
Other taxes and social security	5,306	1,209	-	-
Corporation tax payable	122	-	-	-
Other creditors	490	451	-	-
Accruals	25,753	16,466	-	-
Deferred income	1,790	1,528	-	-
Deferred government grants	4,929	1,567	-	-
	293,485	220,025	302,509	311,374
<i>Amounts falling due after more than one year:</i>				
Amount owed to immediate parent undertaking:				
Green Bond	292,651	300,339	-	-
Deferred government grants	18,771	17,680	-	-
	311,422	318,019	-	-

The bank overdraft is made up of a £20.0m facility secured by a mortgage, repayable to Lloyds Bank Plc on demand and a £9.6m facility secured by an SBLC repayable to HSBC Bank Plc.

The wholesale unit stocking loans are comprised of a £5.0m facility, repayable to Black Horse Limited within one year and a £10.0m facility, repayable to Santander Consumer Bank. Both facilities are secured on the financed vehicles themselves and are repayable within one year. The loans attract interest linked to the Bank of England base rate with an adjustment to the margin to maintain the same "all in" rate.

The Group also retains a European wholesale stocking loan of £10m with Santander Consumer finance. The stocking loan attracts an "all-in" rate of 2.5%.

The Group has a £25.0m bank loan with Santander UK plc. This takes the form of a term loan secured by a standby letter of credit ("SBLC") issued against the facilities of the Company's ultimate parent undertaking. The term of the loan is equivalent to the term of the SBLC, being one year. The facility was accepted and the loan was fully drawn down on 7 July 2017. The facility was renewed on 20 June 2020 and the SBLC extended. The renewed facility expires on 3 July 2021 and the extended SBLC expires on 1 November 2021. The loan attracts interest linked to GBP LIBOR.

16 Creditors (continued)

The Group has a further £25.0m bank loan and ancillaries facility with Santander UK plc. This takes the form of a revolving credit facility ("RCF") secured by a standby letter of credit ("SBLC") issued against the facilities of the Company's ultimate parent undertaking. The RCF is equivalent to the term of the SBLC, being one year. The facility was accepted and the loan was fully drawn down on 16 March 2018. The facility was renewed on 20 June 2020 and the SBLC extended. The renewed facility expires on 3 July 2021 and the extended SBLC expires on 1 November 2021. The loan attracts interest linked to GBP LIBOR.

The Group has a £40.0m bank loan with HSBC Bank plc. This takes the form of a revolving RCF secured by two SBLC's issued against the facilities of the Company's ultimate parent undertaking. The term of the loan is equivalent to the term of the SBLC, being one year. The facility was accepted on 26 September 2017 and the RCF was fully drawn down by 20 December 2017. The facility was renewed on 30 August 2020 and is subject to review on 31 October 2021. The loan attracts interest linked to GBP LIBOR.

The Group has a £22.05m bank loan with Standard Chartered Bank plc. This takes the form of a short-term revolving loan, secured by an SBLC issued against the facilities of the Company's ultimate parent undertaking. The term of the loan is equivalent to the term of the SBLC, being six months. The facility was accepted on 7 June 2018 and the loan was fully drawn down on 25 June 2018. The facility was renewed on 4 June 2020 and subject to review on 12 June 2021. The loan attracts interest linked to GBP LIBOR.

The Group has a £23.0m bank loan with Citibank, N.A. This takes the form of a short-term revolving loan, secured by an SBLC issued against the facilities of the Company's ultimate parent undertaking. The term of the loan is equivalent to the term of the SBLC, being one year. The facility was accepted on 2 October 2018 and the loan was fully drawn down on 26 October 2018. The drawdown was renewed on 28 October 2020 to 23 October 2021. The loan attracts interest linked to GBP LIBOR.

The Group has a £1.56m bank loan with Ping An Bank. This takes the form of an unsecured term loan and is subject to review on 31 August 2021.

The Group has a £20.0m bank loan with BNP Bank. This takes the form of a RCF secured by charge on land and buildings (Ansty), debenture on all plant and equipment excluding TX and VN Tooling and Left-Hand Drive Parts, WIP and finished Goods. The RCF is fully drawn and is subject to renewal in November 2021.

The Green Bond represents a fully subscribed issue of \$400m corporate bonds by LTC GB Limited on 26 May 2016 on the Singapore stock exchange. The bonds bear interest at a coupon rate of 2.75%, payable semi-annually in arrears and matures on 26 May 2021. The bonds are secured by an irrevocable standby letter of credit issued by Bank of China Limited, London Branch with the further benefit of a Keepwell Deed provided by Zhejiang Geely Holding Group Company Limited.

The aggregate amount of loans secured against the Group at 31 December 2020 was £489,233,000 (31 December 2019: £454,372,000).

No amounts were secured against the Company.

16 Creditors (continued)

The Group is the recipient of two grants from the UK government which have been credited to a deferred income account and will be released to profit over the expected useful lives of the relevant tangible and intangible assets by equal annual instalments. The credit in the year was £1,881,000 (2019: £1,567,000).

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
<i>Analysis of grant creditor:</i>				
Department for Business Innovation & Skills: Regional Growth Fund Round 6 ("RGF6 grant")	10,947	12,274	-	-
Technology Strategy Board: APC4 Driving UK Capability and Economic Impact Through Low Carbon Propulsion Technologies ("APC4 grant")	12,753	6,973	-	-
Total	23,700	19,247	-	-

The RGF6 grant is a grant of £16,008,750 made under Section 7 of the Industrial Development Act 1982 to help LEVC implement its "Horizon" vehicle project to create a new manufacturing centre with research and development facilities, through an investment in capital investment, training, research and development in order to create a specific number of new full-time equivalent jobs within a specific time period and to safeguard a specific number of existing jobs. LEVC is being regularly monitored to ensure compliance with the grant's several and various terms and conditions. The monitoring period ends on 31 March 2026.

The APC4 grant is a grant of £13,319,044 made under Section 5 of the Science and Technology Act 1965 to help a consortium of UK companies (including LEVC) develop the UK supply chain for hybrid light commercial vehicles. The APC4 grant will create new full-time equivalent jobs and safeguard existing employment within the consortium partners and UK supply chain along with increasing knowledge and skills within the UK. The project will also contribute to increased CO₂ savings within the UK and worldwide. LEVC and its consortium partners are being regularly monitored to ensure compliance with the grant's terms and conditions.

17 Provisions

Group	Warranty £'000	Total £'000
At 1 January 2020	5,364	5,364
Charge to statement of comprehensive income	3,545	5,465
Utilised	(4,475)	(4,475)
At 31 December 2020	4,434	4,434
Company		
At 31 December 2019	5,364	5,364

The warranty provision represents management's best estimate of the Group's liability under:

TX Vehicle

- a) 3 year or 120,000 mile (whichever occurs sooner) warranties granted on new TX vehicles sold, based on past experience and known product improvements;
- b) 3 year Paint warranties granted on new TX vehicles sold
- c) 7 year body warranties granted on new TX vehicles sold.
- d) 5 year HV battery warranties granted on new TX vehicles sold
- e) Extended 2 year or 150,000 mile warranties sold as an optional extra on new vehicles only. Sales revenue has been deferred, against which costs will be offset when incurred.

VN5 Vehicle

- a) 5 year or 150,000 mile (whichever occurs sooner) warranties granted on new VN5 vehicles sold.
- b) 3 year Paint warranties granted on new VN5 vehicles sold
- c) 7 year body warranties granted on new VN5 vehicles sold.
- d) 8 years/150,000 (whichever occurs sooner) HV battery warranties granted on new VN5 vehicles sold

TX4 Vehicle

- a) One year / 50,000 warranty on Used Vehicles.
- b) "321" warranties - 3 year or 120,000 mile (whichever occurs sooner), 2 years servicing (which includes 5 services for Euro 5, 4 services for Euro 6), 1 year of RAC cover. Guarantee provided on qualifying used vehicles; and
- c) extended four year or 140,000 / 160,000 / 180,000 mile warranties sold as an optional extra. Sales revenue has been deferred, against which costs will be offset when incurred.

No deferred tax asset is being recognised for tax losses carried forward as recovery of the asset is not yet considered probable.

18 Called up share capital

Issued and fully paid:	No.	£'000
Ordinary shares of £1 each:		
At 1 January 2020 and at 31 December 2020	97,500,100	97,500

The Company has one class of ordinary shares which carry no rights to fixed income.

19 Capital contribution

On 14 June 2017, the Company received a capital contribution from its immediate parent undertaking of \$250m, to provide additional capital for the Company. This was translated to sterling at the transaction rate on 14 June 2017 with no future retranslation. On 5 November 2019 the company received a further capital contribution of \$150m translated to sterling at the transaction rate on 5 November 2019 with no future retranslation.

20 Retirement benefits

The Group operates a defined contribution retirement benefit scheme. The assets of the scheme are held separately from those of Group companies in an independently administered fund.

The pension cost charge for the year is disclosed in 'Staff Costs' (note 7). The unpaid employers' contributions outstanding at the reporting date (including amounts for salary sacrifice), included in 'Accruals and deferred income' (note 16), are £190,000 (31 December 2019: £197,000).

21 Subsequent events

On 18th March 2021, the \$400m Green Bond initially issued in 2016 was renewed and replaced with a \$400m Senior Bond with a three year tenure.

22 Capital commitments

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Amounts contracted for but not provided for in the accounts	7,135	11,131	-	-

23 Commitments under non-cancellable operating leases

At the reporting date, the Group and Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2020		2019	
	Land & buildings £'000	Other £'000	Land & buildings £'000	Other £'000
Group				
Due within one year	1,022	251	844	255
Due between two and five years	592	165	1,375	306
Due after five years	19,109	-	8,835	-
	<u>20,723</u>	<u>416</u>	<u>11,054</u>	<u>561</u>
	2020		2019	
	Land & buildings £'000	Other £'000	Land & buildings £'000	Other £'000
Company				
Due within one year	417	-	525	-
Due between two and five years	-	-	394	-
Due after five years	-	-	-	-
	<u>417</u>	<u>-</u>	<u>919</u>	<u>-</u>

24 Financial instruments

Capital risk management

The finance and capital structure of the Group consists of debt, which includes the borrowings disclosed in note 16, cash and cash equivalents and equity capital attributable to equity holders of the Company, comprising issued capital, capital contributions and retained earnings as disclosed in the Statement of Changes in Equity and notes 18 and 19.

Categories of financial instruments

	Group		Company	
	2020	2019	2020	2019
Financial assets / (liabilities) at amortised cost:	£'000	£'000	£'000	£'000
Trade debtors (note 14)	6,548	7,024	-	-
Cash and bank balances	10,663	8,291	118	50
Amounts owed by/(to) Group undertakings:				
Inter-company receivables (note 14)	295,407	307,843	292,834	302,686
Inter-company payables (note 16)	(15,524)	(9,889)	(286,384)	(296,081)
Inter-company loan payables (note 16)	(20,175)	(15,293)	(16,125)	(15,293)
Bank overdraft (note 16)	(28,298)	(12,080)	-	-
Bank loans (note 16)	(156,614)	(139,800)	-	-
Other loans (note 16)	(11,650)	(2,153)	-	-
Green Bond (note 16)	(292,651)	(300,339)	-	-
Trade creditors (note 16)	(22,834)	(19,589)	-	-
	<u>(235,128)</u>	<u>(175,985)</u>	<u>(9,557)</u>	<u>(8,638)</u>

Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies, resulting in exposure to exchange rate fluctuations. Exchange rate exposures are managed through a mixture of utilising spot foreign exchange transactions and entering into forward foreign exchange contracts.

At 31 December 2020, the Group had forward foreign currency commitments of £15,132,000 (31 December 2019: Nil) and the fair value of these contracts totalled £14,496,000 (31 December 2019: Nil).

24 Financial instruments (continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date, stated at closing rate, are as follows:

	Liabilities		Assets	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
EUR:				
Operating liabilities/assets	14,617	4,055	10,638	12,148
Financing - GATD formation	9,207	8,616	-	-
SEK	14,290	9,540	-	-
USD:				
Operating assets/liabilities	4,138	5,062	819	2,177
Financing - Green Bond (\$400m)	292,651	300,339	-	-
Financing - Intercompany (\$5.5m)	4,050	-	-	-
Financing - Capital contribution	-	-	292,839	302,686
CNY	1,554	1,071	-	-
	340,507	328,683	304,296	317,011

Geely treasury policy permits the Group to hedge against net foreign currency exposures on operating activities as follows:

Maximum hedging percentage	Settlement within
50%	6 months
20%	6-12 months
0%	> 12 months

At the date of signing of these financial statements the Group has outstanding forward contracts to purchase foreign currencies of \$9,200,000 (2018: USD 1,224,000).

Geely treasury policy permits the Group to hedge against net foreign currency exposures on financing activities (e.g. take on of foreign currency debt) as follows:

Maximum hedging percentage	Term	Implementation of hedge
80%	Not exceeding debt tenure	Within two weeks of debt issue

The Group was fully hedged on its \$400m Green Bond liability by the \$400m capital contribution commitment from its immediate parent company presenting the Group with a net nil exposure.

Credit risk

Principal credit risk arises from sales to third parties. There is limited exposure from UK sales as vehicles are normally held until funds are released. For overseas sales, the credit risk is minimised by use of advance payment terms or secure payment instruments such as irrevocable confirmed letters of credit.

24 Financial instruments (continued)

Liquidity and interest rate risk

The Group is funded by a mixture of debt and equity. The Group's largest loan payable is the Green Bond which has a fixed rate of interest and therefore presents no interest rate risk. Interest rate risk on its loans can be summarised as follows:

Debt at 31 December 2020	£'m	%	Rate	Interest rate (note 16)
Green Bond	292.7	61.0	Fixed	2.75% coupon rate
Bank loans	156.6	32.6	Variable	Linked to GBP LIBOR
Acquisition Loan	6.0	1.2	Variable	Linked to UK Base Rate
Wholesale Unit Stocking Loan	11.7	2.4	Variable	Linked to BoE Base Rate
Bridging Loan	4.0	0.9	Variable	Linked to US Prime Rate
GATD Acquisition Loans	9.0	1.9	Variable	Linked to US Prime Rate
Total	<u>480.0</u>	<u>100.0</u>		

Liquidity risk is also mitigated by the \$400m capital contribution as detailed above on which the Group can call on demand.

25 Related party transactions

Transactions between related parties are disclosed below:

Group trading transactions	Sale of goods & services		Purchase of goods & services	
	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Transactions during the year				
Baoji Geely Engine Co. Ltd	-	130	1,430	4,215
China Euro Vehicle Technology AB	-	55	-	13
Geely Design UK Ltd	19	50	-	-
Group Lotus plc	14	126	104	-
Hangzhou Yuanvu Human Resource Co. Ltd	-	-	360	210
Ningbo Geely Automobile Research Development Co. Ltd	24,868	6,250	-	-
Polestar Automotive UK Ltd	-	102	-	-
Polestar Performance AB	-	2,374	-	-
Shanghai LTI Automobile Components Co. Ltd	-	-	331	48
Shanghai Maple Automobile Company Ltd	433	39	-	91
Volvo Car Corporation	-	-	12,318	2,951
Volvo Car UK Ltd	6	-	195	24
Zhejiang Geely Holding Group Co. Ltd	106	446	-	-
Zhejiang Geely New Energy Commercial Vehicles Co., Ltd	296	1,307	93	13
Zhejiang LEVC Automobile Co. Ltd	20,406	-	54	-
Zhejiang Jirun Automobile Co. Ltd	-	-	-	20
Zhongjia Automobile Manufacturing (Chengdu) Co. Ltd	-	-	75	145
Zhejiang Geely Automobile Industry Co., Ltd	-	-	831	-
	46,148	10,880	15,791	7,730
	Amounts owed by related parties		Amounts owed to related parties	
	As at 31 Dec 2020 £'000	As at 31 Dec 2019 £'000	As at 31 Dec 2020 £'000	As at 31 Dec 2019 £'000
Balances outstanding at year end				
Baoji Geely Engine Co. Ltd	-	-	597	144
Geely Design UK Ltd	1	50	-	-
Group Lotus plc	-	10	174	-
Hangzhou Yuanvu Human Resource Co. Ltd	-	-	360	203
Ningbo Geely Automobile Research Development Co. Ltd	-	2,963	-	-
Shanghai Maple Automobile Company Ltd	-	2	-	-
Volvo Car Corporation	-	-	14,277	9,520
Volvo Car UK Ltd	98	-	-	2
Zhangjiakou Volvo Car Engine Manufacturing Co., Ltd	-	-	39	-
Zhejiang Geely Holding Group Co. Ltd	812	1,024	-	-
Zhejiang Geely Business Service Co., Ltd	6	-	-	-
Zhejiang Geely New Energy Commercial Vehicles Co., Ltd	121	1,074	-	-
Zhejiang LEVC Automobile Co. Ltd	1,530	-	-	-
Zhejiang Geely Royal Engine Co Ltd	-	7	-	-
Zhejiang Jirun Automobile Co. Ltd	-	-	-	20
Zhongjia Automobile (Volvo Cars China)	-	-	77	-
	2,568	5,130	15,524	9,889

Baoji Geely Engine Co. Ltd ('Baoji') is the Group's principal internal combustion engine supplier. Baoji is a related party of the Company because it is owned and controlled by Zhejiang Geely Holding Group Co. Ltd, which is wholly owned by Mr Li Shu Fu and his associates.

China Euro Vehicle Technology AB ('CEVT') is a development centre based in Gothenburg, Sweden covering all aspects of passenger car development. CEVT is a related party of the Company because it is owned and controlled by Zhejiang Geely Holding Group Co. Ltd, which is wholly owned by Mr Li Shu Fu and his associates. The Group has worked with CEVT on certain public relations activities.

25 Related party transactions (continued)

Geely Design UK Ltd is an engineering design services company wholly owned by Geely International Hong Kong Ltd. Amounts relate to service support provided.

Group Lotus plc ('Lotus') is a sports car manufacturer based at Hethel, UK. Lotus is a related party of the Company because Geely acquired a 51% majority stake in Lotus in September 2017. The Group has supported Lotus in certain R&D activities.

Hangzhou Yuanyu Human Resource Co. Ltd is owned and controlled by Zhejiang Geely Holding Group Co Ltd. Amounts relate to recharges of staff costs.

Ningbo Geely Automobile Research Development Co Ltd ('NGARD') is owned and controlled by Zhejiang Geely Holding Group Co Ltd. Amounts relate to consulting and support services.

Polestar Automotive UK Limited is a research and development company based in Coventry, UK and a wholly owned subsidiary of Polestar Performance AB. Amounts relate to property lettings.

Polestar Performance AB ('Polestar') is wholly owned and controlled by Volvo Car Corporation. Polestar is the Volvo Cars performance brand and amounts relate to consulting and support services.

Shanghai LTI Automobile Components Co. Ltd ('SLTI') is owned and controlled by Zhejiang Geely Holding Group Co Ltd. SLTI was a low volume supplier of parts and some development services relating to the TX vehicle.

Shanghai Maple Automobile Company Ltd ('SMA') is a related party of the Company because it is 90% owned and controlled by Zhejiang Geely Holding Group Co. Ltd. SMA was a principal supplier to the Group, supplying 'semi knock-down kits' for assembly of TX4 vehicles in Coventry.

Volvo Car Corporation ('VCC') is majority owned by Zhejiang Geely Holding Group Co. Ltd. VCC assisted the Group with its product development.

Volvo Car UK Limited ('VCUK') is wholly owned and controlled by Volvo Car Corporation. VCUK also assisted the Group with its product development and has since become a supplier of leased passenger vehicles to the Group which the Group has utilised as company cars.

Zhangjiakou Volvo Car Engine Manufacturing Co., Ltd ('ZVCEM') is a joint venture between Geely and VCC for the production of low-emission internal combustion engines in China. ZVCEM is a principal supplier to the UK Group, supplying a low-emission petrol engine for the TX vehicle.

Zhejiang Geely Holding Group Co Ltd ('ZGH') is the ultimate parent undertaking and controlling party of the Group. Amounts relate to recharges of PR expenditure during the year.

25 Related party transactions (continued)

Zhejiang Geely New Energy Commercial Vehicles Co. Ltd ("ZGNECV") is owned by Zhejiang Geely Holding Group Co. Ltd. Amounts relate to consulting and support services provided in respect development of ZGNECV's new factory development in Yiwu, China for the production of green energy vehicles.

Zhejiang Geely Royal Engine Co. Ltd is owned and controlled by Zhejiang Geely Holding Group Co. Ltd. Amounts relate to TX vehicle parts.

Zhejiang Jirun Automobile Co. Ltd is owned and controlled by Zhejiang Geely Holding Group Co. Ltd. Amounts relate to recharges of staff costs.

Zhongjia Automobile Manufacturing (Chengdu) Co. Ltd is owned and controlled by Zhejiang Geely Holding Group Co. Ltd. Amounts relate to TX vehicle parts.

Disclosure is not required of transactions entered into between wholly owned members of the Group.

26 Parent undertaking and controlling party

In the directors' opinion, the Company's immediate parent undertaking is Geely International (Hong Kong) Limited and its ultimate parent undertaking and controlling party is Zhejiang Geely Holding Group Co. Ltd which are both incorporated in the People's Republic of China.

The largest group in which the results of the Company are consolidated is that of which Zhejiang Geely Holding Group Co. Ltd is the parent company, however, consolidated financial statements of Zhejiang Geely Holding Group Co. Ltd are not publicly available.

The smallest group in which the results of the Company are consolidated is that of which Geely International (Hong Kong) Limited is the parent company, however, consolidated financial statements of Geely International (Hong Kong) Limited are also not publicly available.