

**Company Registration No. 08412477**

**Formula E Operations Limited**

**Annual Report and Financial Statements**

**For the year ended 31 July 2015**



# **Formula E Operations Limited**

## **Report and financial statements**

### **Contents**

<b>Officers and professional advisers</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Directors' responsibilities statement</b>	<b>4</b>
<b>Independent auditor's report</b>	<b>5</b>
<b>Income statement</b>	<b>7</b>
<b>Statement of changes in equity</b>	<b>8</b>
<b>Balance sheet</b>	<b>9</b>
<b>Cash flow statement</b>	<b>10</b>
<b>Notes to the financial statements</b>	<b>11</b>

# **Formula E Operations Limited**

## **Officers and professional advisers**

### **Directors**

Alejandro Agag Longo  
Alberto Luis Alvarez de Sotomayor Longo (appointed 7 May 2015)  
Kevin Still (appointed 7 May 2015 and resigned 31 July 2015)  
Marta Cuesta Diaz (resigned 7 May 2015)  
Francisco Javier Adsera Gebelli (resigned 7 May 2015)  
Mike Papadimitriou (appointed 31 July 2015)

### **Registered Office**

3 Shortlands  
9<sup>th</sup> Floor  
Hammersmith  
London W6 8DA

### **Auditor**

Deloitte LLP  
Chartered Accountants  
London  
United Kingdom

# Formula E Operations Limited

## Directors' report

### Principal activities

The principal activity of the Company is the management of motorsport in connection with the Formula E World Championship ("Formula E" or "the Championship") and its events under long-term agreements with the Federation Internationale de l'Automobile ("FIA").

During the period the Company started and successfully competed the first season of races. The 2014/2015 Championship calendar consisted of 10 racing events. The Directors consider the performance of the Company during the year to be satisfactory and in line with expectations.

The financial information has been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

### Results and dividend

The Group has successfully finished the first season of racing electric cars during the financial year as well as completed another round of funding.

During the financial year, the Group and the Company reviewed the intercompany arrangements and services provided by each company within the Group to more appropriately reflect the commercial reality of the business operations. As result of that review, certain agreements were amended and new agreements put in place, resulting in additional intercompany recharges between the Group companies to reflect the arm's length nature of the intercompany arrangements. The restructuring was expected to be completed during the following financial year.

The results of the Company are included in the accounts on pages 7 to 23.

The Directors do not recommend the payment of a dividend (2014: £nil).

### Future developments

With the Company having commenced the Championship and undertaking the exploitation of the commercial rights to the Championship, the directors consider the Company to be well positioned to perform satisfactorily in the future.

### Directors

The Directors who served throughout the year (except where stated) were:

Alejandro Agag Longo

Alberto Luis Alvarez de Sotomayor Longo (appointed 7 May 2015)

Kevin Still (appointed 7 May 2015 and resigned 31 July 2015)

Marta Cuesta Diaz (resigned 7 May 2015)

Francisco Javier Adsera Gebelli (resigned 7 May 2015)

During the year ended 31 July 2015, the Company's ultimate parent company, Formula E Holdings Limited maintained insurance for the Directors to indemnify them against certain liabilities which they may incur in their capacity as Directors or officers of the Company, including liabilities in respect of which the Company itself is unable to provide an indemnity.

The Directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

No strategic report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption under s414C of the Companies Act 2006.

# Formula E Operations Limited

## Directors' report (continued)

### Going concern

The Company is a wholly-owned subsidiary of Formula E Holdings Limited (the "Group"). The Company incurred significant losses in the amount of £43.8 million during the period and reported net liabilities in the amount of £49.4 million at the end of the financial year. As the commercial rights holder to the Championship the Group has considerable financial resources together with long-term contracts with a number of customers spread across different geographic areas and industries. The Group is also expected to close another round of funding which will result in a significant increase in available funds. As a consequence the Directors believe the Group and Company is well placed to manage its business risks successfully despite the ongoing uncertain economic outlook and the Group and Company has adequate resources available to continue its operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing its annual report and financial statements.

### Disclosure of information to the auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

### Subsequent events

The Company entered its second racing season.


The Group successfully closed another round of funding in January 2016, raising approximately €21 million.

The internal restructuring process which started during the financial year was completed in January 2016, following the transfer of all contracts (or their beneficial ownership, where appropriate) and fixed assets of Formula E Holdings to the Company.

### Auditor

Deloitte were appointed as auditor in the year and will be deemed to be reappointed in accordance with Section 487(2).

Approved by the Board of Directors  
and signed on behalf of the Board



Alejandro Agag Longo  
Director

18th April 2016

# **Formula E Operations Limited**

## **Directors' responsibilities statement**

The directors are responsible for preparing the Annual 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 financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

## **Independent auditor's report to the members of Formula E Operations Limited**

We have audited the financial statements of Formula E Operations Limited for the year ended 31 July 2015 which comprise the Statement of Comprehensive Income, the Balance sheet, the Statement of Cash flows, the Statement of Changes in Equity and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

### **Respective responsibilities of directors and auditor**

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

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Independent auditor's report to the members of Formula E Operations Limited (continued)**

### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit under the small companies exemptions of the Companies Act 2006.



Makhani Chahal (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom

18H April 2016



# Formula E Operations Limited

## Income statement Year ended 31 July 2015

	Notes	2015 £	2014 £
<b>Continuing operations</b>			
Revenue	2	14,794,373	1,133,440
Cost of sales		<u>(56,704,364)</u>	<u>(698,751)</u>
<b>Gross (loss) / profit</b>		<u>(41,909,991)</u>	<u>434,689</u>
Administrative expenses		<u>(5,070,052)</u>	<u>(6,139,441)</u>
<b>Operating loss</b>	3	(46,980,043)	(5,704,752)
Finance income	7	204	7,561
Finance costs	7	(7,904)	(810)
Foreign exchange		<u>3,166,123</u>	<u>325,304</u>
<b>Loss before tax</b>		(43,821,620)	(5,372,697)
Taxation	8	<u>-</u>	<u>-</u>
<b>Total comprehensive loss for the year</b>		<u><u>(43,821,620)</u></u>	<u><u>(5,372,697)</u></u>

The above results were derived from continuing operations.

For the year ended 31 July 2015, the Company did not have any items of Other comprehensive income.

The accompanying notes are an integral part of the Income statement.

## Formula E Operations Limited

### Statement of changes in equity Year ended 31 July 2015

	Share capital £	Retained earnings £	Total equity £
<b>Balance at 31 July 2013 (unaudited)</b>	1	(198,676)	(198,675)
Loss and total comprehensive loss for the year ended 31 July 2014	-	(5,372,697)	(5,372,697)
<b>Balance at 31 July 2014</b>	1	(5,571,373)	(5,571,372)
Loss and total comprehensive loss for the year ended 31 July 2015	-	(43,821,620)	(43,821,620)
<b>Balance at 31 July 2015</b>	1	(49,392,993)	(49,392,992)

The accompanying notes are an integral part of this Statement of changes in equity.

# Formula E Operations Limited

## Balance sheet 31 July 2015

	Notes	2015 £	2014 £
<b>Non-current assets</b>			
Intangible assets	9	224,544	228,084
Property, plant & equipment	10	9,639,130	5,298,852
Trade and other receivables	11	65,631	79,595
		<u>9,929,305</u>	<u>5,606,531</u>
<b>Current assets</b>			
Inventories	12	1,118,233	1,471,122
Trade and other receivables	11	7,754,039	3,674,101
Cash and cash equivalents	13	2,325,810	1,569,685
		<u>11,198,082</u>	<u>6,714,908</u>
<b>Current liabilities</b>			
Trade and other payables	14	(8,775,863)	(5,509,500)
Financial liabilities	14	(61,744,516)	-
		<u>(59,322,297)</u>	<u>1,205,408</u>
<b>Net current assets</b>			
<b>Non-current liabilities</b>			
Financial liabilities	14	-	(12,383,311)
		<u>(49,392,992)</u>	<u>(5,571,372)</u>
<b>Equity</b>			
Capital and reserves			
Share capital	15	1	1
Retained earnings	16	(49,392,993)	(5,571,373)
		<u>(49,392,992)</u>	<u>(5,571,372)</u>
<b>Total deficit</b>			
		<u>(49,392,992)</u>	<u>(5,571,372)</u>

The financial statements of Formula E Operations Limited, registered number 08412477 were approved by the Board of Directors on 18<sup>th</sup> April 2016.

Signed on behalf of the Board of Directors



Alejandro Agag Longo  
Director

## Formula E Operations Limited

### Statement of Cash flows Year ended 31 July 2015

	Notes	2015 £	2014 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	17	(46,568,049)	(5,333,890)
Interest paid		(7,904)	(810)
Interest received		204	7,561
<b>Net cash used in operations</b>		<u>(46,575,749)</u>	<u>(5,327,139)</u>
<b>Investing activities</b>			
Purchase of intangible assets		(131,686)	(236,486)
Payment to acquire property, plant and equipment		(5,088,975)	(5,413,732)
Proceeds from sale of property, plant and equipment		25,207	-
<b>Net cash used in investing activities</b>		<u>(5,195,454)</u>	<u>(5,650,218)</u>
<b>Financing activities</b>			
New loans and advances		49,361,205	12,221,738
<b>Net cash generated by financing activities</b>		<u>49,361,205</u>	<u>12,221,738</u>
<b>Cash and cash equivalents at beginning of year</b>			
Foreign exchange		1,569,685	-
		<u>3,166,123</u>	<u>325,304</u>
<b>Cash and cash equivalents at end of year</b>	13	<u>2,325,810</u>	<u>1,569,685</u>

# Formula E Operations Limited

## Notes to the financial statements Year ended 31 July 2015

### 1. Accounting policies

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

#### **Basis of preparation**

Formula E Operations Limited is a limited company, which is domiciled in the UK. The company was incorporated in England and Wales. These financial statements were authorised for issue by the Board on April 2016.

This is the first year in which the Company's financial statements have been prepared in accordance with International Financial Reporting Standards "IFRS" as adopted by the European Union applied in accordance with the provisions of the Companies Act 2006. This is the first year in which the financial statements have been prepared in accordance with IFRSs and comparative information has also been stated on an IFRS basis.

The financial statements have been prepared under the historical cost convention. The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied for all of the periods presented, unless otherwise stated.

#### **Critical accounting judgements and key sources of estimation uncertainty**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. However, no judgements or estimates have been made that management consider to have a significant effect on the amounts recognised in the financial statements.

#### **Going concern**

The Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and financial statements.

#### **Loss from operations**

Loss from operations is stated after the inclusion of all operating items, but before financing costs.

#### **Revenue recognition**

Turnover is recognised to the extent that it is probable that economic benefits will flow to the Company and the turnover can be reliably measured, regardless of when the payments are being made. Turnover is measured at fair value of the consideration received or receivable taking into account contractually defined terms of payment and excluding sales taxation.

Turnover is principally derived from the sale of race promotion and licensing of other rights and the provision of other services in connection with the Championship and its events. The turnover from granting rights to host, stage and promote the Championship events is recognised upon occurrence of the event. The turnover for other event derived revenues is recognised on occurrence of the events to which the underlying contract relates.

Interest income is accrued on a time basis.

# Formula E Operations Limited

## Notes to the financial statements Year ended 31 July 2015

### 1. Accounting policies (continued)

#### Intangible assets

Computer software and intellectual property are capitalised and stated at cost less amortisation. Amortisation is provided at rates calculated to write off the cost of intangible assets over their useful lives on the following bases:

Software	- 3 years' straight-line
Track design	- 5 years' straight-line

#### Plant property and equipment

Plant property and equipment is stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

IT equipment	- 3 years' straight-line
Office equipment	- 5 years' straight-line
Race equipment	- 5-7 years' straight-line
Other installations	- 10 years' straight-line

#### Inventories

Inventories are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost is calculated using the average cost method and consists of material and direct labour costs and appropriate proportion of production overheads.

#### Financial assets

The Company's financial assets comprise trade and other receivables and cash and cash equivalents.

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due. Any provision against trade and other receivables is recognised in the statement of comprehensive income.

#### Income taxes, including deferred income taxes

Income tax payable on profits is recognised as an expense in the year in which profits arise. The tax effects of income tax losses available to carry forward are recognised as an asset when it is probable that future taxable profits will be available, against which these losses can be utilised.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Expected future tax rates are used in the determination of deferred income tax. A deferred tax asset is only recognised when it is anticipated that there will be sufficient future taxable profits to offset the asset against.

Deferred and current tax assets and liabilities are only offset when they arise in the same tax reporting group and where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

# Formula E Operations Limited

## Notes to the financial statements Year ended 31 July 2015

### 1. Accounting policies (continued)

#### Financial liabilities

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

#### Foreign currencies

These financial statements are presented in Sterling being the presentational and functional currency of the Company. The functional currency is the currency of the primary economic environment in which the Company operates, which in most cases represents the local currency.

Transactions in the functional currency of the Company are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the historical rate prevailing at the date of the transaction. Gains and losses arising on retranslation are included in net profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity.

#### New standards and interpretations

At the date of authorisation of these financial statements, the following new and revised Standards and Interpretations, which have not been applied in these financial statements, were in issue but not yet effective:

IFRS 1 'First-time Adoption' (amended)  
IAS 32 'Financial Instruments: Presentation' (amended)  
IFRS 9 'Financial Instruments'  
IFRS 7 'Financial Instruments: Disclosures' (amended)  
IAS 12 'Income Taxes' (amended)  
IFRS 11 'Joint Arrangements'  
IFRS 12 'Disclosure of Interests in Other Entities'  
IFRS 13 'Fair value measurement'  
IAS 28 'Associates and Joint Ventures' (revised)  
IFRS 13 'Fair Value Measurement'  
IAS 19 'Employee Benefits' (amended)  
IFRS 14 'Regulatory Deferral Accounts'  
IFRS 15 'Revenue from Contracts with Customers'

The full impact of these pronouncements is being assessed by the Company. However, the initial view is that the Directors anticipate that the future adoption of those standards, interpretations and amendments listed above, will not have a material impact on the financial statements.

# Formula E Operations Limited

## Notes to the financial statements Year ended 31 July 2015

### 2. Revenue

An analysis of the Company's revenue is as follows:

	2015	2014
	£	£
<b>Continuing operations</b>		
Rendering of services	9,082,595	1,133,440
Sale of spare parts and other assets	3,713,708	-
Sponsorship and other revenue	1,998,070	-
Total revenue	<u>14,794,373</u>	<u>1,133,440</u>

The Company is exempt from the requirements of IFRS 8 to disclose segment information. Service income included rental charges and other recharges invoiced to teams partaking in races.

### 3. Loss from operations

Loss from operations has been arrived at after charging:

	2015	2014
	£	£
Depreciation	1,351,497	121,251
Amortisation	90,361	8,402
Staff costs (see note 5)	5,141,159	2,130,024
Loss on disposal of fixed assets	116,887	-
Exceptional restructuring costs	133,700	-
Auditor's remuneration for audit services (see note 4)	53,000	10,000
Intercompany recharges and royalties payable to parent company	<u>16,597,766</u>	<u>-</u>

Exceptional restructuring costs were incurred in the year related to redundancy costs incurred by the Company. Intercompany recharges and royalties payable to parent company were incurred as part of the restructuring review of the intercompany relationships and agreements.

### 4. Auditor's remuneration

	2015	2014
	£	£
Audit services		
- statutory audit fees	53,000	10,000
Tax advisory fees	9,000	-
Total	<u>62,000</u>	<u>10,000</u>

No amounts for other services have been paid to the auditor.



# Formula E Operations Limited

## Notes to the financial statements Year ended 31 July 2015

### 5. Staff costs

The average monthly number of employees (including executive Directors) employed by the Company was 29 (2014: 3).

Their aggregate remuneration comprised:

	2015 £	2014 £
Wages and salaries	3,449,860	1,953,611
Social security costs	1,691,299	176,413
	<u>5,141,159</u>	<u>2,130,024</u>

### 6. Directors' emoluments

The Directors' aggregate emoluments in respect of qualifying services were:

	2015 £	2014 £
Salaries and fees	261,909	-
	<u>261,909</u>	<u>-</u>

No Directors have accrued benefits under Company pension schemes.

### 7. Finance costs and finance income

	2015 £	2014 £
Finance income	204	7,561
Finance costs	(7,904)	(810)
	<u>(7,700)</u>	<u>6,751</u>

# Formula E Operations Limited

## Notes to the financial statements Year ended 31 July 2015

### 8. Taxation

	2015	2014
	£	£
<b>Continuing operations</b>		
<b>Current tax:</b>		
UK corporation tax	-	-
<b>Deferred tax</b>		
Current year charge	-	-
	<u>-</u>	<u>-</u>
Total tax charge	<u>-</u>	<u>-</u>

Corporation tax is calculated at 20.7% (2014: 21%) of the estimated assessable profit for the year.

The charge for the year can be reconciled to the profit per the statement of comprehensive income as follows:

	2015	2014
	£	£
Loss before tax:	(43,821,620)	(5,372,697)
Tax at the UK corporation tax rate of 20% (2014: 21%)	8,764,324	1,128,266
Non-deductible expenses	(3,607)	(11,305)
Deferred tax not provided	(8,475,972)	(1,056,353)
Other	(284,745)	(60,608)
	<u>-</u>	<u>-</u>
Total tax charge	<u>-</u>	<u>-</u>

The Company has not recognised a deferred tax asset of £11,950k on tax losses carried forward due to insufficient certainty of future profits. This deferred tax asset has been valued at 20%, the substantively enacted tax rate at the balance sheet date. The Government has enacted reductions in the main tax rate down to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020. As these tax rates were not substantively enacted at the balance sheet date this is a non-adjusting event occurring after the reporting period. We estimate that the future rate change to 18% would reduce our unrecognised deferred tax asset at balance sheet date to £10,755k. The actual impact will be dependent on our deferred tax position at that time.

## Formula E Operations Limited

### Notes to the financial statements Year ended 31 July 2015

#### 9. Intangible assets

	<b>Intellectual property £</b>	<b>Software £</b>	<b>Total £</b>
<b>Cost</b>			
At 31 July 2014	3,500	232,986	236,486
Additions	17,262	114,424	131,686
Reclassifications	(3,500)	(17,562)	(21,062)
Disposals	-	(49,212)	(49,212)
	<hr/>	<hr/>	<hr/>
At 31 July 2015	17,262	280,636	297,898
<b>Amortisation</b>			
At 31 July 2014	3,052	5,350	8,402
Amortisation	864	89,497	90,361
Reclassifications	(3,052)	(4,044)	(7,096)
Disposals	-	(18,313)	(18,313)
	<hr/>	<hr/>	<hr/>
At 31 July 2015	864	72,490	73,354
<b>Net book value</b>			
At 31 July 2015	<hr/> <hr/> 16,398	<hr/> <hr/> 208,146	<hr/> <hr/> 224,544
At 31 July 2014	<hr/> <hr/> 448	<hr/> <hr/> 227,636	<hr/> <hr/> 228,084

The intellectual property asset relates to a logo designed by an external company and race track designs. Following the commencement of the racing season, new categories of assets were created and hence certain classes of assets were reclassified to reflect better their operating nature.

The amortisation charge is included within administrative expenses.

## Formula E Operations Limited

### Notes to the financial statements Year ended 31 July 2015

#### 10. Property, plant and equipment

	Office & IT equipment £	Car equipment £	IT equipment £	Race equipment £	Other installation £	Total £
<b>Cost</b>						
At 1 August 2013	7,188	-	-	-	-	7,188
Additions	603,217	-	47,718	968,776	3,794,021	5,413,732
At 31 July 2014	610,405	-	47,718	968,776	3,794,021	5,420,920
At 31 July 2014	610,405	-	47,718	968,776	3,794,021	5,420,920
Additions	228,111	782,027	-	4,934,063	(102,528)	5,841,673
Reclassifications	279,813	558,042	(47,718)	(109,484)	(659,591)	21,062
Disposals	(206,602)	(27,257)	-	-	-	(233,859)
At 31 July 2015	911,727	1,312,812	-	5,793,355	3,031,902	11,049,796
<b>Depreciation</b>						
At 1 August 2013	817	-	-	-	-	817
Charge for the year	6,622	-	1,374	23,510	89,745	121,251
At 31 July 2014	7,439	-	1,374	23,510	89,745	122,068
At 31 July 2014	7,439	-	1,374	23,510	89,745	122,068
Charge for the year	276,564	222,522	-	395,044	457,367	1,351,497
Reclassifications	32,973	139,255	(1,374)	(15,399)	(148,359)	7,096
Disposals	(69,995)	-	-	-	-	(69,995)
At 31 July 2015	246,981	361,777	-	403,155	398,753	1,410,666
<b>Net book value</b>						
At 31 July 2015	664,746	951,035	-	5,390,200	2,633,149	9,639,130
At 31 July 2014	602,966	-	46,344	945,266	3,704,276	5,298,852

Following the commencement of the racing season, new categories of assets were created and hence certain classes of assets were reclassified to reflect better their operating nature.

The depreciation charge is included within administrative expenses.

# Formula E Operations Limited

## Notes to the financial statements Year ended 31 July 2015

### 11. Trade and other receivables

	2015 £	2014 £
<b>Non-Current</b>		
Financial assets- rental deposits	65,631	79,595
<b>Current</b>		
Trade receivables	5,029,313	1,519,466
Prepayments	482,427	1,643,181
VAT receivable	1,581,052	511,454
Accrued income and other receivable	661,247	-
	<u>7,754,039</u>	<u>3,674,101</u>

An allowance for non-recoverability of trade receivables has been made where, in the opinion of the Directors, trade receivables are not recoverable at their book value. Any trade receivables where it is felt that recovery of the debt is uncertain are provided against in full. Trade receivables are stated net of related allowances for non-recoverable debts.

The Directors consider that the carrying amount of loans and receivables, after taking account of related allowances, approximates to their fair value.

“Trade and other receivables” and “Cash and cash equivalents” constitute the financial assets within the category “Loans and receivables” as defined by IAS 39.

Trade receivables are non-interest bearing and generally have a 30 day term.

As at 31 July 2015 trade receivables of £1,656,028 (2014: £401,611) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2015 £	2014 £
Up to 30 days past due	772,257	48,000
30 to 60 days past due	378,696	-
60 or 90 days past due	140,034	353,611
Over 90 days past due	365,041	-
	<u>1,656,028</u>	<u>401,611</u>

The movement in the provision for impairment of trade receivables were as follows:

	2015 £	2014 £
At 1 August	507,535	-
Charge for the year	3,239	507,535
At 31 July	<u>510,774</u>	<u>507,535</u>

The other classes within trade and other receivables do not contain impaired assets.

## Formula E Operations Limited

### Notes to the financial statements Year ended 31 July 2015

#### 12. Inventories

	2015 £	2014 £
Raw materials	1,118,233	1,471,122
	<u>1,118,233</u>	<u>1,471,122</u>

The total inventory recognised in cost of sales during the year is £2,967,213 (2014: £698,751). Certain inventory items of capital nature in the amount of £0.8 million were reclassified and are now included in the property and equipment. The amount above contains an inventory impairment provision in the amount of £753,040.

#### 13. Cash and cash equivalents

	2015 £	2014 £
Cash at bank and in hand	2,325,810	1,569,685
	<u>2,325,810</u>	<u>1,569,685</u>

The Directors consider that the carrying amount of these assets approximates to their fair value.

#### 14. Trade and other payables

	2015 £	2014 £
<b>Current</b>		
Trade payables	4,915,459	3,897,171
Other taxes and social security	159,787	72,140
Other payables	361,005	469,013
Deferred income	1,263,652	939,244
Accruals	2,075,960	131,932
Amounts owed to the parent company	61,744,516	-
	<u>70,520,379</u>	<u>5,509,500</u>
<b>Non-Current</b>		
Amounts owed to the parent company	-	12,383,311
	<u>61,744,516</u>	<u>12,383,311</u>

The Directors consider that the carrying amount of trade payables approximates to their fair value. No interest is charged on trade and other payables.

Trade payables, other payables and amounts payable to group companies constitute the only financial liabilities measured at amortised cost as defined by IAS39.

The non-current amounts due to the parent company were unsecured and interest free.

# Formula E Operations Limited

## Notes to the financial statements Year ended 31 July 2015

### 15. Share capital

	2015	2014
	£	£
<b>Allotted, called up and fully paid:</b>		
1 ordinary share of £1	1	1

### 16. Retained earnings

	£
<b>Balance at 31 July 2013 (unaudited)</b>	(198,676)
Total comprehensive loss for the year ended 31 July 2014	<u>(5,372,696)</u>
<b>Balance at 31 July 2014</b>	(5,571,372)
Total comprehensive loss for the year ended 31 July 2015	<u>(43,821,620)</u>
<b>Balance at 31 July 2015</b>	<u><u>(49,392,992)</u></u>

### 17. Notes to the statement of cash flows

	2015	2014
	£	£
Loss before taxation	(43,821,620)	(5,372,697)
Depreciation	1,351,497	121,251
Amortisation	90,361	8,402
Exceptional restructuring costs	133,700	-
Costs of sold fixed assets	193,637	-
Increase in inventories	(4,586,471)	(1,471,122)
Increase in payables	3,266,363	5,082,793
Increase in receivables	(4,065,974)	(3,702,517)
Increase in provisions	870,458	-
Cash generated by operations	<u>(46,568,049)</u>	<u>(5,333,890)</u>

Cash and cash equivalents (which are presented as a single class of assets on the face of the statement of financial position) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less.

# Formula E Operations Limited

## Notes to the financial statements Year ended 31 July 2015

### 18. Related party transactions

During the year, the Company held a loan from Formula E Holdings Limited, its parent. At the year-end £61,744,516 (2014: £12,383,311) was owed by the Company to Formula E Holdings Limited and is included within trade and other payables.

The Company also provided services to both its parent and another group company, Formula E Rights Limited and incurred various charges on behalf of those companies.

#### Key Management Personnel

There have been no short-term or post-employment benefits provided to the Directors, who are the key management personnel of the Company as specified in IAS 24 *Related Party Disclosures*.

### 19. Parent undertaking and controlling party

The Company's ultimate parent undertaking and controlling party is Formula E Holdings Limited, a company incorporated in Hong Kong. The Registered Office Address of Formula E Holdings Limited is Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

### 20. Financial risk management

The Company's major financial instruments include bank balances, amounts due from subsidiaries, deposits paid, trade and other receivables, amount due to holding company, amount due from a related company, amounts due to related companies, deposit received, trade and other payables. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

#### *Credit risk*

As at 31 July 2015, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the statement of financial position.

In order to manage its credit risk, management of the Company has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Company's credit risk is significantly reduced.



# Formula E Operations Limited

## Notes to the financial statements Year ended 31 July 2015

### 20. Financial risk management (continued)

The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk. The maximum credit exposure to credit risk at the reporting date was:

	2015	2014
	£	£
Cash and cash equivalents	2,325,810	1,569,685
Trade and other receivables	7,754,039	3,674,101
	<u>10,079,849</u>	<u>5,243,786</u>

#### *Interest rate risk*

The management monitors interest rate exposure on ongoing basis and will consider hedging significant interest rate exposure should the need arises.

#### *Liquidity risk*

In the management of the liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

#### *Capital risk management*

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and maintain an optimal capital structure to reduce the cost of capital.

The Company defines capital as being share capital plus reserves.

#### *Foreign exchange risk*

A significant portion of the Company's revenues and operating costs are denominated in Euros. The exposure to foreign currency fluctuation is not managed through any formal hedging arrangement. However, the risk is mitigated to an extent by the natural hedging that arises from both revenues and operating costs being denominated in Euros. Specifically, any fluctuations arising in revenues as a result of foreign exchange movements will be partially offset by opposite fluctuations in an operating costs.