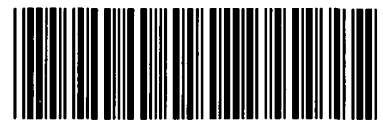


**RENAULT SPORT RACING LIMITED**

**Annual Report and Financial Statements**

**31 December 2016**

WEDNESDAY



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COMPANIES HOUSE

# **RENAULT SPORT RACING LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2016**

### **CONTENTS**

	<b>Page</b>
<b>Strategic report</b>	<b>1</b>
<b>Directors' report</b>	<b>3</b>
<b>Statement of directors' responsibilities</b>	<b>5</b>
<b>Independent auditor's report to the members of Renault Sport Racing Limited</b>	<b>6</b>
<b>Profit and loss account and other comprehensive income</b>	<b>8</b>
<b>Balance sheet</b>	<b>9</b>
<b>Statement of changes in equity</b>	<b>10</b>
<b>Notes to the accounts</b>	<b>11-29</b>

**STRATEGIC REPORT**

The Directors present their strategic report of the company for the year ended 31 December 2016.

**BUSINESS REVIEW**

The principal activity of the Company is the running of a Formula One racing team.

The Company carries out this activity through the design and manufacture of racing cars for participation in the FIA Formula One World Championship.

The Company's principal objective is to win the FIA Formula One World Championship. The directors consider race results and championship performance to be the key performance indicators as well as financial control within the Company.

2016 was the first year under the new ownership of the team by ultimate parent Renault SA with a strong programme of reconstruction taking place. Given the punctuated development programme of the team's 2016 car, results on track for drivers Kevin Magnussen and Jolyon Palmer were not expected to be ground-breaking. The team's best race finish was seventh position at the Russian Grand Prix, with only two other top ten finishes during the season. The team ended the year in ninth position in the Constructor's Championship. For 2017, the team's on track aim is to finish fifth in the Constructors' Championship. Financially, 2017 will continue to be a year of investment, the main areas being development of the race car and improving the factory at the headquarters in Enstone.

**BUSINESS ENVIRONMENT**

Turnover for the year, comprising mainly of sponsorship income and prize money, was £119.7 million (2015: £78.4 million) and the loss after taxation for the financial year was £3.3 million (2015: loss £57.0 million).

The 2015 financial result included some one-off transactions, and as predicted 2016 financial results are much improved. Turnover has increased by £41.3 million (52.7%) due to enhanced sponsorship and favourable exchange rates following the Brexit vote. Cost of sales has seen a moderate increase relative to turnover of £12.5 million (14%), reflecting one aspect of Renault's strategy to reconstruct the Company. Taking into account the one-off transactions within admin expenses in 2015 (£10.8 million impairment of fixed and heritage assets), this area has also increased by £6.8 million, further representing the commitment from Renault. As expected, finance costs are markedly reduced in 2016 due to the debt reorganisation.

Fixed assets have increased by £11.8 million in 2016, representing another element of Renault's long term business plan, with continued investment expected throughout 2017 and beyond.

Development at the team's Enstone base is expected to make a sizable impact to the team's 2017 performance, following the introduction of new chassis regulations for the sport. A new driver, Nico Hülkenberg, joined the team at the start of the year to partner Jolyon Palmer.

**STRATEGIC REPORT****PRINCIPAL RISKS AND UNCERTAINTIES**

The Directors are of the opinion that a thorough risk management process is adopted through regular financial review. The risks and uncertainties facing the Company might be broadly grouped as: Competitive, Legislative, and Financial.

- **Competitive Risks**

The Company's financial performance is subject to significant variation where its principal sponsors pay bonuses in respect to results achieved on track. Such results also combine to affect a proportion of the Company's income from prize money in the following season, as well as generally impacting on the Company's ability to generate sponsorships in the future. The Company performs regular financial reviews to ensure they have sufficient financial resources to meet liabilities as they fall due.

- **Legislative Risks**

As a competitor in the FIA Formula One World Championship, the Team is subject to the International Sporting Code, the current F1 Technical and Sporting Regulations, and the provisions laid out in the 2009 Concorde Agreement or such similar agreements. The Company works with its employees, agents and advisors, and also the governing body to ensure its compliance.


- **Financial Risks**

The Company uses loans, cash, and trade payables and receivables directly in the course of its on-going operations. The Company seeks to minimise exposure to exchange risk through matching currency assets and expenditure to income and borrowings.

On behalf of the board

Cyril Abiteboul

Director



24/04/27.

**DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 2016.

The principal activities and associated risks have been discussed in the strategic report.

**DIVIDENDS AND TRANSFERS TO RESERVES**

The directors do not recommend the payment of a dividend (2015: £nil). The loss for the year of £3.3 million (2015: loss £57.0 million) has been added to the deficit on the profit and loss account.

**RESEARCH AND DEVELOPMENT**

Information relating to research and development expenditure on racing cars is given in note 1 to the financial statements.

**DIRECTORS**

The following served as directors during the year:

J Stoll  
T Cognet  
T Bollore  
C Abiteboul  
G Lopez  
B Mercer (Company Secretary)

**CHARITABLE DONATIONS**

The Company made nil (2015: nil) charitable donations to a national charity during the period.

**EMPLOYEES**

Applications for employment of disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of a person who does not suffer from a disability.

The company has arrangements for providing information to employees, involving employees in the company's performance and achieving awareness amongst employees of the factors affecting the company's performance.

**DIRECTORS INDEMNITY**

The company has granted an indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approval of the directors' report.

**DISCLOSURE OF INFORMATION TO THE AUDITORS**

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the group's auditor, each Director has taken all the steps that they are obliged to take as a Director in order to have made themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

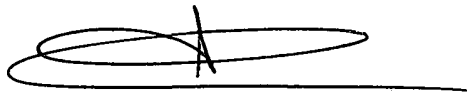
**DIRECTORS' REPORT**

**AUDITOR**

KPMG LLP have expressed a willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board on 24 April 2017

Cyril Abiteboul  
Director

A handwritten signature in black ink, consisting of a large, stylized loop followed by a vertical stroke and a horizontal line extending to the right.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **KPMG LLP**

58 Clarendon Road  
Watford  
WD17 1DE  
United Kingdom

### **Independent auditor's report to the members of Renault Sport Racing Limited**

We have audited the financial statements of Renault Sport Racing Limited for the year ended 31 December 2016 set out on pages 8 to 29. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 set out on page 5, 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**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **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 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.



**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.



**David Simpson (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*

Date **28 April 2017**

## RENAULT SPORT RACING LIMITED

### PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDING 31 DECEMBER 2016

	Note	2016 £000	2015 £000
<b>TURNOVER</b>	1	<b>119,671</b>	78,359
Cost of sales		<b>(101,998)</b>	(89,469)
<b>GROSS PROFIT / LOSS</b>		<b>17,673</b>	(11,110)
Administration expenses		<b>(18,992)</b>	(22,966)
<b>OPERATING LOSS</b>	2	<b>(1,319)</b>	(34,076)
Other interest receivable and similar income	5	<b>6</b>	-
Interest payable and similar charges	6	<b>(1,686)</b>	(22,033)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(2,999)</b>	(56,109)
Tax on loss on ordinary activities	7	<b>(251)</b>	(885)
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED FOR THE FINANCIAL YEAR</b>	19	<b>(3,250)</b>	(56,994)

The Company has no other comprehensive income for the year and hence the loss for the financial year represents the total comprehensive loss for the year.

The notes on pages 11 to 29 form part of these financial statements.

**RENAULT SPORT RACING LIMITED****BALANCE SHEET****Registered No: 1806337****Year ended 31 December 2016**

	Note	2016	2015
		£000	£000
<b>FIXED ASSETS</b>			
Intangible assets	8	1,232	181
Tangible assets	9	33,647	23,095
Heritage assets	10	4,120	3,935
		<u>38,999</u>	<u>27,211</u>
<b>CURRENT ASSETS</b>			
Stocks	11	3,351	6,321
Debtors	12	25,530	13,689
Cash at bank and in hand		2,775	3,949
		<u>31,656</u>	<u>23,959</u>
<b>CREDITORS: amounts falling due within one year</b>	13	<u>(105,324)</u>	<u>(82,589)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(73,668)</u>	<u>(58,630)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(34,669)</u>	<u>(31,419)</u>
<b>CREDITORS: amounts falling due after one year</b>	14	<u>-</u>	<u>-</u>
<b>NET LIABILITIES</b>		<u>(34,669)</u>	<u>(31,419)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	158,346	158,346
Share premium	18	13,256	13,256
Capital contribution reserves	20	42,154	42,154
Profit and loss account	19	(248,425)	(245,175)
<b>EQUITY SHAREHOLDERS' DEFICIT</b>	20	<u>(34,669)</u>	<u>(31,419)</u>

The notes on pages 11 to 29 form part of these financial statements.

These financial statements were approved by the Board of Directors on 24 April 2017

On behalf of the board

Cyril Abiteboul  
Director



# RENAULT SPORT RACING LIMITED

## STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2016

	Called up Share capital	Share Premium account	Capital contribution reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
Balance at 1 January 2015	67,444	13,256	-	(188,181)	(107,481)
<b>Total comprehensive income for the period</b>					
Profit or loss	-	-	-	(56,994)	(56,994)
Total comprehensive income for the period	-	-	-	(56,994)	(56,994)
Transactions with owners, recorded directly in equity					
Issue of shares	90,902	-	-	-	90,902
Total contributions by and distributions to owners	-	-	42,154	-	42,154
<b>Balance at 31 December 2015</b>	<b>158,346</b>	<b>13,256</b>	<b>42,154</b>	<b>(245,175)</b>	<b>(31,419)</b>
<b>Total comprehensive income for the period</b>					
Profit or loss	-	-	-	(3,250)	(3,250)
Total comprehensive income for the period	-	-	-	(3,250)	(3,250)
Issue of shares	-	-	-	-	-
<b>Balance at 31 December 2016</b>	<b>158,346</b>	<b>13,256</b>	<b>42,154</b>	<b>(248,425)</b>	<b>(34,669)</b>

The notes on pages 11 to 29 form part of these financial statements.

# RENAULT SPORT RACING LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2016

### 1. ACCOUNTING POLICIES

Renault Sport Racing Limited is a Company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position, financial performance and cash flows of the Company is provided in note 26.

The Company's ultimate parent undertaking, Renault S.A. includes the Company in its consolidated financial statements. The consolidated financial statements of Renault S.A. are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Renault 13/15, quai Le Gallo – 92513 Boulogne-Billancourt Cedex France.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS101 balance sheet as at 1<sup>st</sup> January 2015 for the purposes of the transition to FRS 101.

#### Measurement convention

The financial statements are prepared on the historical cost basis except heritage assets which are stated at fair value.

#### Going concern

The financial statements are prepared on a going concern basis which the directors believe to be appropriate for the following reasons.

On 18 December 2015 Renault Group acquired a controlling shareholding in the Company. The rationale for the return was documented in a 5 year Performance and Business Plan, which sets out in detail forecast income and expenditure for the five years ended 31 December 2020. The actual income and expenditure and business performance during the year ended 31 December 2016 has not resulted in a significant revision being required to the Performance and Business Plan.

As part of Renault Group's long term plans for its involvement in F1, it was announced on 29 May 2016 that a deal has been signed to supply Renault engines to Red Bull Racing Limited and Scuderia Toro Rosso for the 2017 and 2018 seasons. In addition, Renault Group have confirmed that they intend to keep the Renault Sport Racing Limited business within this statutory entity.

# RENAULT SPORT RACING LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2016

### 1. ACCOUNTING POLICIES (CONTINUED)

The Company's loss for the year was £3.3 million (2015: loss £57.0 million). As at 31 December 2016 the Company had a cash balance of £2.8 million (2015: £3.9 million), net liabilities of £34.7 million (2015: £31.4 million) and net current liabilities of £73.7 million (2015: £58.6 million). The net current liabilities principally arise due to the intercompany loans from Renault Group of £79.9 million (2015: £57.4 million), this facility was extended to £125 million on 18 October 2016 and whilst these loans expire within the next 12 months, discussions with group management have provided sufficient comfort that financial support, through extension of these loans, provision of new loans or other financial investment, will be provided, for a period of at least 12 months from signing the financial statements, if required, to support the continuation of the team.

The directors therefore have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and therefore they continue to adopt the going concern principle in the financial statements.

#### Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

#### Basic financial instruments

##### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

##### *Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and money held in the Company bank account. The Company does not have any bank overdraft facilities.

#### Tangible fixed assets

Tangible fixed assets are stated at deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of tangible fixed assets that had been revalued to fair value on or prior to the date of transition to FRS 101, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

# RENAULT SPORT RACING LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2016

### 1. ACCOUNTING POLICIES (CONTINUED)

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

Freehold Land and Buildings	30 years
Motor vehicles	4 years
Plant, machinery, furniture and fittings	3 – 10 years

Assets under construction are held separately within fixed assets and are not subject to depreciation until they are brought into use. When the asset is brought into use it is transferred to the relevant fixed asset category.

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

#### Intangible assets

Intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use. The estimated useful lives are as follows:

Software	3 years
----------	---------

#### Heritage assets

The Company holds heritage assets, being its collection of historic cars. The carrying amounts of the Company's heritage assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell.

The historic cars have an indefinite life, and therefore, are not depreciated. The Company maintains these vehicles on a regular basis, charging the maintenance costs to the profit and loss account when incurred. The Company may dispose of any cars from the collection subject to management approval, at such time the value would be removed from the balance sheet.

#### Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

#### Stocks

The company has recognised as stocks, items that will be used in the production of next seasons racing cars. Stocks include raw materials and work in progress and are stated at the lower of cost and net realisable value after due regard for obsolete and slow moving stocks. Manufactured stocks and work in progress include an appropriate share of directly attributable overhead based on normal operating capacity

#### Impairment excluding stocks and deferred tax assets

*Financial assets (including trade and other debtors)*

Financial assets are assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the

# RENAULT SPORT RACING LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2016

### 1. ACCOUNTING POLICIES (CONTINUED)

initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognised in profit or loss.

When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

#### Employee benefits

##### *Defined contribution plans and other long term employee benefits*

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

##### *Termination benefits*

Termination benefits are recognised as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the company has made an offer of voluntary redundancy, it is probably that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

#### Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

#### Turnover

Turnover principally comprises sponsorship income, prize money and other promotional income. Sponsorship receipts and promotional income are credited to the profit and loss account over the period of the agreements. Prize money is credited to the profit and loss account in line with the year to which it relates.

In certain cases, the company enters into agreements with suppliers whereby goods and services are received in exchange for various sponsorship and marketing activities. In such cases turnover is recorded at the fair value of the goods or services rendered.

The directors do not consider there to be more than one class of business or geographical segment and therefore no further analysis of results by class of business or geographical segment is presented.



# RENAULT SPORT RACING LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2016

### 1. ACCOUNTING POLICIES (CONTINUED)

#### Expenses

##### *Operating lease*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

##### *Interest receivable and interest payable*

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method

#### Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Timing differences are not provided for differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met;

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

# RENAULT SPORT RACING LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2016

### 2. OPERATING LOSS

Operating loss	<b>2016</b>	2015
is stated after charging:	<b>£000</b>	£000
Depreciation of tangible fixed assets	<b>3,853</b>	4,452
Amortisation of intangible assets	<b>354</b>	247
Loss on disposal of assets under construction	-	2,522
Impairment of plant and machinery	-	4,981
Loss on sale of tangible fixed assets	<b>(51)</b>	(7)
Impairment of heritage assets	-	5,800
Profit/(Loss) on sale of heritage assets	<b>176</b>	(190)
Rentals under operating leases		
Land and buildings	<b>65</b>	47
Plant and machinery	<b>580</b>	728
Motor Vehicles	<b>284</b>	173
Gain on foreign exchange	<b>572</b>	1,334
Auditor's remuneration		
Audit of the financial statements	<b>44</b>	40
Taxation services	<b>22</b>	49
	<b>=====</b>	<b>=====</b>

### 3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

All directors were remunerated by other group companies for services rendered to the company

#### Average number of persons employed:

	<b>2016</b>	2015
Engineering	<b>252</b>	239
Production	<b>143</b>	129
Administration	<b>116</b>	107
	<b>511</b>	475
	<b>=====</b>	<b>=====</b>

	<b>2016</b>	2015
	<b>£000</b>	£000
<b>Staff costs during the year:</b>		
Wages and salaries	<b>29,066</b>	26,866
Social security costs	<b>3,779</b>	3,977
Contributions made to defined contribution plans	<b>162</b>	138
	<b>33,007</b>	30,981
	<b>=====</b>	<b>=====</b>

# RENAULT SPORT RACING LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2016

### 4. DIRECTORS' REMUNERATION

The directors' remuneration for the year was as follows:

	2016 £000	2015 £000
Remuneration	299	-
Company contributions to pension plan	12	-
	<u>311</u>	<u>-</u>

The notional cost of Directors not remunerated through Renault Sport Racing has been considered and is not deemed to be significant for the years ended 31 December 2016 or 31 December 2015.

The remuneration of the highest paid Director was £299,000 (2015: £0), and company pension contributions of £12,000 (2015: £0) were made.

### 5. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2016 £000	2015 £000
Other interest receivable	6	-
	<u>6</u>	<u>-</u>

### 6. INTEREST PAYABLE AND SIMILAR CHARGES

	2016 £000	2015 £000
On bank loans and overdrafts, and other liabilities	85	2,173
On intercompany loans	1,601	19,860
	<u>1,686</u>	<u>22,033</u>

Interest payable and similar charges includes interest payable and similar on bank loans and overdrafts of £85,000 (2015: £535,000) and on all other loans of £0 (2015: £1,638,000). Of the above amount £1,601,000 (2015: £19,860,000) was payable to group undertakings.

# RENAULT SPORT RACING LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2016

### 7. TAXATION

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2016 £000	2015 £000
<b>Analysis of tax charge in the period</b>		
UK current tax on income for the period	251	946
Foreign current tax on income for the period	-	(61)
	<u>251</u>	<u>885</u>
Total current tax	<u>251</u>	<u>885</u>
<b>Deferred tax</b>		
Origination/reversal of timing differences	-	-
	<u>251</u>	<u>885</u>
<b>Tax on loss on ordinary activities</b>		
	<u>251</u>	<u>885</u>
<b>Reconciliation of effective tax rate</b>		
	2016	2015
	£000	£000
Loss on ordinary activities before tax	<u>(2,999)</u>	<u>(56,109)</u>
Tax at 20.00% (2015: 20.25%) thereon	(600)	(11,362)
Effects of:		
Expenses not deductible for tax purposes	985	11,735
Movement in tax losses	-	(331)
Deferred tax not provided	(983)	-
Overseas tax suffered	-	(61)
Effects of group relief	299	-
Impact of rate change on current year deferred tax credit/charge	-	(42)
Notional RDEC credit	550	946
Total tax debit for the year	<u>251</u>	<u>885</u>

#### *Factors affecting future tax charges*

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2016 has been calculated based on these rates.

# RENAULT SPORT RACING LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2016

### 8. INTANGIBLE ASSETS

	Software	Total
	£000	£000
<b>Cost</b>		
At 1 January 2016	8,552	8,552
Additions	1,405	1,405
Disposals	-	-
At 31 December 2016	<u>9,957</u>	<u>9,957</u>
<b>Accumulated depreciation</b>		
At 1 January 2016	8,371	8,371
Charge for the year	354	354
Disposals	-	-
At 31 December 2016	<u>8,725</u>	<u>8,725</u>
<b>Net book value</b>		
At 31 December 2016	<u><u>1,232</u></u>	<u><u>1,232</u></u>
At 31 December 2015	<u><u>181</u></u>	<u><u>181</u></u>

# RENAULT SPORT RACING LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2016

### 9. TANGIBLE FIXED ASSETS

	Freehold land and buildings	Plant and machinery	Furniture and Fittings	Motor vehicles	Assets under construction	Total
	£000	£000	£000	£000	£000	£000
<b>Cost</b>						
At 1 January 2016	25,329	23,349	18,779	496	879	68,832
Additions	823	2,107	2,316	-	9,327	14,573
Transfers	841	-	-	-	(841)	-
Disposals	-	(218)	(22)	(200)	(38)	(478)
At 31 December 2016	26,993	25,238	21,073	296	9,327	82,927
<b>Accumulated depreciation</b>						
At 1 January 2016	16,442	12,496	16,434	365	-	45,737
Charge for the year	1,137	1,731	908	77	-	3,853
Disposals	-	(120)	(21)	(169)	-	(310)
At 31 December 2016	17,579	14,107	17,321	273	-	49,280
<b>Net book value</b>						
<b>At 31 December 2016</b>	<b>9,414</b>	<b>11,131</b>	<b>3,752</b>	<b>23</b>	<b>9,327</b>	<b>33,647</b>
At 31 December 2015	8,887	10,853	2,345	131	879	23,095

Included in the total for freehold land and buildings is land of £1,220,000 (2015: £1,220,000) which is not depreciated.

The company's plant and machinery assets were professionally re-evaluated at 31<sup>st</sup> December 2015 using the fair value method. The re-evaluation was carried out independently by T.J. Madden MRICS and M.R. Edmunds BSc MRICS of Wyles Hardy & Co. Ltd. The re-evaluation identified a £5.0 million reduction in value which was treated as an impairment in 2015. On transition to FRS 102 (in 2015) the Company opted to take the 1 January 2014 value as deemed cost.

The directors are not aware of any material change in value to the other classes of assets and therefore the valuations set out above have not been updated.

# RENAULT SPORT RACING LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2016

### 10. HERITAGE ASSETS

<i>Valuation</i>	<b>Historic Cars £000</b>
At 1 January 2016	3,935
Additions	270
Disposals	(85)
	<hr/>
At 31 December 2016	<b>4,120</b>
	<hr/> <hr/>

#### Five-year financial summary of heritage asset transactions

	<b>2016 £000</b>	2015 £000	2014 £000	2013 £000	2012 £000
Additions	270	215	760	1,140	1,450
Disposals	(85)	(190)	(380)	-	-
Impairment	-	(5,800)	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	<b>185</b>	<b>(5,775)</b>	<b>380</b>	<b>1,140</b>	<b>1,450</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The Company has a total of 49 historic cars, of which 17 are loaned to sponsors and technical partners on a contractual basis. The remaining 32 are held at either the Company's secure off-site storage (15 cars), or reside at the headquarters in Enstone (17 cars) for the purpose of a showpiece in the museum or as a running show car used at various events during the season.

These assets are held on the balance sheet at valuation and are re-valued every five years. The assets have been valued independently as at 31 December 2015 by T.J. Madden MRICS and M.R. Edmunds BSc MRICS of Wyles Hardy & Co. Ltd. and an impairment of £5,800,000 was identified and recognised in the profit and loss in 2015. F1 racing cars retained at the end of each season are treated as an addition in the year and, accordingly, the initial addition value has been reduced from £190,000 to £90,000 in 2016.

### 11. STOCKS

	<b>2016 £000</b>	2015 £000
Raw materials and work in progress	<b>3,351</b>	6,321
	<hr/>	<hr/>

The difference between the purchase price of stocks and their replacement cost is not material.

### 12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<b>2016 £000</b>	2015 £000
Trade debtors	1,089	148
Amounts due from group undertakings	1,796	82
Value added tax	2,359	1,459
Other debtors	32	92
Prepayments and accrued income	20,254	11,908
	<hr/>	<hr/>
	<b>25,530</b>	<b>13,689</b>
	<hr/> <hr/>	<hr/> <hr/>

# RENAULT SPORT RACING LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2016

### 13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £000	2015 £000
Trade creditors	2,636	277
Amounts owed to group undertakings	1,007	5,121
Withholding tax	3,744	51
Other taxation and social security	2,789	3,270
Accruals and deferred income	15,276	15,695
Loans	79,872	58,175
	<u>105,324</u>	<u>82,589</u>

### 14. CREDITORS: AMOUNTS FALLING AFTER MORE THAN ONE YEAR

	2016 £000	2015 £000
Accruals and deferred income	<u>-</u>	<u>-</u>

### 15. INTEREST BEARING LOANS AND BORROWINGS

	2016 £000	2015 £000
<b>Creditors falling due within less than one year</b>		
Intercompany loan	79,794	57,364
Interest on intercompany loan	78	-
	<u>79,872</u>	<u>57,364</u>

All other loans are non-interest bearing and therefore have not been included in the analysis above.

#### Terms and debt repayment schedule

	Principal borrowed £000	Year of maturity	Principal Outstanding	
			2016 £000	2015 £000
Intercompany loan	79,794	2017	79,794	57,364
			<u>79,794</u>	<u>57,364</u>



# RENAULT SPORT RACING LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2016

### 16. DEFERRED TAX ASSETS AND LIABILITIES

Unrecognised deferred tax asset in the period:

	2016 £000	2015 £000
Fixed assets	665	1,623
Temporary differences	184	281
Losses	19,422	20,834
	<u>20,271</u>	<u>22,738</u>
Net tax assets	<u>20,271</u>	<u>22,738</u>

A deferred tax asset has not been recognised in the financial statements due to its future economic benefit being uncertain.

### 17. DEFINED CONTRIBUTION PLANS

The Company operates a defined contribution pension plans.

The total expense relating to this plan in the current year was £162,000 (2015: £138,000)

### 18. CALLED UP SHARE CAPITAL

	2016 No. 000's	2015 No. 000's	2016 £000	2015 £000
Allotted, called-up and fully paid Ordinary A shares	142,512	142,512	142,512	142,512
Allotted, called-up and fully paid Ordinary B shares	15,834	15,834	15,834	15,834
Share premium	-	-	13,256	13,256
	<u>158,346</u>	<u>158,346</u>	<u>171,602</u>	<u>171,602</u>

Included in the note above, there is 151,601,990 ordinary shares allotted for £1 each and 6,744,444 shares allotted for £2.965404 each.

On 17 December 2015, 90,901,990 shares at £1 each were issued in order to capitalise the outstanding liabilities under the intercompany loan.

The holders of A ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. The holders of B ordinary shares are entitled to receive dividends as declared from time to time and have no voting rights attached to them.

# RENAULT SPORT RACING LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2016

### 19. PROFIT AND LOSS ACCOUNT

	2016	2015
	£000	£000
Balance at 1 January	(245,175)	(188,181)
Loss for the financial year	(3,250)	(56,994)
	<u>(248,425)</u>	<u>(245,175)</u>

### 20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2016	2015
	£000	£000
Loss for the year	(3,250)	(56,994)
Increase in share capital	-	90,902
Increase in capital contribution reserves	-	42,154
	<u>(3,250)</u>	<u>76,062</u>
Net decrease to shareholders' deficit	(3,250)	76,062
Opening shareholders' deficit	(31,419)	(107,481)
	<u>(34,669)</u>	<u>(31,419)</u>

On 17 December 2015, 90,901,990 shares at £1 each were issued in order to capitalise the outstanding liabilities under the intercompany loan. Further intercompany debts were waived, this value (£42,154,000) is shown as capital contribution reserves.

# RENAULT SPORT RACING LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2016

### 21. FINANCIAL INSTRUMENTS

The Company has taken an exemption from the requirement to prepare a financial instruments note on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements. The amounts owed by group undertakings have not been included within the consolidated financial statements and have been considered below.

#### *Amounts owed by group undertakings*

The fair value of amounts owed by group undertakings are estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Management believe there are no risks arising from these financial instruments on the grounds that intercompany balances are payable on demand and interest is charged to group undertakings. While the intercompany loan is interest bearing, this is in line with a signed agreement. The Board reviews and agrees policies for managing these risks. There have been no substantive changes in the Company's exposure to financial instrument risks or its objectives, policies and processes for managing and measuring those risks during the periods in this report unless otherwise stated.

	Level	Carrying amount 2016 £000	Fair value 2016 £000	Carrying amount 2015 £000	Fair value 2015 £000
Amounts due from Group undertakings	3	1,796	1,796	82	82
<b>Total financial assets</b>		<b>1,796</b>	<b>1,796</b>	<b>82</b>	<b>82</b>
Amounts owed to Group undertakings	3	1,007	1,007	5,121	5,121
Intercompany loan		79,872	79,872	57,364	57,364
<b>Total financial liabilities measured at amortised cost</b>		<b>80,879</b>	<b>80,879</b>	<b>62,485</b>	<b>62,485</b>

#### *Fair value hierarchy*

IFRS 7 requires fair value measurements to be recognised using a fair value hierarchy that reflects the significance of the inputs used in the value measurements:

Level 1 – inputs are quoted prices in active markets.

Level 2 – a valuation that uses observable inputs for the asset or liability other than quoted prices in active markets.

Level 3 – a valuation using unobservable inputs, i.e. a valuation technique.

There were no transfers between levels throughout the periods under review.

# RENAULT SPORT RACING LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2016

### 22. FINANCIAL COMMITMENTS

#### Lease commitments

Non-cancellable operating lease rentals are payable as follows:

	2016 £000	2015 £000
Less than one year	774	319
Between one and five years	1,522	262
More than five years	-	-
	<u>2,296</u>	<u>581</u>

During the year £929,146 was recognised as an expense in the profit and loss account in respect of operating leases (2015: £947,662).

### 23. RELATED PARTIES

	Sales to		Administrative expenses incurred from	
	2016 £000	2015 £000	2016 £000	2015 £000
Entities with control, joint control or significant influence		857	1,601	399
Key management personnel of the company or its Parent	-	-	-	-
Other related parties	28,301	-	15,497	-
	<u>28,301</u>	<u>857</u>	<u>17,098</u>	<u>399</u>

	Receivables outstanding		Creditors outstanding	
	2016 £000	2015 £000	2016 £000	2015 £000
Entities with control, joint control or significant influence		82	79,872	62,485
Key management personnel of the company or its Parent		-		-
Other related parties	1,796	-	1,007	-
	<u>1,796</u>	<u>82</u>	<u>80,879</u>	<u>62,485</u>

# RENAULT SPORT RACING LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2016

### 24. ULTIMATE PARENT COMPANY

The Company is a subsidiary undertaking of Grigny (UK) Limited. The ultimate controlling party is Renault S.A. at Renault 13-15, quai Le Gallo - 92513 Boulogne-Billancourt Cedex, France.

### 25. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on the amounts recognised in the financial statements.

#### *Heritage assets*

Heritage assets are revalued every five years. The valuation has been performed by an external specialist looking at the cars individually, considering the value inherent in the history attached, as well as looking at evidence sourced from recent sales of similar show cars. Changes in market conditions could result in a revision to the values that can be attributed to these assets.

#### *Taxation*

The Group claims Research and Development Expenditure Credits ("RDEC") in respect of its research and development expenditure. The Group recognises the gross value of the RDEC as a reduction to cost of sales in the year in which the underlying research and development expenditure was incurred based on an estimate of the expected recovery.

### 26. TRANSITION TO FRS 101

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 101.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 December 2016 and the comparative information presented in these financial statements for the year ended 31 December 2015.

In preparing its FRS 101 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting FRS 102. An explanation of how the transition from FRS 102 to FRS 101 has affected the Company's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

#### *Reconciliation of equity*

# RENAULT SPORT RACING LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2016

	Note	1 January 2015			31 December 2015		
		FRS 102 £000	Effect of transition to FRS 101 £000	FRS 101 £000	FRS 102 £000	Effect of transition to FRS 101 £000	FRS 101 £000
<b>Fixed assets</b>	<i>1</i>						
Intangible assets	<i>1</i>	-	413	413	-	181	181
Tangible fixed assets		36,088	(413)	35,675	23,276	(181)	23,095
Heritage assets		9,710	-	9,710	3,935	-	3,935
		<u>45,798</u>	<u>-</u>	<u>45,798</u>	<u>27,211</u>	<u>-</u>	<u>27,211</u>
<b>Current assets</b>							
Stocks		10,527	-	10,527	6,321	-	6,321
Debtors (due with one year)		34,505	-	34,505	13,689	-	13,689
Cash at bank and in hand		65	-	65	3,949	-	3,949
		<u>45,097</u>	<u>-</u>	<u>45,097</u>	<u>23,959</u>	<u>-</u>	<u>23,959</u>
Creditors: amounts due within one year		(193,339)	-	(193,339)	(82,589)	-	(82,589)
<b>Net current liabilities</b>		<u>(148,242)</u>	<u>-</u>	<u>(148,242)</u>	<u>(58,630)</u>	<u>-</u>	<u>(58,630)</u>
<b>Total assets less current liabilities</b>		<u>(102,444)</u>	<u>-</u>	<u>(102,444)</u>	<u>(31,419)</u>	<u>-</u>	<u>(31,419)</u>
Creditors: amounts falling due after more than one year		(5,037)	-	(5,037)	-	-	-
<b>Net liabilities</b>		<u>(107,481)</u>	<u>-</u>	<u>(107,481)</u>	<u>(31,419)</u>	<u>-</u>	<u>(31,419)</u>
<b>Capital and reserves</b>							
Called up share capital		67,444	-	67,444	158,346	-	158,346
Share premium account		13,256	-	13,256	13,256	-	13,256
Capital contribution reserve		-	-	-	42,154	-	42,154
Profit and loss account		(188,181)	-	(188,181)	(245,175)	-	(245,175)
<b>Shareholders' equity</b>		<u>(107,481)</u>	<u>-</u>	<u>(107,481)</u>	<u>(31,419)</u>	<u>-</u>	<u>(31,419)</u>

# RENAULT SPORT RACING LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2016

### Reconciliation of loss for 2015

	Note	FRS 102 £000	2015 Effect of transition to FRS 101 £000	FRS 101 £000
<b>Turnover</b>		<b>78,359</b>	-	<b>78,359</b>
Cost of sales		(89,469)	-	(89,469)
<b>Gross profit</b>		<b>(11,110)</b>	-	<b>(11,110)</b>
Administrative expenses		(22,966)	-	(22,966)
<b>Operating (loss) / profit</b>		<b>(34,076)</b>	-	<b>(34,076)</b>
Other interest receivable and similar income		-	-	-
Interest payable and similar charges		(22,033)	-	(22,033)
<b>Loss on ordinary activities before taxation</b>		<b>(56,109)</b>	-	<b>(56,109)</b>
Tax on loss on ordinary activities		(885)	-	(885)
<b>Loss for the year</b>		<b>(56,994)</b>	-	<b>(56,994)</b>

### Note 1

#### Explanation of changes to previously reported profit and equity

As per FRS101, Software should be classified as an intangible asset. As a result, assets with a net book value of £412,732 at 1 January 2015, and a net book value of £181,098 at 31 December 2015 have been moved from Tangible fixed assets, reducing the year-end balance to £23,094,465. This has £nil impact upon the net assets of the business and a £nil effect on profit for the year ended 31 December 2015 as the year on year movement relates to amortisation previously charged to tangible fixed assets.