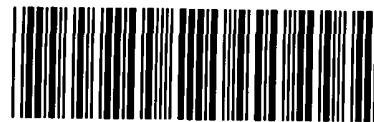


RENAULT SPORT RACING LIMITED

Annual Report and Financial Statements

31 December 2017

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RENAULT SPORT RACING LIMITED

REPORT AND FINANCIAL STATEMENTS 2016

CONTENTS

	Page
Strategic report	1
Directors' report	3
Statement of directors' responsibilities	5
Independent auditor's report to the members of Renault Sport Racing Limited	6
Profit and loss account and other comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Notes to the financial statements	11-27

STRATEGIC REPORT

The Directors present their strategic report of the company for the year ended 31 December 2017.

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.

2017 was a year of investment, the fruits of which were seen by the team being the most improved on the grid. The driver line-up started with Nico Hülkenberg and Jolyon Palmer, with the latter being replaced by Carlos Sainz for the final fifth of the season. Performance improvement was illustrated by the average grid position in 2017 being seven places higher than in 2016. Average race position improved by 3.8 positions in 2017 relative to 2016. The team's best result was sixth (five times) and it finished in sixth position in the Constructors' Championship. 2018 will continue to be a year of investment and development for the team.

BUSINESS ENVIRONMENT

Turnover for the year, comprising mainly of sponsorship income and prize money, was £136.3 million (2016: £119.7 million) and the profit after taxation for the financial year was £1.1 million (2016: loss £3.3 million).

Financial results have improved for a second consecutive year since Renault's acquisition of the Team at the end of 2015 and for the first time since 2009, the results are showing a profit after tax. Despite receiving a reduced share of the prize fund due to the knock-on effect of 2016's Constructors' Championship result, turnover still rose by £16.6 million (13.9%), representing continued growth in sponsorship.

Cost of sales and admin expenses have increased by £11.9 million (11.7%) and £0.8 million (4.2%) respectively, this is as expected with Renault's continued development of the Company, whilst also demonstrating a good level of cost control considering the steady rate at which these costs have risen.

Renault's long term investment is further evidenced on the balance sheet where fixed assets have increased by £12.0 million, on top of the £11.8 million growth in 2016. Major capital investment will remain during 2018 to complete the ongoing Enstone site improvement as well as various other key projects to drive development and reinforce Renault's long term plans to win the Constructor's Championship.

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



23/04/18

Director

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2017.

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 (2016: £nil). The profit for the year of £1.1 million (2016: loss £3.3 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 Cagnet
T Bollre
C Abiteboul
G Lopez
B Mercer (Company Secretary)

CHARITABLE DONATIONS

The Company made nil (2016: 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 is 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.

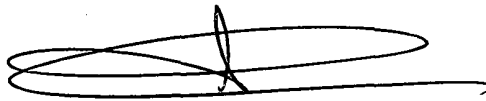
DIRECTORS' REPORT

AUDITOR

KPMG LLP have expressed a willingness to continue in office as auditor 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 23 April 2018

Cyril Abiteboul
Director

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the end.

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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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

Opinion

We have audited the financial statements of Renault Sport Racing Limited ("the company") for the year ended 31 December 2017 which comprise the Profit and Loss account and other comprehensive income, Balance sheet, Statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; 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

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



David Simpson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Altius House,
One North Fourth Street,
Milton Keynes,
MK9 1NE

Date **30 April 2018**

RENAULT SPORT RACING LIMITED

PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDING 31 DECEMBER 2017

	Note	2017 £000	2016 £000
TURNOVER	1	136,253	119,671
Cost of sales		(113,903)	(101,998)
GROSS PROFIT / LOSS		22,350	17,673
Administration expenses		(19,794)	(18,992)
OPERATING PROFIT/LOSS	2	2,556	(1,319)
Other interest receivable and similar income	5	18	6
Interest payable and similar charges	6	(2,005)	(1,686)
PROFIT/LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		569	(2,999)
Tax on profit/loss on ordinary activities	7	536	(251)
PROFIT/LOSS ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED FOR THE FINANCIAL YEAR	19	1,105	(3,250)

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

The notes on pages 11 to 27 form part of these financial statements.

RENAULT SPORT RACING LIMITED**BALANCE SHEET****Registered No: 1806337****Year ended 31 December 2017**

	Note	2017		2016	
		£000	£000	£000	£000
FIXED ASSETS					
Intangible assets	8	1,208		1,232	
Tangible assets	9	45,857		33,647	
Heritage assets	10	3,980		4,120	
			<u>51,045</u>		<u>38,999</u>
CURRENT ASSETS					
Stocks	11	7,345		3,351	
Debtors	12	26,885		25,530	
Cash at bank and in hand		2,331		2,775	
		<u>36,561</u>		<u>31,656</u>	
CREDITORS: amounts falling due within one year	13	<u>(121,170)</u>		<u>(105,324)</u>	
NET CURRENT LIABILITIES			<u>(84,609)</u>		<u>(73,668)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(33,564)</u>		<u>(34,669)</u>
CREDITORS: amounts falling due after one year	14		<u>-</u>		<u>-</u>
NET LIABILITIES			<u>(33,564)</u>		<u>(34,669)</u>
CAPITAL AND RESERVES					
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		(247,320)		(248,425)
EQUITY SHAREHOLDERS' DEFICIT	20		<u>(33,564)</u>		<u>(34,669)</u>

The notes on pages 11 to 27 form part of these financial statements.

These financial statements were approved by the Board of Directors on 23 April 2018

On behalf of the board


Cyril Abiteboul

Director

RENAULT SPORT RACING LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2017

	Called up Share capital £000	Share Premium account £000	Capital contribution reserves £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2016	158,346	13,256	42,154	(245,175)	(34,419)
Total comprehensive income for the period					
Profit or loss	-	-	-	(3,250)	(3,250)
Total comprehensive income for the period	-	-	-	(3,250)	(3,250)
Balance at 31 December 2016	158,346	13,256	42,154	(248,425)	(34,669)
Total comprehensive income for the period					
Profit or loss	-	-	-	1,105	1,105
Total comprehensive income for the period	-	-	-	1,105	1,105
Issue of shares	-	-	-	-	-
Balance at 31 December 2017	158,346	13,256	42,154	(247,320)	(33,564)

The notes on pages 11 to 27 form part of these financial statements.

RENAULT SPORT RACING LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2017

1. ACCOUNTING POLICIES

Renault Sport Racing Limited is a private Company, incorporated domiciled and registered in the UK. The registered number is 1806337. The registered address is 16 Old Bailey, London, EC4M 7EG.

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.

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.

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 2017 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 involvement in F1, it was announced on 29 May 2016 that a deal was signed to supply Renault engines to Red Bull Racing for at least the next two seasons. A further deal was signed with McLaren on 11 September 2017 confirming the supply of Renault engines until 2020. 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 FINANCIAL STATEMENTS Year ended 31 December 2017

1. ACCOUNTING POLICIES (CONTINUED)

The Company's profit for the year was £1.1 million (2016: loss £3.3 million). As at 31 December 2017 the Company had a cash balance of £2.3 million (2016: £2.8 million), net liabilities of £33.6 million (2016: £34.7 million) and net current liabilities of £84.6 million (2016: £73.7 million). The net current liabilities principally arise due to the intercompany loans from Renault Group of £96.4 million (2016: £79.9 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 FINANCIAL STATEMENTS Year ended 31 December 2017

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 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
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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 FINANCIAL STATEMENTS

Year ended 31 December 2017

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 probable 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 FINANCIAL STATEMENTS Year ended 31 December 2017

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 FINANCIAL STATEMENTS Year ended 31 December 2017

2. OPERATING LOSS

	2017	2016
	£000	£000
Operating loss is stated after charging:		
Depreciation of tangible fixed assets	5,217	3,853
Amortisation of intangible assets	591	354
Loss on sale of tangible fixed assets	(199)	(51)
Profit on sale of heritage assets	263	176
Rentals under operating leases		
Land and buildings	70	65
Plant and machinery	725	580
Motor Vehicles	34	284
(Loss)/gain on foreign exchange	(1,067)	572
Auditor's remuneration		
Audit of the financial statements	39	44
Taxation services	-	22
	<u> </u>	<u> </u>

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Average number of persons employed:

	2017	2016
Engineering	301	252
Production	176	143
Administration	129	116
	<u>606</u>	<u>511</u>

	2017	2016
	£000	£000
Staff costs during the year:		
Wages and salaries	35,649	29,066
Social security costs	3,867	3,779
Contributions made to defined contribution plans	213	162
	<u>39,729</u>	<u>33,007</u>

RENAULT SPORT RACING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2017

4. DIRECTORS' REMUNERATION

The directors' remuneration for the year was as follows:

	2017	2016
	£000	£000
Remuneration	316	299
Company contributions to pension plan	21	12
	<u>337</u>	<u>311</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 2017 or 31 December 2016.

The remuneration of the highest paid Director was £316,000 (2016: £299,000), and company pension contributions of £21,000 (2016: £12,000) were made.

5. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2017	2016
	£000	£000
Other interest receivable	18	6
	<u>18</u>	<u>6</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2017	2016
	£000	£000
On bank loans and overdrafts, and other liabilities	-	85
On intercompany loans	2,005	1,601
	<u>2,005</u>	<u>1,686</u>

Interest payable and similar charges includes interest payable and similar on bank loans and overdrafts, this was £nil for 2017 (2016: £85,000). Of the above amount £2,005,000 (2016: £1,601,000) was payable to group undertakings.

RENAULT SPORT RACING LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2017

7. TAXATION

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

	2017 £000	2016 £000
Analysis of tax charge in the period		
UK current tax on income for the period	(148)	251
Adjustment in respect of prior years	(388)	-
Total current tax	<u>(536)</u>	<u>251</u>
Deferred tax		
Origination/reversal of timing differences	-	-
Tax on loss on ordinary activities	<u>(536)</u>	<u>251</u>
Reconciliation of effective tax rate		
	2017	2016
	£000	£000
Profit/(loss) on ordinary activities before tax	<u>569</u>	<u>(2,999)</u>
Tax at 19.25% (2016: 20%) thereon	110	(600)
Effects of:		
Adjustments in respect of prior years	(388)	-
Expenses not deductible for tax purposes	485	985
Rolled over gains	49	-
Deferred tax not provided	(2,249)	(983)
Effects of group relief	803	299
Notional RDEC credit	654	550
Total tax debit for the year	<u>(536)</u>	<u>251</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 tax charge accordingly. The deferred tax asset at 31 December 2017 has been calculated based on these rates.

The Directors continue to review the taxation requirements and liabilities of the company and are confident they are adequately fulfilled and provided.

RENAULT SPORT RACING LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2017

8. INTANGIBLE ASSETS

	Software	Total
	£000	£000
Cost		
At 1 January 2016	9,957	9,957
Additions	567	567
Disposals	-	-
At 31 December 2017	<u>10,524</u>	<u>10,524</u>
Accumulated depreciation		
At 1 January 2016	8,725	8,725
Charge for the year	591	591
Disposals	-	-
At 31 December 2017	<u>9,316</u>	<u>9,316</u>
Net book value		
At 31 December 2017	<u><u>1,208</u></u>	<u><u>1,208</u></u>
At 31 December 2016	<u><u>1,232</u></u>	<u><u>1,232</u></u>

RENAULT SPORT RACING LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2017

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
Cost						
At 1 January 2017	26,993	25,238	21,073	296	9,327	82,927
Additions	3,372	1,378	3,603	177	9,475	18,005
Transfers	3,086	1,543	2,284		(6,913)	-
Disposals	-	(680)	(186)	-	(206)	(1,072)
At 31 December 2017	33,451	27,479	26,774	473	11,683	99,860
Accumulated depreciation						
At 1 January 2017	17,579	14,107	17,321	273	-	49,280
Charge for the year	1,308	1,938	1,931	40	-	5,217
Disposals	-	(316)	(178)	-	-	(494)
At 31 December 2017	18,887	15,729	19,074	313	-	54,003
Net book value						
At 31 December 2017	14,564	11,750	7,700	160	11,683	45,857
At 31 December 2016	9,414	11,131	3,752	23	9,327	33,647

Included in the total for freehold land and buildings is land of £1,220,000 (2016: £1,220,000) which is not depreciated.

The company's plant and machinery assets were professionally re-evaluated at 31st 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 FINANCIAL STATEMENTS Year ended 31 December 2017

10. HERITAGE ASSETS

<i>Valuation</i>	Historic Cars				
	£000				
At 1 January 2017					4,120
Additions					-
Disposals					(140)
At 31 December 2017					<u>3,980</u>
Five-year financial summary of heritage asset transactions					
	2017	2016	2015	2014	2013
	£000	£000	£000	£000	£000
Additions	-	270	215	760	1,140
Disposals	(140)	(85)	(190)	(380)	-
Impairment	-	-	(5,800)	-	-
Total	<u>(140)</u>	<u>185</u>	<u>(5,775)</u>	<u>380</u>	<u>1,140</u>

The Company has a total of 45 historic cars, of which 20 are loaned to sponsors and technical partners on a contractual basis. The remaining 25 are held at either the Company's secure off-site storage (14 cars), or reside at the headquarters in Enstone (11 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 were treated as an addition in the year and, accordingly, the initial addition value was reduced from £190,000 to £90,000 in 2016. For the year ended December 2017 and onwards, the Company will not be adding the retained F1 cars to the heritage asset pool.

11. STOCKS

	2017	2016
	£000	£000
Raw materials and work in progress	<u>7,345</u>	<u>3,351</u>

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

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£000	£000
Trade debtors	3,084	1,089
Amounts due from group undertakings	3,046	1,796
Value added tax	2,130	2,359
Other debtors	120	32
Prepayments and accrued income	18,505	20,254
	<u>26,885</u>	<u>25,530</u>

RENAULT SPORT RACING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £000	2016 £000
Trade creditors	5,788	2,636
Amounts owed to group undertakings	1,263	1,007
Corporation tax	1,309	-
Withholding tax	3,410	3,744
Other taxation and social security	1,798	2,789
Accruals and deferred income	11,311	15,276
Loans	96,291	79,872
	<u>121,170</u>	<u>105,324</u>

14. CREDITORS: AMOUNTS FALLING AFTER MORE THAN ONE YEAR

	2017 £000	2016 £000
Accruals and deferred income	-	-
	<u>-</u>	<u>-</u>

15. INTEREST BEARING LOANS AND BORROWINGS

	2017 £000	2016 £000
Creditors falling due within less than one year		
Intercompany loan	96,291	79,794
Interest on intercompany loan	100	78
	<u>96,391</u>	<u>79,872</u>

Terms and debt repayment schedule

	Principal borrowed £000	Year of maturity	Principal Outstanding	
			2017 £000	2016 £000
Intercompany loan	96,291	2018	96,291	79,794
			<u>96,291</u>	<u>79,794</u>

RENAULT SPORT RACING LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2017

16. DEFERRED TAX ASSETS AND LIABILITIES

Unrecognised deferred tax asset in the period:

	2017 £000	2016 £000
Fixed assets	(1,998)	665
Temporary differences	128	184
Losses	19,422	19,422
	<u>17,552</u>	<u>20,271</u>
Net tax assets	<u>17,552</u>	<u>20,271</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 plan.

The total expense relating to this plan in the current year was £213,000 (2016: £162,000)

18. CALLED UP SHARE CAPITAL

	2017 No. 000's	2016 No. 000's	2017 £000	2016 £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 FINANCIAL STATEMENTS Year ended 31 December 2017

19. PROFIT AND LOSS ACCOUNT

	2017	2016
	£000	£000
Balance at 1 January	(248,425)	(245,175)
Profit/(loss) for the financial year	1,105	(3,250)
Balance at 31 December	<u>(247,320)</u>	<u>(248,425)</u>

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2017	2016
	£000	£000
Profit/(loss) for the year	1,105	(3,250)
Net decrease to shareholders' deficit	<u>1,105</u>	<u>(3,250)</u>
Opening shareholders' deficit	<u>(34,669)</u>	<u>(31,419)</u>
Closing shareholders' deficit	<u>(33,564)</u>	<u>(34,669)</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 FINANCIAL STATEMENTS

Year ended 31 December 2017

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 2017 £000	Fair value 2017 £000	Carrying amount 2016 £000	Fair value 2016 £000
Amounts due from Group undertakings	3	3,046	3,046	1,796	1,796
Total financial assets		3,046	3,046	1,796	1,796
Amounts owed to Group undertakings	3	1,263	1,263	1,007	1,007
Intercompany loan		96,291	96,291	79,872	79,872
Total financial liabilities measured at amortised cost		97,554	97,554	80,879	80,879

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 FINANCIAL STATEMENTS Year ended 31 December 2017

22. FINANCIAL COMMITMENTS

Lease commitments

Non-cancellable operating lease rentals are payable as follows:

	2017 £000	2016 £000
Less than one year	437	774
Between one and five years	749	1,522
More than five years		-
	<u>1,186</u>	<u>2,296</u>

During the year £829,311 was recognised as an expense in the profit and loss account in respect of operating leases (2016: £929,146).

23. RELATED PARTIES

	Sales to		Administrative expenses incurred from	
	2017 £000	2016 £000	2017 £000	2016 £000
Entities with control, joint control or significant influence	-	-	2,005	1,601
Key management personnel of the company or its Parent	-	-	-	-
Other related parties	37,873	28,301	18,229	15,497
	<u>37,873</u>	<u>28,301</u>	<u>20,234</u>	<u>17,098</u>

	Receivables outstanding		Creditors outstanding	
	2017 £000	2016 £000	2017 £000	2016 £000
Entities with control, joint control or significant influence	-	-	96,391	79,872
Key management personnel of the company or its Parent	-	-	-	-
Other related parties	3,046	1,796	1,163	1,007
	<u>3,046</u>	<u>1,796</u>	<u>97,554</u>	<u>80,879</u>

RENAULT SPORT RACING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

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.