

RENAULT SPORT RACING LIMITED

Annual Report and Financial Statements
31 December 2015

TUESDAY



L5B2IAC0

LD6

12/07/2016

#27

COMPANIES HOUSE

RENAULT SPORT RACING LIMITED

REPORT AND FINANCIAL STATEMENTS 2015

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
Cash flow statement	11
Notes to the accounts	12-30

STRATEGIC REPORT

The Directors present their strategic report of the company for the year ended 31 December 2015.

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

2014 was the first season run to new power unit regulations and proved to be a challenging season for the Team. Where there had been race wins in the previous two seasons, the season-best result was a brace of eighth places for Romain Grosjean and a ninth position for Pastor Maldonado. The Team finished in eighth position in the Constructors' Championship, whereas the previous year it had been fourth. 2015 was an improvement to sixth in the Constructors' Championship with a best result of third position at the Belgian Grand Prix for Romain Grosjean.

The Company's strategy for 2016 is to reconstruct the Company with the right level of spend, investment and new working practises to reflect Renault's long term sporting ambitions and strict business plan. On track, improved performance is expected to be achieved in the second half of the season, however, due to the handicap resulting from the lack of development during the 2015 season, the Team do not expect to improve on the prior year's Championship position.

On 3 December 2015, Gravity Motorsports SARL and Genii Capital S.A. entered into a Share Purchase Agreement with Grigny (UK) Limited, a subsidiary of Renault SA, which resulted in (a) the purchase of 6,744,444 shares from Whiterock Alliance Ltd, thus becoming the legal and beneficial title holder to the entire issued and fully paid share capital of the Company; (b) subscribing to new shares in the Company while waiving its shareholders loans to the Company, and (c) selling 90% of the then fully paid share capital to Grigny (UK) Limited for a consideration of £1. The transaction completed on 18th December 2015 and the ultimate parent company is now Renault S.A. In accordance with the takeover, the Team changed its name on 3rd February 2016 to Renault Sport Racing Limited.

BUSINESS ENVIRONMENT

Turnover for the year, comprising mainly of sponsorship income and prize money, was £78.4 million (2014: £114.7 million) and the loss after taxation for the financial year was £57.0 million (2014: loss £5.8 million).

The increase in financial loss relates to a number of points, some of which are considered not to be ongoing transactions and therefore, a better result is expected in 2016. Turnover reduced by £36.3 million, this relates predominantly to a reduction in sponsorship for the year. Cost of sales have fallen by £11.0 million which broadly recognises the difficult season and associated budgetary constraints faced by the Company during the year up until the takeover in December 2015. Operating expenses have increased by £6.7 million, largely related to the impairment of fixed assets and heritage assets. Financing costs rose vastly from £1.7 million to £22.0 million, there has been a considerable change to the debt structure during 2015 and this cost is expected to fall in 2016, attributing to the overall expected improved financial results.

The balance sheet on page 9 of the financial statements shows a positive movement in shareholders' funds of £76.1 million. This represents the capitalisation of existing intercompany loans upon Renault S.A.'s acquisition and the waiver of interest related to these loans and other intercompany creditors.

The Team contests the 2016 Formula One World Championship under the title Renault Sport Formula One Team with a new driver line-up of Kevin Magnussen and Jolyon Palmer and Esteban Ocon as Third and Reserve Driver.

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 TV prize money in the following season, as well as generally impacting on the Company's ability to generate sponsorships in the future.

- 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 overdraft facilities, 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

30th June 2016

Cyril Abiteboul



Director

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2015.

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 (2014: £nil). The loss for the year of £57.0 million (2014: loss £5.8 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 (appointed 18 December 2015)
T Cognet (appointed 18 December 2015)
T Bollore (appointed 18 December 2015)
C Abiteboul (appointed 18 December 2015)
G Lopez
E Lux (resigned 18 December 2015)
A Ruhan (resigned 18 December 2015)
B Mercer (Company Secretary)

CHARITABLE DONATIONS

The Company made nil (2014: 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

Cyril Abiteboul

3rd June 2016


Director

RENAULT SPORT RACING LIMITED

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 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 (formerly Lotus F1 Team Limited) for the year ended 31 December 2015 set out on pages 8 to 30. 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 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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.

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 2015 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 matter prescribed by the Companies Act 2006

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

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 **7 July 2016**

RENAULT SPORT RACING LIMITED

PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDING 31 DECEMBER 2015

	Note	2015 £000	2014 £000
TURNOVER	1	78,359	114,682
Cost of sales		(89,469)	(100,468)
GROSS (LOSS) / PROFIT		(11,110)	14,214
Administration expenses		(22,966)	(16,224)
OPERATING LOSS	2	(34,076)	(2,010)
Other interest receivable and similar income	4	-	1
Interest payable and similar charges	5	(22,033)	(1,652)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(56,109)	(3,661)
Tax on loss on ordinary activities	6	(885)	(2,092)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED FOR THE FINANCIAL YEAR	17	(56,994)	(5,753)

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 12 to 30 form part of these financial statements.

RENAULT SPORT RACING LIMITED

BALANCE SHEET

Registered No: 1806337

Year ended 31 December 2015

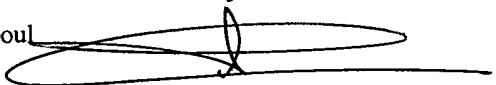
	Note	2015	2014
		£000	£000
FIXED ASSETS			
Tangible assets	7	23,276	36,088
Heritage Assets	8	3,935	9,710
		<u>27,211</u>	<u>45,798</u>
CURRENT ASSETS			
Stocks	9	6,321	10,527
Debtors	10	13,689	34,505
Cash at bank and in hand		3,949	65
		<u>23,959</u>	<u>45,097</u>
CREDITORS: amounts falling due within one year	11	<u>(82,589)</u>	<u>(193,339)</u>
NET CURRENT LIABILITIES		<u>(58,630)</u>	<u>(148,242)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(31,419)</u>	<u>(102,444)</u>
CREDITORS: amounts falling due after one year	12	<u>-</u>	<u>(5,037)</u>
NET LIABILITIES		<u>(31,419)</u>	<u>(107,481)</u>
CAPITAL AND RESERVES			
Called up share capital	16	158,346	67,444
Share premium	16	13,256	13,256
Capital contribution reserves	18	42,154	-
Profit and loss account	17	(245,175)	(188,181)
EQUITY SHAREHOLDERS' DEFICIT	18	<u>(31,419)</u>	<u>(107,481)</u>

The notes on pages 12 to 30 form part of these financial statements.

These financial statements were approved by the Board of Directors on

On behalf of the board

Cyril Abiteboul

30th June 2016


Director

RENAULT SPORT RACING LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2015

	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 2014	60,700	-	-	(171,590)	(110,890)
Effect of change in accounting policy	-	-	-	(10,838)	(10,838)
Balance at 1 January 2014 restated	60,700	-	-	(182,428)	(121,728)
Total comprehensive income for the period					
Profit or loss	-	-	-	(5,753)	(5,753)
Total comprehensive income for the period	-	-	-	(5,753)	(5,753)
Transactions with owners, recorded directly in equity					
Issue of shares	6,744	13,256	-	-	20,000
Balance at 31 December 2014	67,444	13,256	-	(188,181)	(107,481)
Total comprehensive income for the period					
Profit or loss	-	-	-	(56,994)	(56,994)
Total comprehensive income for the period	-	-	-	(56,994)	(56,994)
Issue of shares	90,902	-	-	-	90,902
Total contributions by and distributions to owners	-	-	42,154	-	42,154
Balance at 31 December 2015	158,346	13,256	42,154	(245,175)	(31,419)

RENAULT SPORT RACING LIMITED

CASH FLOW STATEMENT

Year ended 31 December 2015

	Note	2015		2014	
		£000	£000	£000	£000
Net cash outflow from operating activities	22		(40,424)		(14,254)
Cash flows from investing activities					
Payments to acquire tangible fixed assets		(195)		(247)	
Receipts from sales of tangible fixed assets		10		351	
Payments to acquire heritage assets		(215)		(760)	
Receipts from sales of heritage assets		-		125	
			(400)		(531)
Net cash from investing activities			(40,824)		(14,785)
Cash flows from financing activities					
Issue of ordinary share capital	22	-		20,000	
Interest paid		(255)		(980)	
Net movement in short term borrowings	22	44,963		(5,052)	
Net movement in long term borrowings	22	-		-	
			44,963		13,968
Decrease in cash and cash equivalents			3,884		(816)
Reconciliation of net cash flow to movement in net debt					
Increase/(Decrease) in cash			3,884		(816)
Cash (inflow)/outflow from (increase)/decrease in loans			(44,963)		5,052
Change in net debt resulting from cash flows			(41,079)		4,236
Change in net debt resulting from non-cash movements			107,168		(671)
Movement in net debt			66,089		3,565
Net debt at 1 January 2015			(120,315)		(123,880)
Net debt at 31 December 2015			(54,226)		(120,315)

RENAULT SPORT RACING LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2015

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 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

In the transition to FRS 102 from old UK GAAP, the Company has made measurement and recognition adjustments. An explanation of how the transition to FRS 102 has affected financial position and financial performance of the Company is provided in note 25.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102. The following exemptions have been taken in these financial statements:

- Fair value or revaluation as deemed cost – The previous GAAP revaluation at transition date has been used as deemed cost for plant and machinery fixed assets.

The Company's ultimate parent undertaking Renault S.A. will include the Company in its consolidated financial statements from 1 January 2016. The Company, therefore, proposes to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note

Change in accounting policy/prior period adjustment

In these financial statements the Company has changed its accounting policies in the following areas:

- Stock: Prior to 2015 the Company capitalised all development overhead relating to the future year car. From 1 January 2015 the Company has decided to expense all costs in relation to this. The impact of this on the financial statements has been a reduction to the closing stock balance in 2015 of £8.0 million (2014 closing: £10.8 million and 2014 opening: £9.2 million) and a decrease to cost of sales of £2.8 million in 2014 (2013: increase of £1.6 million).

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 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 next 5 years.

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 2015

1. ACCOUNTING POLICIES (CONTINUED)

The Company's loss for the year was £57.0 million (2014: £5.8 million). As at 31 December 2015 the Company had a cash balance of £3.9 million (2014: £0.1million), net liabilities of £31.4 million (2014: £107.5 million)

and net current liabilities of £58.6 million (2014: £148.2 million). The net current liabilities principally arise due to the intercompany loans from Renault Group of £57.4 million, and whilst these 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 102, 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 2015

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.

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 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.

RENAULT SPORT RACING LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2015

1. ACCOUNTING POLICIES (CONTINUED)

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.

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 recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Turnover

Turnover principally comprises sponsorship income and prize money. Sponsorship receipts are credited to the profit and loss account over the period of the sponsorship 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.

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.

RENAULT SPORT RACING LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2015

1. ACCOUNTING POLICIES (CONTINUED)

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.

2. OPERATING LOSS

Operating loss	2015	2014
is stated after charging:	£000	£000
Depreciation	4,699	5,221
Loss on disposal of assets under construction	2,522	-
Impairment of plant and machinery	4,981	-
(Loss)/profit on sale of tangible fixed assets	(7)	7
Impairment of heritage assets	5,800	-
(Loss) on sale of heritage assets	(190)	(255)
Rentals under operating leases		
Land and buildings	47	46
Plant and machinery	728	974
Motor Vehicles	173	60
Gain on foreign exchange	1,334	1,709
Auditor's remuneration		
Audit of the financial statements	40	41
Taxation services	49	48
	<u> </u>	<u> </u>

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:

	2015	2014
Engineering	239	236
Production	129	126
Administration	107	102
	<u> </u>	<u> </u>
	<u>475</u>	<u>464</u>

RENAULT SPORT RACING LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2015

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (CONTINUED)

	2015 £000	2014 £000
Staff costs during the year:		
Wages and salaries	26,866	24,870
Social security costs	3,977	3,383
Contributions made to defined contribution plans	138	122
	<u>30,981</u>	<u>28,375</u>

4. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2015 £000	2014 £000
Other interest receivable	-	1
	<u>-</u>	<u>1</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2015 £000	2014 £000
On bank loans and overdrafts, and other loans, repayable within five years	2,173	1,652
On intercompany loans, repayable within five years	19,860	-
	<u>22,033</u>	<u>1,652</u>

Interest payable and similar charges includes interest payable and similar on bank loans and overdrafts of £535,000 (2014: £67,000) and on all other loans of £1,638,000 (2014: £1,585,000). Of the above amount £19,877,000 (2014: £0) was payable to group undertakings.

RENAULT SPORT RACING LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2015

6. TAXATION

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

	2015 £000	2014 £000
Analysis of tax charge in the period		
UK current tax on income for the period	946	2,092
Foreign current tax on income for the period	(61)	-
	<u>885</u>	<u>2,092</u>
Total current tax	<u>885</u>	<u>2,092</u>
Deferred tax		
Origination/reversal of timing differences	-	-
	<u>885</u>	<u>2,092</u>
Tax on loss on ordinary activities	<u>885</u>	<u>2,092</u>
Reconciliation of effective tax rate		
	2015	2014
	£000	£000
Loss on ordinary activities before tax	<u>(56,109)</u>	<u>(3,661)</u>
Tax at 20.25% (2014: 21.49%) thereon	(11,362)	(787)
Effects of:		
Expenses not deductible for tax purposes	11,735	3,631
Movement in tax losses	(331)	(2,670)
Short term timing differences	-	(17)
Overseas tax suffered	(61)	-
Impact of rate change on current year deferred tax credit/charge	(42)	(157)
Write-off of notional RDEC credit	946	2,092
Total tax debit for the year	<u>885</u>	<u>2,092</u>

Factors affecting future tax charges

From 1 April 2014 the main rate of corporation tax was 21% and from 1 April 2015 this was reduced to 20%. Accordingly, current tax has been measured at the hybrid rate of 20.25%. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 19% from 01 April 2017 and 18% from 01 April 2020. This will reduce any future current tax charge accordingly. The deferred tax at 31 December 2015 has been calculated based on the rate of 18% being the rate substantively enacted at the balance sheet date.

RENAULT SPORT RACING LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2015

7. 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 2015	25,329	23,349	28,237	489	4,205	81,609
Additions	-	-	188	7	-	195
Transfers	-	-	16	-	(16)	-
Disposals	-	-	(1,110)	-	(3,310)	(4,420)
At 31 December 2015	25,329	23,349	27,331	496	879	77,384
Accumulated depreciation						
At 1 January 2015	15,205	5,361	24,712	243	-	45,521
Charge for the year	1,237	2,153	1,186	123	-	4,699
Disposals	-	-	(1,093)	-	-	(1,093)
Impairment	-	4,981	-	-	-	4,981
At 31 December 2015	16,442	12,495	24,805	366	-	54,108
Net book value						
At 31 December 2015	8,887	10,854	2,526	130	879	23,276
At 31 December 2014	10,124	17,988	3,525	246	4,205	36,088

Included in the total for freehold land and buildings is land of £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 has been treated as an impairment as shown in the table above. On transition to FRS 102 the Company has 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 2015

8. HERITAGE ASSETS

<i>Valuation</i>	Historic Cars £000
At 1 January 2015	9,710
Additions	215
Disposals	(190)
Impairment	(5,800)
	<u>3,935</u>
At 31 December 2015	<u><u>3,935</u></u>

Five year financial summary of heritage asset transactions

	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Additions	215	760	1,140	1,450	760
Disposals	(190)	(380)	-	-	-
Impairment	(5,800)				
	<u>(5,775)</u>	<u>380</u>	<u>1,140</u>	<u>1,450</u>	<u>760</u>
Total	<u><u>(5,775)</u></u>	<u><u>380</u></u>	<u><u>1,140</u></u>	<u><u>1,450</u></u>	<u><u>760</u></u>

The Company has a total of 46 historic cars, of which 9 are loaned to sponsors and technical partners on a contractual basis. The remaining 37 are held at either the Company's secure off-site storage (13 cars), or reside at the headquarters in Enstone (24 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 has been identified and recognised in the profit and loss. 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 £55,000.

9. STOCKS

	2015 £000	2014 £000
Raw materials and work in progress	<u>6,321</u>	<u>10,527</u>

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

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £000	2014 £000
Trade debtors	148	2,855
Amounts due from group undertakings	82	250
Value added tax	1,459	-
Other debtors	92	261
Prepayments and accrued income	<u>11,908</u>	<u>31,139</u>
	<u><u>13,689</u></u>	<u><u>34,505</u></u>

RENAULT SPORT RACING LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2015

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £000	2014 £000
Trade creditors	277	14,835
Amounts owed to group undertakings	5,121	7,608
Withholding tax	51	256
Value added tax	-	249
Other taxation and social security	3,270	3,784
Accruals and deferred income	15,695	46,228
Loans	58,175	120,379
	<u>82,589</u>	<u>193,339</u>

12. CREDITORS: AMOUNTS FALLING AFTER MORE THAN ONE YEAR

	2015 £000	2014 £000
Accruals and deferred income	-	5,037
	<u>-</u>	<u>5,037</u>

13. INTEREST BEARING LOANS AND BORROWINGS

	2015 £000	2014 £000
Creditors falling due within less than one year		
Intercompany loan	57,364	84,014
Interest on intercompany loan	-	14,162
Other loans	-	20,100
Interest on other loans	-	2,104
	<u>57,364</u>	<u>120,380</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	
			2015 £000	2014 £000
Intercompany loan 1	90,902	2015	-	84,013
Intercompany loan 2	57,364	2016	57,364	-
Other loan	30,000	2015	-	20,100
			<u>57,364</u>	<u>104,113</u>

RENAULT SPORT RACING LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2015

14. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2015 £000	2014 £000	2015 £000	2014 £000	2015 £000	2014 £000
Accelerated capital allowances	-	-	-	(1,988)	(3,413)	(1,988)
Unused tax losses	-	1,988	-	-	3,413	1,988
Net tax (assets) / liabilities	-	1,988	-	(1,988)	-	-

In addition to the deferred tax asset above, the Company has additional unrecognised gross tax losses of £22,738,002 (2014: £23,735,493). A deferred tax asset has not been recognised in the financial statements due to its future economic benefit being uncertain.

15. DEFINED CONTRIBUTION PLANS

The Company operates a defined contribution pension plans.

The total expense relating to this plans in the current year was £138,000 (2014: £121,914)

16. CALLED UP SHARE CAPITAL

	2015 No. 000's	2014 No. 000's	2015 £000	2014 £000
Allotted, called-up and fully paid Ordinary shares	158,346	67,444	158,346	67,444
Share premium	-	-	13,256	13,256
	<u>158,346</u>	<u>67,444</u>	<u>171,602</u>	<u>80,700</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 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.

RENAULT SPORT RACING LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2015

17. PROFIT AND LOSS ACCOUNT

	2015	2014
	£000	£000
Balance at 1 January	(188,181)	(182,428)
Loss for the financial year	(56,994)	(5,753)
Balance at 31 December	<u>(245,175)</u>	<u>(188,181)</u>

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2015	2014
	£000	£000
Loss for the year	(56,994)	(5,753)
Increase in share capital	90,902	6,744
Increase in share premium	-	13,256
Increase in capital contribution reserves	42,154	-
Net decrease to shareholders' deficit	76,062	14,247
Opening shareholders' deficit	<u>(107,481)</u>	<u>(121,728)</u>
Closing shareholders' deficit	<u>(31,419)</u>	<u>(107,481)</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 2015

19. FINANCIAL INSTRUMENTS

Fair values of financial instruments

Set out in the table below are the carrying values and fair values of all of the Company's financial instruments at 31 December 2015 and 31 December 2014.

	Fair value		Carrying value	
	2015	2014	2015	2014
	£000	£000	£000	£000
Financial Assets – loans and debtors				
Trade debtors	148	2,855	148	2,855
Other debtors	92	261	92	261
Cash and cash equivalents	3,949	65	3,949	65
	<u>4,189</u>	<u>3,181</u>	<u>4,189</u>	<u>3,181</u>
Financial Liabilities				
Trade creditors	277	14,835	277	14,835
Short-term Loans	58,175	120,379	58,175	120,379
	<u>58,452</u>	<u>135,214</u>	<u>58,452</u>	<u>135,214</u>

The following assumptions were used to estimate the fair values:

Trade and other receivables - these are carried at amortised cost using the year end exchange rate and fair value is deemed to be the same as this.

Cash and cash equivalents - approximate to the carrying amounts stated in the accounts.

Trade payables - these are carried at amortised cost using the year end exchange rate and fair value is deemed to be the same as this.

Loans - approximates to the carrying amount because of the short maturity of these instruments. Interest is calculated at the rate stated in the contract and is not discounted as it is due within less than one year.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and sponsors. Policies and procedures exist to ensure that the trade debtors have an appropriate credit history. Overall, the Company considers that it is not exposed to a significant amount of credit risk.

Foreign exchange risk

The Company receives the majority of its income in foreign currencies. The risk of interest rate fluctuations is minimised through the use of the Group dedicated treasury department who manage cash pooling and foreign currency hedging.

Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its financial obligations as they fall due. The Company closely monitors cash flow to ensure sufficient liquidity is available to meet foreseeable needs. If there is a risk of a shortage in funds the maturity of financial liabilities within the Group is altered to mitigate this.

RENAULT SPORT RACING LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2015

20. FINANCIAL COMMITMENTS

Lease commitments

Non-cancellable operating lease rentals are payable as follows:

	2015 £000	2014 £000
Less than one year	319,473	393,667
Between one and five years	261,650	797,166
More than five years	-	-
	<u>581,123</u>	<u>1,190,833</u>

During the year £947,662 was recognised as an expense in the profit and loss account in respect of operating leases (2014: £1,079,791).

21. RELATED PARTIES

	Sales to		Administrative expenses incurred from	
	2015 £000	2014 £000	2015 £000	2014 £000
Entities with control, joint control or significant influence	857	538	399	2,215
Key management personnel of the company or its Parent	-	-	-	-
Other related parties	-	-	-	-
	<u>857</u>	<u>538</u>	<u>399</u>	<u>2,215</u>
	Receivables outstanding		Creditors outstanding	
	2015 £000	2014 £000	2015 £000	2014 £000
Entities with control, joint control or significant influence	82	257	62,485	82,853
Key management personnel of the company or its Parent	-	-	-	-
Other related parties	-	146	-	8,155
	<u>82</u>	<u>403</u>	<u>62,485</u>	<u>91,008</u>

RENAULT SPORT RACING LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2015

22. NOTES TO THE STATEMENT OF CASH FLOWS

a) Reconciliation of operating loss to net cash inflow from operating activities

	2015		2014	
	£000	£000	£000	£000
Loss for the year		(56,994)		(5,753)
Depreciation of tangible fixed assets	4,699		5,221	
Loss on sale/disposal of heritage assets	190		255	
Impairment of tangible fixed assets	4,981		-	
Impairment of heritage assets	5,800		-	
Interest receivable and similar income	-		(1)	
Interest payable and similar charges	22,033		1,652	
Taxation	885		2,092	
Decrease/(Increase) in stocks	4,206		(6,094)	
Decrease in debtors	20,815		6,099	
Decrease in creditors	(49,471)		(15,627)	
Loss/(Profit) on sale/disposal of fixed tangible assets	3,317		(7)	
Interest received	-		1	
Tax paid	(885)		(2,092)	
		<u>16,570</u>		<u>(8,500)</u>
Net cash outflow from operating activities		<u>(40,424)</u>		<u>(14,253)</u>

b) Analysis of net debt

	1 January 2015 £000	Cash Flow £000	Non-cash Movement £000	At 31 December 2014 £000
Cash at bank and in hand	65	3,884	-	3,949
Loans	(120,380)	(44,963)	107,168	(58,175)
	<u>(120,315)</u>	<u>(41,079)</u>	<u>107,168</u>	<u>(54,226)</u>

RENAULT SPORT RACING LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2015

22. NOTES TO THE STATEMENT OF CASH FLOWS CONTINUED

c) Analysis of net movement in borrowings

	2015		2014	
	£000	£000	£000	£000
Balance at 1 January		120,380		124,761
Repayments of borrowing	(25,683)		(9,268)	
New loans: Group	83,988		3,683	
New loans: Third party	7,864		1,204	
Restructure of group borrowings	(124,800)		-	
Loans & interest discounted in the year	(3,574)		-	
Cash flow movement		<u>(62,205)</u>		<u>(4,381)</u>
Balance at 31 December		<u>58,175</u>		<u>120,380</u>

23. ULTIMATE PARENT COMPANY

The Company is a subsidiary undertaking of Grigny (UK) Limited. The ultimate controlling party is Renault S.A. at 13-15 Quai Alphonse le Gallo, 92100 Boulogne-Billancourt, France.

24. 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.

RENAULT SPORT RACING LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2015

25. EXPLANATION OF TRANSITION TO FRS102 FROM OLD UK GAAP

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 December 2015 and the comparative information presented in these financial statements for the year ended 31 December 2014.

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

Reconciliations provided shall, to the extent practicable, distinguish the correction of errors from changes in accounting policies.

RENAULT SPORT RACING LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2015

25. EXPLANATION OF TRANSITION TO FRS102 FROM OLD UK GAAP (CONTINUED)

Reconciliation of equity

	Note	2014			2015				
		UK GAAP £000	Effect of transition to FRS 102 £000	Prior period restatement £000	FRS 102 £000	UK GAAP £000	Effect of transition to FRS 102 £000	Prior period restatement £000	FRS 102 £000
Fixed assets									
Tangible fixed assets		41,408	-	-	41,408	36,088	-	-	36,088
Heritage assets		9,330	-	-	9,330	9,710	-	-	9,710
		<u>50,738</u>	<u>-</u>	<u>-</u>	<u>50,738</u>	<u>45,798</u>	<u>-</u>	<u>-</u>	<u>45,798</u>
Current assets									
Stocks	a	15,272	-	(10,838)	4,434	18,565	-	(8,038)	10,527
Debtors (due with one year)		40,604	-	-	40,604	34,505	-	-	34,505
Cash at bank and in hand		881	-	-	881	65	-	-	65
		<u>56,757</u>	<u>-</u>	<u>(10,838)</u>	<u>45,919</u>	<u>53,135</u>	<u>-</u>	<u>(8,038)</u>	<u>45,097</u>
Creditors: amounts due within one year		(209,830)	-	-	(209,830)	(193,339)	-	-	(193,339)
Net current liabilities		<u>(153,073)</u>	<u>-</u>	<u>(10,838)</u>	<u>(163,911)</u>	<u>(140,204)</u>	<u>-</u>	<u>(8,038)</u>	<u>(148,242)</u>
Total assets less current liabilities		<u>(102,335)</u>	<u>-</u>	<u>(10,838)</u>	<u>(113,173)</u>	<u>(94,406)</u>	<u>-</u>	<u>(8,038)</u>	<u>(102,444)</u>
Creditors: amounts falling due after more than one year		(8,555)	-	-	(8,555)	(5,037)	-	-	(5,037)
Net liabilities		<u>(110,890)</u>	<u>-</u>	<u>(10,838)</u>	<u>(121,728)</u>	<u>(99,443)</u>	<u>-</u>	<u>(8,038)</u>	<u>(107,481)</u>
Capital and reserves									
Called up share capital		60,700	-	-	60,700	67,444	-	-	67,444
Share premium account		-	-	-	-	13,256	-	-	13,256
Revaluation reserve	b	15,808	(15,808)	-	-	15,098	(15,098)	-	-
Profit and loss account	a, b	(187,398)	15,808	(10,838)	(182,428)	(195,241)	15,098	(8,038)	(188,181)
Shareholders' equity		<u>(110,890)</u>	<u>-</u>	<u>(10,838)</u>	<u>(121,728)</u>	<u>(99,443)</u>	<u>-</u>	<u>(8,038)</u>	<u>(107,481)</u>

Notes to the reconciliation of equity

Explanation of reconciling items in table above.

- a) The Company made a change to the accounting policy on the treatment of development overhead. Any future period development was previously deferred within stock, this is now all written off in the year the expense is incurred.

RENAULT SPORT RACING LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2015

25. EXPLANATION OF TRANSITION TO FRS102 FROM OLD UK GAAP (CONTINUED)

- b) The Company has chosen to take the transition option of taking the valuation at the date of transition as the deemed cost.

Reconciliation of loss for 2014

	Note	Adopted UK GAAP £000	2014 Effect of transition to FRS 102 £000	Prior period restatement £000	FRS 102 £000
Turnover		114,682	-	-	114,682
Cost of sales	a	(103,268)	-	2,800	(100,468)
Gross profit		11,414	-	2,800	14,214
Administrative expenses		(16,224)	-	-	(16,224)
Operating (loss) / profit		(4,810)	-	2,800	(2,010)
Other interest receivable and similar income		1	-	-	1
Interest payable and similar charges		(1,652)	-	-	(1,652)
Loss on ordinary activities before taxation		(6,461)	-	2,800	(3,661)
Tax on loss on ordinary activities		(2,092)	-	-	(2,092)
Loss for the year		(8,553)	-	2,800	(5,753)

Notes to the reconciliation of loss

- a) The Company made a change to the accounting policy on the treatment of development overhead. Any future period development was previously deferred within stock, this is now all written off in the year the expense is incurred.