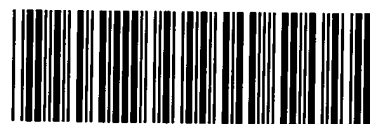


LOTUS F1 TEAM LIMITED

Report and Financial Statements

31 December 2014

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LOTUS F1 TEAM LIMITED

REPORT AND FINANCIAL STATEMENTS 2014

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STRATEGIC REPORT

The Directors present their strategic report of the company for the year ended 31 December 2014.

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 company has been going through a commercial and sporting restructuring phase over the last few seasons and has most notably, changed engine supplier from Renault to Mercedes for the start of the 2015 championship.

The Company's strategy for 2015 is to regain its position as one of the top 5 teams of the FIA Formula One World Championship.

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, according to which it shall (a) purchase 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) subscribe to new shares in the Company while waiving its shareholders loans to the Company, and (c) sell 90% of the then fully paid share capital to Grigny (UK) Limited for a consideration of £1.

BUSINESS ENVIRONMENT

Turnover for the year, comprising mainly of sponsorship income and prize money, was £114.7 million (2013: £92.7 million) and the loss after taxation for the financial year was £8.6 million (2013: loss £64.9 million). This is an excellent financial result for the Company and confirms the cost savings that were anticipated at the start of 2014.

The reduction in financial loss is due to a number of points. The most significant being a rise in turnover (£22.0m) through increased sponsorship income and the introduction of the research and development expenditure credit scheme. There has also been a dramatic fall in financing costs (£13.8 million), as well as cost savings made as a result of the organisational restructure in February 2014.

Following a tough 2014 in terms of on track results, the Team changed Power Unit supplier for 2015 and the fruits of this change were instantly seen in terms of performance and reliability. After the strong seasons in 2012 and 2013 where race wins were achieved, 2015 has seen a return to regular points scoring finishes.

The driver line-up remains as 2014 with Romain Grosjean and Pastor Maldonado as the team's Race Drivers, with Jolyon Palmer joining as Third and Reserve Driver. As the second season under the new hybrid power racing regulations, and the first for the Team with a new Power Unit supplier, the Company is attractive in its offering to potential partners with numerous discussions ongoing. The Company is notably in discussion with several parties for a long term title sponsorship.

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.

STRATEGIC REPORT

- 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

Eric Lux

Director


8 December 2015

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2014.

DIVIDENDS AND TRANSFERS TO RESERVES

The directors do not recommend the payment of a dividend (2013: £nil). The loss for the year of £8.6 million (2013: loss £64.9 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:

G Lopez

E Lux

A Ruhan

B Mercer (Company Secretary)

CHARITABLE DONATIONS

The Company made nil (2013: 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.

GOING CONCERN

The Accounts have been prepared on the going concern basis as it is anticipated that the owners, and prospective future owners, will continue to support the operation of the company as a Formula 1 team for the foreseeable future. However there is a material uncertainty with regard to the company continuing as a going concern. Further information is provided in note 1.

DIRECTORS' REPORT**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

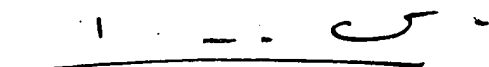
So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the group's auditor, 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.

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 8 December 2015

Eric Lux



Director

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 the directors have elected to prepare the financial statements in accordance with (United Kingdom Accounting Standards and applicable law), (UK Generally Accepted Accounting Practice). 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 judgments and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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 are also responsible for safeguarding the assets of the company and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.



KPMG LLP

58 Clarendon Road
Watford
WD17 1DE
United Kingdom

Independent auditor's report to the members of Lotus F1 Team Limited

We have audited the financial statements of Lotus F1 Team Limited for the year ended 31 December 2014 set out on pages 8 to 23. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 2014 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.

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in Note 1 to the financial statements concerning the Company's ability to continue as a going concern. The Company is reliant on the support of its current parent company. Following the signing, by the parent company, of a contingent sale and purchase agreement dated 3 December 2015, the Directors expect the conditions to be achieved and the ultimate parent undertaking to change to Renault SA from (or around) 16 December 2015, whereupon the company will be reliant on the support of the Renault group. However, if this transaction does not complete as planned, the Company will continue to be reliant on the support of its current parent. Given the impending cash flow requirements, future car development costs and outstanding liabilities the existing parent company support may not be sufficient and would affect the ability of the Company to repay its creditors and service its loans. These conditions, along with other matters explained in Note 1, indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

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

9 December 2015

LOTUS F1 TEAM LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING 31 DECEMBER 2014

	Note	2014 £000's	2013 £000's
TURNOVER	1	114,682	92,684
Cost of sales		<u>(103,268)</u>	<u>(122,919)</u>
GROSS PROFIT/(LOSS)		11,414	(30,235)
Administration expenses		<u>(16,224)</u>	<u>(19,152)</u>
OPERATING LOSS	5	(4,810)	(49,387)
Other interest receivable and similar income	3	1	-
Interest payable and similar charges	4	<u>(1,652)</u>	<u>(15,517)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(6,461)	(64,904)
Tax on loss on ordinary activities	6	<u>(2,092)</u>	<u>(10)</u>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED FOR THE FINANCIAL YEAR	15	<u>(8,553)</u>	<u>(64,914)</u>

The notes on pages 12 to 24 form part of these financial statements.

All activities derive from continuing operations

LOTUS F1 TEAM LIMITED

BALANCE SHEET

Registered No: 1806337

Year ended 31 December 2014

	Note	2014	2013
		£000's	£000's
FIXED ASSETS			
Tangible assets	7	36,088	41,408
Heritage Assets	8	9,710	9,330
		<u>45,798</u>	<u>50,738</u>
CURRENT ASSETS			
Stocks	9	18,565	15,272
Debtors	10	34,505	40,604
Cash at bank and in hand		65	881
		<u>53,135</u>	<u>56,757</u>
CREDITORS: amounts falling due within one year	11	<u>(193,339)</u>	<u>(209,830)</u>
NET CURRENT LIABILITIES		<u>(140,204)</u>	<u>(153,073)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(94,406)</u>	<u>(102,335)</u>
CREDITORS: amounts falling due after one year	13	<u>(5,037)</u>	<u>(8,555)</u>
NET LIABILITIES		<u>(99,443)</u>	<u>(110,890)</u>
CAPITAL AND RESERVES			
Called up share capital	14	67,444	60,700
Share premium	14	13,256	-
Revaluation reserve	17	15,098	15,808
Profit and loss account	15	<u>(195,241)</u>	<u>(187,398)</u>
EQUITY SHAREHOLDERS' DEFICIT	16	<u>(99,443)</u>	<u>(110,890)</u>

The notes on pages 12 to 23 form part of these financial statements.

These financial statements were approved by the Board of Directors on

8 December 2015

On behalf of the board

Eric Lux

Director

LOTUS F1 TEAM LIMITED

NOTE OF HISTORICAL COST PROFIT AND LOSSES AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Year ended 31 December 2014

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	2014 £000's	2013 £000's
Reported loss on ordinary activities before taxation	(6,461)	(64,904)
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	710	1,089
Historical cost loss on ordinary activities before tax	(5,751)	(63,815)
Historical cost loss on ordinary activities after tax	(7,843)	(63,825)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2014 £000's	2013 £000's
Loss for the financial year	(8,553)	(64,914)
Unrealised surplus on revaluation of fixed assets	-	-
Total recognised losses relating to the financial year	(8,553)	(64,914)

The notes on pages 12 to 23 form part of these financial statements.

LOTUS F1 TEAM LIMITED

CASH FLOW STATEMENT

Year ended 31 December 2014

	Note	2014 £000's	2013 £000's
Net cash outflow from operating activities	19	(12,162)	(23,983)
Returns on investment and servicing of finance			
Interest received	1	-	-
Interest paid		(980)	(2,558)
		(979)	(2,558)
Taxation			
Foreign corporation tax paid		(2,092)	(10)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(247)	(1,964)
Receipts from sales of tangible fixed assets		351	574
Payments to acquire heritage assets		(760)	(1,140)
Receipts from sales of heritage assets		125	-
		(531)	(2,530)
Net cash outflow before management of liquid resources and financing		(15,764)	(29,081)
Financing			
Issue of ordinary share capital	14	20,000	-
Net movement in short term borrowings	19	(5,052)	49,267
Net movement in long term borrowings	19	-	(21,000)
		14,948	28,267
Decrease in cash		(816)	(814)
Reconciliation of net cash flow to movement in net debt			
Decrease in cash		(816)	(814)
Cash inflow from increase in loans		5,052	(28,267)
Change in net debt resulting from cash flows		4,236	(29,081)
Change in net debt resulting from non-cash movements		(671)	(12,959)
Movement in net debt		3,565	(42,040)
Net debt at 1 January		(123,880)	(81,840)
Net debt at 31 December		(120,315)	(123,880)

The notes on pages 12 to 23 form part of these financial statements.

NOTES TO THE ACCOUNTS

Year ended 31 December 2014

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Basis of preparation

Going concern

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

The Company has historically been reliant on support from its ultimate parent company, Genii Capital SA, which has been provided in the form of Group Loans.

Following the signing, by the parent company, of a contingent sales and purchase agreement dated 3rd December 2015 ('the transaction'), the Directors expect the parent undertaking to change to Grigny (UK) Limited, a subsidiary of Renault SA, from (or around) 16 December 2015. The completion of the sale is subject to a list of conditions set out in the sale and purchase agreement. Whilst the directors expect these conditions precedent to be met prior to 16 December there can be no certainty of that fact. As part of the completion process, Gravity Motorsports SARL, the Company's immediate parent, will purchase the 6,744,444 shares currently held by Whiterock Alliance Limited, thus becoming the legal and beneficial title holder to the entire issued and fully paid share capital of the Company. Gravity Motorsports SARL will then subscribe to new shares in the Company while waiving its shareholders loans to the Company, and then sell 90% of the then fully paid share capital to Grigny (UK) Limited for a consideration of £1. As a result of this restructuring the company would no longer be liable to the Group Loans as set out in Note 13.

Renault SA have indicated to the Directors, that were the sale to complete, their intention is to provide ongoing support to the company. The Directors have prepared cash flow forecasts through to the end of December 2016 with input from Renault SA. Renault SA have confirmed in writing to the Directors that they have reviewed the Cash flow forecasts and even if these are not achieved, it remains their intention to support the business for the foreseeable future and at least to the end of 2016. They have further confirmed to the Directors that they intend to keep the Lotus F1 business within this statutory entity and that they have access to sufficient funds to provide the support required.

If the transaction does not complete as planned, then Genii Capital SA will remain as the ultimate parent undertaking and the Company will remain reliant on its ongoing support. Genii Capital SA have confirmed to the directors that, in the event the transaction does not complete, that it is their present intention that Genii SA would provide the financial support to meet such liabilities as they fall due. However, given the significant costs required to develop a car and run it for a Formula 1 season, coupled with the net current liabilities position of the Company, there is a risk that Genii Capital SA may decide to not continue to provide the funding required if Company are unable to secure sufficient sponsorship or other financial support.

The possibility of the Company not being able to attract sufficient sponsorship or other financial support, in the scenario of the transaction not completing, represents a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and it therefore may be unable to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that might result from such circumstances.

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.

NOTES TO THE ACCOUNTS
Year ended 31 December 2014

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.

Tangible fixed assets

Tangible fixed assets are stated at fair value or cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended. Plant and machinery and motor vehicles were revalued as at 31 December 2012 and are stated at fair value less accumulated depreciation. Land and buildings and furniture and fittings were not revalued and are stated at cost less accumulated depreciation.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, 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.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Heritage assets

The Company holds heritage assets, being its collection of historic cars. The assets are held on the balance sheet at valuation and are re-valued every five years. The cars have been valued by the directors of the business on an individual basis; those considered as pedigree cars (e.g. championship winning cars) have been valued higher as it is felt the history attached to the car supports this.

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.

Foreign currency translation

Transactions in foreign currencies are translated at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Foreign exchange gains and losses are reflected in the profit and loss account

Expenditure on racing cars

The racing cars have an expected life of one year and all expenditure on the production and maintenance of such cars is charged to the profit and loss account during the racing season in which the car is used.

The Board considers that research continues to play a vital role in the company's success. Certain development costs are carried forward to the following year.

NOTES TO THE ACCOUNTS

Year ended 31 December 2014

1. ACCOUNTING POLICIES (continued)

Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where the transactions have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Leases

Rentals payable under operating lease are charged in the profit and loss account on a straight line basis over the lease term.

Stocks and work in progress

The company has carried forward to the following year certain development costs relating to the production of next season's racing cars.

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2014 £000's	2013 £000's
Directors' emoluments:		
Remuneration	-	-
Remuneration of the highest paid director	-	-
No pension contributions were paid in respect of any director (2013: £Nil).		
Average number of persons employed:	2014	2013
Engineering	No	No
	236	285
Production	126	140
Administration	102	132
	464	557

LOTUS F1 TEAM LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 2014**

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (CONTINUED)

	2014 £000's	2013 £000's
Staff costs during the year (including directors):		
Wages and salaries	24,870	31,296
Social security costs	3,383	3,759
	<u>28,253</u>	<u>35,055</u>

3. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2014 £000's	2013 £000's
Other interest receivable	1	-
	<u>1</u>	<u>-</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2014 £000's	2013 £000's
On bank loans and overdrafts, and other loans, repayable within five years	1,652	1,926
On intercompany loans, repayable within five years	-	13,591
	<u>1,652</u>	<u>15,517</u>

5. OPERATING LOSS

	2014 £000's	2013 £000's
Operating loss is stated after charging:		
Depreciation	5,221	6,090
Rentals under operating leases		
Land and buildings	46	42
Plant and machinery	974	1,103
Motor Vehicles	60	67
(Loss)/profit on sale of fixed assets	7	(21)
(Loss)/profit on sale of heritage assets	(255)	-
Auditor's remuneration		
Audit of the financial statements	41	37
Taxation services	48	39
	<u>41</u>	<u>37</u>
	<u>48</u>	<u>39</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 2014

6. TAX ON LOSS ON ORDINARY ACTIVITIES

	2014 £000's	2013 £000's
Analysis of tax charge in the period		
UK current tax on income for the period	2,092	-
Foreign current tax on income for the period	-	10
	<u>2,092</u>	<u>10</u>
Total current tax	<u>2,092</u>	<u>10</u>
Deferred tax		
Origination/reversal of timing differences	-	-
	<u>-</u>	<u>-</u>
Tax on loss on ordinary activities	<u>2,092</u>	<u>10</u>

Factors affecting future tax charges

A reduction in the UK corporation tax rate from 24% to 23% (effective 1 April 2013) was substantively enacted on 3 July 2012. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the company's future current tax charge accordingly.

The deferred tax asset at 31 December 2014 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

6. TAX ON LOSS ON ORDINARY ACTIVITIES (CONTINUED)

	2014 £000's	2013 £000's
Loss on ordinary activities before tax	<u>(6,461)</u>	<u>(64,904)</u>
Tax at 21.49% (2013: 23.25%) thereon	(1,388)	(15,090)
Effects of:		
Expenses not deductible for tax purposes	3,631	9,736
Depreciation in excess of capital allowances	1,088	1,182
Movement in tax losses	(3,157)	3,118
Short term timing differences	(17)	306
Overseas tax suffered	-	59
Impact of rate change on current year deferred tax credit/charge	(157)	748
Prior period adjustments	-	(49)
Write-off of notional RDEC credit	2,092	-
	<u>2,092</u>	<u>-</u>
Current tax debit for the year	<u>2,092</u>	<u>10</u>

LOTUS F1 TEAM LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 2014**

7. TANGIBLE FIXED ASSETS

	Freehold land and buildings	Plant and machinery	Furniture and Fittings	Motor vehicles	Assets under construction	Total
	£000's	£000's	£000's	£000's	£000's	£000's
Cost						
At 1 January 2014	25,336	23,281	28,048	884	4,425	81,974
Additions	10	71	148	-	18	247
Transfers	-	-	205	-	(205)	-
Disposals	(17)	(3)	(164)	(395)	(33)	(612)
At 31 December 2014	25,329	23,349	28,237	489	4,205	81,609
Accumulated depreciation						
At 1 January 2014	13,959	2,842	23,585	179	-	40,566
Charge for the year	1,255	2,520	1,290	156	-	5,221
Disposals	(9)	(1)	(163)	(92)	-	(265)
At 31 December 2014	15,205	5,361	24,712	243	-	45,521
Net book value						
At 31 December 2014	10,124	17,988	3,525	246	4,205	36,088
At 31 December 2013	11,377	20,439	4,462	705	4,425	41,408

Included in the total for freehold land and buildings is land of £1,220,000 which is not depreciated. There is a charge over land, property and certain plant assets totalling £24 million.

The company's plant and machinery and motor vehicles were professionally re-valued at 31st December 2012. The valuation was carried out independently by David Hickman FRICS of Hickman-Shearer Limited. The basis adopted for the revaluation was Value of Plant and Machinery to the business.

Plant and machinery and motor vehicles, included at valuation on a value to the business basis, would appear as follows under the historical cost convention. The following information relates to tangible fixed assets carried on the basis of revaluations in accordance with FRS 15 Tangible fixed assets. The directors are not aware of any material change in value and therefore the valuations set out above have not been updated.

	Plant and machinery £000's	Motor vehicles £000's
Cost	29,412	1,543
Accumulated depreciation thereon	(24,517)	(1,472)
Depreciation charge for the year	(1,789)	(40)
Net book value as at 31 December 2014	3,106	31

NOTES TO THE ACCOUNTS
Year ended 31 December 2014

8. HERITAGE ASSETS

Valuation

	Restated
	Historic Cars
	£000's
At 1 January 2014	9,330
Additions	760
Disposals	(380)
At 31 December 2014	9,710

Five year financial summary of heritage asset transactions

	2014	2013	2012	2011	2010
	£000's	£000's	£000's	£000's	£000's
Additions	760	1,140	1,450	760	760
Disposals	(380)	-	-	-	-
Total	380	1,140	1,450	760	760

The Company has a total of 43 historic cars, of which 8 are loaned to sponsors and technical partners on a contractual basis. The remaining 35 are held at either the Company's secure off-site storage (15 cars), or reside at the headquarters in Enstone (20 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, F1 racing cars retained at the end of each season are treated as an addition in the year with an initial value of £190,000, until a revaluation takes place. The assets have been valued based on an initial external valuation in 2010 and updated as at 1 January 2012 to bring in line with the performance of the cars in comparison with competitors and based on industry knowledge.

9. STOCKS

	2014	2013
	£000's	£000's
Work in progress	18,565	15,272

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

NOTES TO THE ACCOUNTS
Year ended 31 December 2014

10. DEBTORS

	2014 £000's	2013 £000's
Amounts falling due within one year		
Trade debtors	2,855	28,428
Amounts due from group undertakings	250	50
Value added tax	-	440
Other debtors	261	102
Prepayments and accrued income	31,139	11,584
	<u>34,505</u>	<u>40,604</u>

11. CREDITORS

	2014 £000's	2013 £000's
Amounts falling due within one year		
Trade creditors	14,835	22,868
Amounts owed to group undertakings	7,608	7,248
Corporation tax	-	-
Withholding tax	256	11
Value added tax	249	-
Other taxation and social security	3,784	6,114
Accruals and deferred income	46,228	48,828
Loans	120,379	124,761
	<u>193,339</u>	<u>209,830</u>

Further details on the loans and deferred income are provided in note 13.

12. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation

The amounts provided in the accounts and the amounts not provided are as follows:

	Provided 2014 £000's	Provided 2013 £000's	Not provided 2014 £000's	Not provided 2013 £000's
Difference arising between accumulated depreciation & Capital allowances	1,988	3,075	1	-
Short term timing differences	-	-	(289)	(306)
Losses	(1,988)	(3,075)	(23,735)	(26,751)
	<u>-</u>	<u>-</u>	<u>(24,023)</u>	<u>(27,057)</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 2014

13. CREDITORS

Amounts falling due after one year

Loans

	2014 Total Short Term Debt (Within 1 Year) £000's	2014 Total Long Term Debt (2-5 Years) £000's	2014 Total Liability £000's	2013 Total Short Term Debt (Within 1 Year) £000's	2013 Total Long Term Debt (2-5 Years) £000's	2013 Total Liability £000's
Third Party Loans	22,204	-	22,204	30,268	-	30,268
Group Loans	98,175	-	98,175	94,493	-	94,493
	<u>120,379</u>	<u>-</u>	<u>120,379</u>	<u>124,761</u>	<u>-</u>	<u>124,761</u>

All third party loans are repayable during 2015 and incur interest charges of between 1% and 4%, accrued interest against these loans amounts to £2.1 million.

Group loans have no fixed repayment date and were interest free during 2014.

Deferred Income

	2014 Total Short Term (Within 1 Year) £000's	2014 Total Long Term (2-5 Years) £000's	2014 Total Liability £000's	2013 Total Short Term (Within 1 Year) £000's	2013 Total Long Term (2-5 Years) £000's	2013 Total Liability £000's
Third Party	33,989	5,037	39,026	40,957	8,555	49,512
	<u>33,989</u>	<u>5,037</u>	<u>39,026</u>	<u>40,957</u>	<u>8,555</u>	<u>49,512</u>

LOTUS F1 TEAM LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2014

14. CALLED UP SHARE CAPITAL

	2014 No. 000's	2013 No. 000's	2014 £000's	2013 £000's
Allotted, called-up and fully paid Ordinary shares of £1 each	67,444	60,700	67,444	60,700
Share premium	-	-	13,256	-
	<u>67,444</u>	<u>60,700</u>	<u>80,700</u>	<u>60,700</u>

On 23rd January 2014, 6,744,444 shares were issued for consideration of £20 million.

15. PROFIT AND LOSS ACCOUNT

	2014 £000's	2013 £000's
Balance at 1 January	(187,398)	(123,573)
Loss for the financial year	(8,553)	(64,914)
Surplus depreciation on revalued assets	710	1,089
Balance at 31 December	<u>(195,241)</u>	<u>(187,398)</u>

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2014 £000's	2013 £000's
Loss for the year	(8,553)	(64,914)
Increase in share capital	6,744	-
Increase in share premium	13,256	-
Net increase/(decrease) to shareholders' deficit	11,447	(64,914)
Opening shareholders' deficit	<u>(110,890)</u>	<u>(45,976)</u>
Closing shareholders' deficit	<u>(99,443)</u>	<u>(110,890)</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 2014

17. RECONCILIATION OF MOVEMENTS IN REVALUATION RESERVE

	2014 £000's	2013 £000's
Balance at 1 January	15,808	16,897
Surplus depreciation on revalued assets	(710)	(1,089)
Balance at 31 December	<u>15,098</u>	<u>15,808</u>

18. FINANCIAL COMMITMENTS

Lease commitments

At 31 December 2014, the company was committed to making the following payments during the next year in respect of:

Operating Leases	2014 Land and Buildings £000's	2014 Other £000's	2013 Land and Buildings £000's	2013 Other £000's
Leases which expire:				
Within one year	-	394	-	90
Within two to five years	47	750	46	840
	<u>47</u>	<u>1,144</u>	<u>46</u>	<u>930</u>

19. NOTES TO THE STATEMENT OF CASH FLOWS

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

	2014 £000's	2013 £000's
Operating loss	(4,810)	(49,387)
Depreciation of tangible fixed assets	5,221	6,090
Loss on sale/disposal of heritage assets	255	-
Increase in stocks	(3,293)	(1,574)
Decrease/(Increase) in debtors	6,099	(19,459)
(Decrease)/Increase in creditors	(15,627)	40,326
(Profit)/Loss on sale of fixed tangible assets	(7)	21
	<u>(7,352)</u>	<u>25,404</u>
Net cash outflow from operating activities	<u>(12,162)</u>	<u>(23,983)</u>

LOTUS F1 TEAM LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2014

b) Analysis of net debt

	1 January 2014	Cash Flow	Non-cash Movement	At 31 December 2014
	£000's	£000's	£000's	£000's
Cash at bank and in hand	881	(816)	-	65
Loans	<u>(124,761)</u>	<u>5,052</u>	<u>(671)</u>	<u>(120,380)</u>
	<u>(123,880)</u>	<u>4,236</u>	<u>(671)</u>	<u>(120,315)</u>

c) Analysis of net movement in borrowings

	2014	2013
	£000's	£000's
Balance at 1 January	124,761	83,534
Repayments of borrowing	(9,268)	(13,237)
New loans: Group	3,683	50,695
New loans: Third party	1,204	3,769
Cash flow movement	<u>(4,381)</u>	<u>41,227</u>
Balance at 31 December	<u>120,380</u>	<u>124,761</u>

20. ULTIMATE PARENT COMPANY

The directors consider that the ultimate controlling entity is Genii Capital S.A. at C1, 1 rue Petermelchen, L-2370 Howald, Luxembourg.

21. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in FRS 8 not to disclose transactions with wholly owned other group companies.

22. POST BALANCE SHEET EVENTS

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, according to which it shall (a) purchase 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) subscribe to new shares in the Company while waiving its shareholders loans to the Company, and (c) sell 90% of the then fully paid share capital to Grigny (UK) Limited for a consideration of £1.