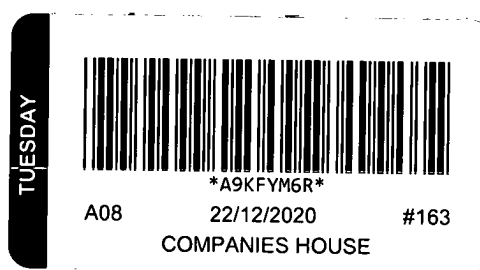


**RENAULT SPORT RACING LIMITED**

**Annual Report and Financial Statements**

**31 December 2019**

4



# **RENAULT SPORT RACING LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2019**

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## **STRATEGIC REPORT**

The Directors present their strategic report of the company for the year ended 31 December 2019.

### **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 long-term 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.

2019 was a challenging year for the team. Expectations were high, with seven-time Grand Prix winner Daniel Ricciardo joining Nico Hülkenberg. The team slipped to fifth in the championship but experienced some encouraging results in several races, including the Italian GP, in which it achieved its best-ever finish (fourth and fifth) since returning to F1 in 2016. It ended the year with 91 points. In 2020 Renault will continue its proud and long-standing history in Formula 1 into a new decade, its sixth consecutive in the sport.

The worldwide COVID-19 pandemic forced the reorganisation of the 2020 calendar as health and safety measures curtailed mass spectator events. Despite the challenges, the championship assured its continuity with a condensed calendar of 17 races across Europe and the Middle East. Renault is currently enjoying a run of strong performance, equalling its strongest race finish and securing 99 points in just ten races.

Renault F1 Team is well positioned for 2021 success. Groupe Renault demonstrated a renewed commitment to the sport in rebranding the team Alpine F1 Team in line with a revised commercial and business strategy laid out by the new CEO, Luca de Meo. Double World Champion Fernando Alonso also returns to the team, joining Esteban Ocon. In parallel all stakeholders have signed the Concorde Agreement, which lays out a new rules package to ensure longer-term stability, with clear sporting and financial guidelines, including a cost cap on expenditure.

The Team looks forward to the opportunities the new regulations will present.

### **BUSINESS ENVIRONMENT**

Turnover for the year, comprising mainly of sponsorship income and prize money, was £177.8 million (2018: £146.6 million) and the loss after taxation for the financial year was £2.5 million (2018: loss £7.4 million).

Turnover continued to grow (21.3%), as has been the case every year since Renault's acquisition of the Team at the end of 2015. Once again, this is due to an increase in sponsorship income along with an enhanced prize fund resulting from improved on-track performance.

The financial result for the year has also improved, as a result of ongoing strict cost control within the Company, as well as increased revenue.

Fixed assets additions totalled £7.8 million (excluding Right of use assets relating to leases of £5.2 million) on top of the £45.2 million additions in the prior three years, bringing the total fixed asset investment since Renault's acquisition of the Team to £53.0 million. Further investment is planned in 2020 and beyond to establish Renault's long-term plans to win the Constructor's Championship.

The Company continues to review Brexit developments and to put plans in place for different scenarios, including whether the impact can be partially mitigated by utilising the operations the group has within the European Union.

### **SECTION 172 STATEMENT**

#### **Engaging with stakeholders**

Our stakeholders are key to the overall success of The Company and it is essential for us to have an effective engagement strategy in place to build positive stakeholder relationships and deliver long term success.

The Company is part of the Renault Group, the governance framework of the Group delegates authority for local decision-making to the local entity up to defined levels of cost and impact which allows senior management to take decisions. Decisions are made with a long-term view in mind and with the highest standards of conduct in line with Group policies.

**STRATEGIC REPORT****SECTION 172 STATEMENT CONTINUED****Shareholders**

We rely on the support of our principal shareholder, Renault S.A, and its opinions are important to us. We have an open dialogue with our shareholder through regular meetings and reporting to the Group Board. Our financial results are consolidated monthly. Discussions cover a wide range of topics including financial performance, strategy, outlook, governance and ethical practices. We also hold local Board meetings, covering similar topics, to ensure the interests of all shareholders are considered.

**Employees**

Engaging and collaborating with employees at Renault Sport Racing is a top priority and key to our team's success. To drive and encourage this we regularly hold staff debriefs to relay new company information, targets and current performance. Annually we conduct an employee survey and hold performance reviews to encourage feedback. The Team has a well-established intranet and newsletters to regularly update staff on current topics, employee benefits, successes and wellbeing initiatives.

**Customers**

Our ambition is to deliver best in class sports marketing assets to enable our partners to tell relevant, engaging and informative marketing campaigns that positively engage with their desired audience in F1. We spend a lot of time with them to understand their needs and listen to how we can improve our service for them. We use this knowledge to inform our decision making, for example, tailoring rights packages to suit our partners expectations, whilst providing some flexibility to enable them to maximise the impact of their marketing campaigns.

**Suppliers**

We strive for respectful relationships with all of our suppliers where our engagement is mutually beneficial and therefore fosters a healthy and long-term approach.

We have various ways to engage depending on the service or product required. By building strong and healthy relationships we believe we will be best placed to deliver our demands which can be very challenging in peak periods of our year. Regular reviews, constructive mutual feedback and data collection are some of the ways in which we measure our collective performance. Our key areas of focus are innovation, quality, speed of delivery and sustainability. As a Formula 1 Team the vital part our suppliers play in our short and long term success is recognised at every level of our organisation and we celebrate our achievements together.

**Communities**

The Company will actively participate alongside Formula 1 in implementing the plan of decarbonisation of the sport by 2030 while developing and deploying its own actions with a Social and Sustainable Impact program aligned with Groupe Renault's strategic vision. Our program is structured around two different dimensions, environmental and human.

Our operating territories and our local communities are at the heart of our program and we'll tangibly engage with them as we already do where mutually beneficial projects are recognised and prioritised. We continue to develop environmental actions that aim to reduce our operating carbon footprint. Many of these integrated programs are complementary to our lean engineering processes, reduction in transport miles for deliveries including waste streams, upcycling, recycling, reduction and safe disposal of waste material, benefiting from a year-on-year improvement

**Government and regulators**

The FIA F1 World Championship is run under the auspices of the Federation Internationale de l'Automobile, motor racing's international governing body. As a competitor in the Championship, we are bound by the regulations published by the FIA. The FIA has structures in place that allows competitors to consult and participate in the shaping of some of the sports regulations. Due to the niche nature of our business, there is limited need for consultation or interactions with any other regulators. Compliance with laws and regulations as well as health and safety is of course paramount to our business and the Board is updated on legal or regulatory developments that impact our operation.

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

- **Legislative Risks**

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

- **Financial Risks**

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

On behalf of the board



**Cyril Abiteboul**

**Director**

Date 8th October 2020

**DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 2019.

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 (2018: £nil). The loss for the year of £2.5 million (2018: loss £7.4 million) has been added to the deficit on the profit and loss account.

**RESEARCH AND DEVELOPMENT**

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

**DIRECTORS**

The following served as directors during the year:

J Stoll  
T Cognet  
T Bollore (resigned 12 July 2019)  
C Abiteboul  
G Lopez  
A Prost (appointed 12 July 2019)  
B Mercer (Company Secretary)

**CHARITABLE DONATIONS**

The Company made £1,000 (2018: 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****EVENTS AFTER THE BALANCE SHEET DATE**

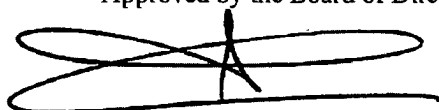
On 16<sup>th</sup> June 2020 the intercompany loan facility as per note 16 changed from being held with Grigny (UK) Limited to Renault s.a.s. There has been no change to the loan value or terms.

Following the outbreak of the Covid-19 global pandemic declared by the World Health Organisation on the 11th March 2020, the Company has adapted its practices and operations in line with government guidance and is doing everything it can to prevent the spread of the virus. The Directors have detailed the considerations of this event within the Strategic Report on Page 1.

**AUDITOR**

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

Approved by the Board of Directors and signed on behalf of the Board on 8th October 2020.

A handwritten signature in dark ink, consisting of a stylized 'C' and 'A' intertwined, with a horizontal line underneath.

Cyril Abiteboul

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RENAULT SPORT RACING LIMITED

## Opinion

We have audited the financial statements of Renault Sport Racing Limited ("the company") for the year ended 31 December 2019 which comprise the Profit and Loss account and other comprehensive income, Balance sheet, Statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

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

## Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

## Strategic report and directors' report

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

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

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

#### **Directors' responsibilities**

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

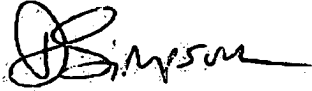
#### **Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

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

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



**David Simpson (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
58 Clarendon Road  
Watford  
WD17 1DE

Date 9 October 2020

# RENAULT SPORT RACING LIMITED

## PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDING 31 DECEMBER 2019

	Note	2019 £000	2018 £000
<b>TURNOVER</b>	1	<b>177,833</b>	146,624
Cost of sales		<b>(153,907)</b>	(132,690)
<b>GROSS PROFIT</b>		<b>23,926</b>	13,934
Administration expenses		<b>(23,603)</b>	(19,569)
<b>OPERATING PROFIT/(LOSS)</b>	2	<b>323</b>	(5,635)
Other interest receivable and similar income	5	<b>37</b>	29
Interest payable and similar charges	6	<b>(2,471)</b>	(2,220)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(2,111)</b>	(7,826)
Tax on (loss)/profit on ordinary activities	7	<b>(405)</b>	419
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED FOR THE FINANCIAL YEAR</b>	20	<b>(2,516)</b>	(7,407)

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.

All results relate to continuing operations.

The notes on pages 13 to 32 form part of these financial statements.

# RENAULT SPORT RACING LIMITED

## BALANCE SHEET

Registered No: 1806337

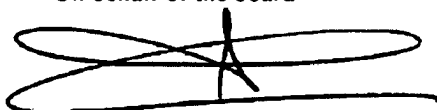
Year ended 31 December 2019

	Note	2019	2018
		£000	£000
<b>NON-CURRENT ASSETS</b>			
Intangible assets	8	936	1,100
Tangible fixed assets	9	57,072	49,837
Heritage assets	10	3,970	3,980
Debtors	13	2,324	-
		<u>64,302</u>	<u>54,917</u>
<b>CURRENT ASSETS</b>			
Stocks	11	11,802	8,742
Debtors	12	27,997	33,709
Cash at bank and in hand		8,895	7,409
		<u>48,694</u>	<u>49,860</u>
<b>CREDITORS: amounts falling due within one year</b>	14	<u>(154,524)</u>	<u>(145,781)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(105,830)</u>	<u>(95,921)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(41,528)</u>	<u>(41,004)</u>
<b>CREDITORS: amounts falling due after one year</b>	15	<u>(1,992)</u>	<u>-</u>
<b>NET LIABILITIES</b>		<u>(43,520)</u>	<u>(41,004)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	158,346	158,346
Share premium	19	13,256	13,256
Capital contribution reserves	21	42,154	42,154
Profit and loss account	20	(257,276)	(254,760)
<b>EQUITY SHAREHOLDERS' DEFICIT</b>	21	<u>(43,520)</u>	<u>(41,004)</u>

The notes on pages 13 to 32 form part of these financial statements.

These financial statements were approved by the Board of Directors on 8th October 2020.

On behalf of the board



Cyril Abiteboul

Director

# RENAULT SPORT RACING LIMITED

## STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2019

	Called up Share capital £000	Share Premium account £000	Capital contribution reserves £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2018	158,346	13,256	42,154	(247,353)	(33,597)
<b>Total comprehensive income for the period</b>					
Profit or loss	-	-	-	(7,407)	(7,407)
Total comprehensive income for the period	-	-	-	(7,407)	(7,407)
<b>Balance at 31 December 2018</b>	<b>158,346</b>	<b>13,256</b>	<b>42,154</b>	<b>(254,760)</b>	<b>(41,004)</b>
<b>Total comprehensive income for the period</b>					
Profit or loss	-	-	-	(2,516)	(2,516)
Total comprehensive income for the period	-	-	-	(2,516)	(2,516)
Issue of shares	-	-	-	-	-
<b>Balance at 31 December 2019</b>	<b>158,346</b>	<b>13,256</b>	<b>42,154</b>	<b>(257,276)</b>	<b>(43,520)</b>

The notes on pages 13 to 32 form part of these financial statements

# RENAULT SPORT RACING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2019

### 1. ACCOUNTING POLICIES

Renault Sport Racing Limited is a private Company, incorporated domiciled and registered in the UK. The registered number is 1806337. The registered address is Whiteways Technical Centre, Enstone, Oxfordshire, OX7 4EE.

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

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

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

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

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

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

#### Changes in accounting policies

The Company has adopted the following IFRSs in these financial statements:

- IFRS 16: Leases (see note 28). This has been adopted using the modified retrospective method and as a result the comparatives have not been restated and are reported under IAS 17.

#### Measurement convention

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

#### Going concern

The Company's business activities, together with the factors that are likely to affect its future development and position are set out within the strategic report on page 1. Notwithstanding net current liabilities of £105,829,502 and net liabilities of £43,520,028 as at 31 December 2019, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

Since the outbreak of the global pandemic Covid-19, the directors have reassessed their prepared profit and cashflow forecasts for a period to 31 December 2021 taking account of a number of alternative scenarios which could impact on the forecast period. This included a severe but plausible downside scenario where, due to the pandemic, no further races take place in 2020. These forecasts, which were shared with the wider Renault Group, indicate that the company has sufficient funding, through its facility with its ultimate parent company, Renault s.a.s, to meet its liabilities as they fall due for the forecast period.

# RENAULT SPORT RACING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2019

### 1. ACCOUNTING POLICIES (CONTINUED)

Those forecasts are dependent on Renault s.a.s not seeking repayment of the amounts currently due on the facility, which as at 31 December 2019 amounted to £125,098,000. No further amounts have been drawn down on this facility since the year end and no further draw down is forecast to be required over the forecast period. Renault s.a.s has indicated that it does not intend to seek repayment of these amounts for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

#### **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.

#### **Financial instruments**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

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

*All regular purchases or sales of financial assets are recognised and derecognised on a trade date basis*

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 or fair value, depending on the classification of the financial asset or liability less any credit 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.



# RENAULT SPORT RACING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2019

### 1. ACCOUNTING POLICIES (CONTINUED)

#### Tangible fixed assets

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

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

The company assesses at each reporting date whether tangible fixed assets are impaired.

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

Freehold Buildings	10-30 years
Motor vehicles	5-8 years
Plant and machinery	8-16 years
Furniture and fittings	3-10 years

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

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

#### Intangible assets

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

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

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

#### Heritage assets

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

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

#### Research and development

Expenditure on research activities, primarily relating to the development of race cars, is recognised in the profit and loss account as an expense as incurred.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2019**

**1. ACCOUNTING POLICIES (CONTINUED)**

**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.

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

**Employee benefits**

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

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

*Termination benefits*

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

**Provisions**

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

# RENAULT SPORT RACING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### Year ended 31 December 2019

#### 1. ACCOUNTING POLICIES (CONTINUED)

##### Turnover

Turnover principally comprises sponsorship income, prize money and other promotional income. Sponsorship receipts and promotional income are credited to the profit and loss account in line with the satisfaction of the relevant performance obligations and significant payment terms of the agreement. Prize money is credited to the profit and loss account in line with the year to which it relates.

Consideration is made when recognising revenue over the customer's control of the goods and services provided.

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.

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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2019**

**1. ACCOUNTING POLICIES (CONTINUED)**

**Leases**

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17.

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. IFRS 16.

*As a lessee*

At the contract's commencement date, a lessee recognises an asset related to the right of use, and a financial liability that represents the lease obligation. The right-of-use asset is amortised over the term of the lease. The lease liability is initially recognised at the present value of lease payments over the expected term of the lease. The discount is unwound using the implicit interest rate of the lease agreement if it can be readily determined, or at the incremental borrowing rate otherwise.

The term of the lease is the non-cancellable period of a lease contract during which the lessee has the right to use the leased asset, extended by any renewal options the Company is reasonably certain to exercise.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- the exercise price under a purchase option that the Company is reasonably certain to exercise,
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The Company has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

*As a lessor*

The Company does not currently act as a lessor in any capacity.

# RENAULT SPORT RACING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2019

### 2. OPERATING LOSS

	2019 £000	2018 £000
Operating loss is stated after charging:		
Depreciation of tangible fixed assets	9,252	5,840
Amortisation of intangible assets	869	834
Loss on disposal of tangible fixed assets	(17)	(75)
Loss on disposal of heritage assets	(10)	-
Rentals under operating leases		
Land and buildings	16	95
Plant and machinery	45	1,450
Motor Vehicles	54	42
(Loss)/gain on foreign exchange	(726)	(202)
Auditor's remuneration		
Audit of the financial statements	60	39
Taxation services	-	-
	<u>          </u>	<u>          </u>

### 3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

#### Average number of persons employed:

	2019	2018
Engineering	358	326
Production	230	208
Administration	155	142
	<u>743</u>	<u>676</u>

	2019 £000	2018 £000
<b>Staff costs during the year:</b>		
Wages and salaries	46,098	43,118
Social security costs	5,741	5,488
Contributions made to defined contribution plans	1,001	592
	<u>52,840</u>	<u>49,198</u>

### 4. DIRECTORS' REMUNERATION

The directors' remuneration for the year was as follows:

	2019 £000	2018 £000
Remuneration	472	320
Company contributions to pension plan	27	16
	<u>499</u>	<u>336</u>

# RENAULT SPORT RACING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2019

### 4. DIRECTORS' REMUNERATION (CONTINUED)

The notional cost of Directors not remunerated through Renault Sport Racing has been considered and is not deemed to be significant for the years ended 31 December 2019 or 31 December 2018.

The remuneration of the highest paid Director was £472,000 (2018: £320,000), and company pension contributions of £27,000 (2018: £16,000) were made.

### 5. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2019 £000	2018 £000
Other interest receivable	37	29
	<u>37</u>	<u>29</u>

### 6. INTEREST PAYABLE AND SIMILAR CHARGES

	2019 £000	2018 £000
On intercompany loans	2,397	2,220
On lease liabilities	68	-
On bank loans and overdrafts, and other liabilities	6	-
	<u>2,471</u>	<u>2,220</u>

Interest payable and similar charges includes interest payable and similar on bank loans and overdrafts, this was £6,000 for 2019 (2018: £nil). Of the above amount £2,397,000 (2018: £2,220,000) was payable to group undertakings.

### 7. TAXATION

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

	2019 £000	2018 £000
<b>Analysis of tax charge in the period</b>		
UK current tax on income for the period	476	(156)
Adjustment in respect of prior years	(71)	(263)
	<u>405</u>	<u>(419)</u>

# RENAULT SPORT RACING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2019

### 7. TAXATION (CONTINUED)

#### Deferred tax

Origination/reversal of timing differences

-	-
<u>(405)</u>	<u>(419)</u>

Tax on loss on ordinary activities

#### Reconciliation of effective tax rate

	2019	2018
	£000	£000
<b>Loss on ordinary activities before tax</b>	<b>(2,111)</b>	<b>(7,826)</b>
Tax at 19% (2018: 19%) thereon	(401)	(1,487)
Effects of:		
Adjustments in respect of prior years	(71)	(263)
Expenses not deductible for tax purposes	584	781
Income not taxable	35	-
Deferred tax not recognised	(1,081)	(1,309)
Effects of group relief	497	1,083
Notional RDEC credit	842	776
Total tax charge/(credit) for the year	<u>405</u>	<u>(419)</u>

#### *Factors affecting future tax charges*

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly. The unrecognized deferred tax asset at 2 February 2019 has been calculated based on these rates.

# RENAULT SPORT RACING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2019

### 8. INTANGIBLE ASSETS

	Software	Total
	£000	£000
<b>Cost</b>		
At 1 January 2019	11,250	11,250
Additions	590	590
Transfers	115	115
Disposals	-	-
At 31 December 2019	11,955	11,955
<b>Accumulated depreciation</b>		
At 1 January 2019	10,150	10,150
Charge for the year	869	869
Disposals	-	-
At 31 December 2019	11,019	11,019
<b>Net book value</b>		
<b>At 31 December 2019</b>	<b>936</b>	<b>936</b>
At 31 December 2018	1,100	1,100



# RENAULT SPORT RACING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2019

### 9. TANGIBLE FIXED ASSETS

	Freehold land and buildings	Plant and machinery	Furniture and Fittings	Motor vehicles	Assets under construction	Total
	£000	£000	£000	£000	£000	£000
<b>Cost</b>						
At 1 January 2019	35,956	29,539	29,692	609	13,841	109,637
Recognition of right-of-use assets on initial application of IFRS 16 (see note 26)	149	826	3,312	-	-	4,287
Adjusted balance at 1 January 2019	36,105	30,365	33,004	609	13,841	113,924
Additions	1,075	5,080	3,836	-	2,394	12,385
Transfers	7,565	4,599	1,513	-	(13,791)	(114)
Disposals		(291)	(32)	-	(50)	(373)
At 31 December 2019	44,745	39,753	38,321	609	2,394	125,822
<b>Accumulated depreciation</b>						
At 1 January 2019	20,166	17,628	21,628	378	-	59,800
Recognition of right-of-use assets on initial application of IFRS 16 (see note 26)	-	-	-	-	-	-
Adjusted balance at 1 January 2019	20,166	17,628	21,628	378	-	59,800
Charge for the year	1,395	3,239	4,552	66	-	9,252
Disposals		(269)	(33)	-	-	(302)
At 31 December 2019	21,561	20,598	26,147	444	-	68,750
<b>Net book value</b>						
<b>At 31 December 2019</b>	<b>23,184</b>	<b>19,155</b>	<b>12,174</b>	<b>165</b>	<b>2,394</b>	<b>57,072</b>
At 31 December 2018	15,790	11,911	8,064	231	13,841	49,837

Included in the total for freehold land and buildings is land of £1,220,000 (2018: £1,220,000) which is not depreciated.

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

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

# RENAULT SPORT RACING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2019

### 9. TANGIBLE FIXED ASSETS (CONTINUED)

#### Right-of-use assets

At 31 December 2019, property, plant and equipment includes right-of-use assets as follows:

	Freehold land and buildings	Plant and machinery	Furniture and Fittings	Motor vehicles	Assets under construction	Total
	£000	£000	£000	£000	£000	£000
<b>Right-of-use asset</b>						
At 31 December 2019	80	3,432	3,645	-	-	7,157

### 10. HERITAGE ASSETS

<i>Valuation</i>	<b>Historic Cars £000</b>
At 1 January 2019	3,980
Additions	-
Disposals	(10)
At 31 December 2019	<b>3,970</b>

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

	<b>2019 £000</b>	2018 £000	2017 £000	2016 £000	2015 £000
Additions	-	-	-	270	215
Disposals	(10)	-	(140)	(85)	(190)
Impairment	-	-	-	-	(5,800)
<b>Total</b>	<b>(10)</b>	<b>-</b>	<b>(140)</b>	<b>185</b>	<b>(5,775)</b>

These assets are held on the balance sheet at valuation and are formally re-valued every five years. The assets were valued independently as at 31 December 2015 by T.J. Madden MRICS and M.R. Edmunds BSc MRICS of Wyles Hardy & Co. Ltd. And an impairment of £5,800,000 was identified and recognised in the profit and loss in 2015. F1 racing cars retained at the end of each season were treated as an addition in the year and, accordingly, the initial addition value was reduced from £190,000 to £90,000 in 2016. For the year ended December 2017 and onwards, the Company has not capitalised the retained F1 cars to the heritage asset pool.

### 11. STOCKS

	<b>2019 £000</b>	2018 £000
Raw materials and work in progress	<b>11,802</b>	8,742

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

# RENAULT SPORT RACING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2019

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

	2019 £000	2018 £000
Trade debtors	3,529	3,855
Amounts due from group undertakings	2,112	3,677
Value added tax	248	2,445
Other debtors	92	51
Prepayments and accrued income	22,016	23,681
	<u>27,997</u>	<u>33,709</u>

### 13. DEBTORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019 £000	2018 £000
Prepayments	2,324	-
	<u>2,324</u>	<u>-</u>

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

	2019 £000	2018 £000
Trade creditors	6,489	8,627
Amounts owed to group undertakings	3,482	8,592
Corporation tax	1,946	1,855
Withholding tax	450	987
Other taxation and social security	2,536	3,225
Accruals and deferred income	12,788	12,589
Loans	125,098	109,906
Lease liabilities	1,735	-
	<u>154,524</u>	<u>145,781</u>

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

	2019 £000	2018 £000
Lease liabilities	<u>1,992</u>	<u>-</u>

# RENAULT SPORT RACING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2019

### 16. INTEREST BEARING LOANS AND BORROWINGS

	2019 £000	2018 £000
<b>Creditors falling due within less than one year</b>		
Intercompany loan	125,000	109,791
Accrued interest on intercompany loan	98	115
	<u>125,098</u>	<u>109,906</u>

### Terms and debt repayment schedule

	Principal borrowed £000	Year of maturity	Principal Outstanding 2019 £000	2018 £000
Intercompany loan	125,000	2020	125,000	109,791
			<u>125,000</u>	<u>109,791</u>

### 17. DEFERRED TAX ASSETS AND LIABILITIES

	2019 £000	2018 £000
<b>Recognised deferred tax:</b>		
Fixed assets	(4,053)	(2,894)
Losses	4,053	2,894
	<u>-</u>	<u>-</u>
<b>Unrecognised deferred tax:</b>		
Fixed assets	-	-
Temporary differences	74	51
Losses	15,369	16,528
IFRS 9	-	5
	<u>15,443</u>	<u>16,584</u>
Net tax assets	15,443	16,584

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

### 18. DEFINED CONTRIBUTION PLANS

The Company operates a defined contribution pension plan.

The total expense relating to this plan in the current year was £1,001,000 (2018: £592,000)

# RENAULT SPORT RACING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2019

### 19. CALLED UP SHARE CAPITAL

	2019 No. 000's	2018 No. 000's	2019 £000	2018 £000
Allotted, called-up and fully paid Ordinary A shares	142,512	142,512	142,512	142,512
Allotted, called-up and fully paid Ordinary B shares	15,834	15,834	15,834	15,834
Share premium	-	-	13,256	13,256
	<u>158,346</u>	<u>158,346</u>	<u>171,602</u>	<u>171,602</u>

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

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

### 20. PROFIT AND LOSS ACCOUNT

	2019 £000	2018 £000
Balance at 1 January	(254,760)	(247,353)
Loss for the financial year	(2,516)	(7,407)
Balance at 31 December	<u>(257,276)</u>	<u>(254,760)</u>

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

	2019 £000	2018 £000
Loss for the year	(2,516)	(7,407)
Net decrease to shareholders' deficit	<u>(2,516)</u>	<u>(7,407)</u>
Opening shareholders' deficit	(41,004)	(33,597)
Closing shareholders' deficit	<u>(43,520)</u>	<u>(41,004)</u>

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

# RENAULT SPORT RACING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### Year ended 31 December 2019

#### 22. FINANCIAL INSTRUMENTS

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

##### *Amounts owed by and to group undertakings*

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

Management believe there are no risks arising from these financial instruments on the grounds that intercompany balances are payable on demand and interest is charged to group undertakings. While the intercompany loan is interest bearing, and repayable on a 3 month rolling basis, this is in line with a signed agreement. The Board reviews and agrees policies for managing these risks. There have been no substantive changes in the Company's exposure to financial instrument risks or its objectives, policies and processes for managing and measuring those risks during the periods in this report unless otherwise stated.

	Level	Carrying amount 2019 £000	Fair value 2019 £000	Carrying amount 2018 £000	Fair value 2018 £000
Amounts due from Group undertakings	3	2,112	2,112	3,677	3,677
<b>Total financial assets</b>		<b>2,112</b>	<b>2,112</b>	<b>3,677</b>	<b>3,677</b>
Amounts owed to Group undertakings	3	3,482	3,482	8,592	8,592
Intercompany loan	3	125,098	125,098	109,906	109,906
<b>Total financial liabilities measured at amortised cost</b>		<b>128,580</b>	<b>128,580</b>	<b>118,498</b>	<b>118,498</b>

##### *Fair value hierarchy*

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

Level 1 – inputs are quoted prices in active markets.

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

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

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

# RENAULT SPORT RACING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### Year ended 31 December 2019

#### 23. LEASES

##### Leases

##### *Right-of-use assets*

	Land and Buildings £000	Plant and equipment £000	Fixtures and fittings £000	Total £000
Balance as at 1 January 2019	149	826	3,312	4,287
Additions to right-of-use assets	-	3,455	1,716	5,171
Depreciation charge for the year	(69)	(849)	(1,383)	(2,301)
Balance as at 31 December 2019	<b>80</b>	<b>3,432</b>	<b>3,645</b>	<b>7,157</b>

##### *Lease liabilities*

	£000
<b>Maturity analysis – contractual undiscounted cash flows</b>	
Less than one year	1,787
One to five years	2,015
More than five years	-
<b>Total undiscounted lease liabilities at 31 December 2019</b>	<b>3,802</b>
<b>Lease liabilities included in the statement of financial position as at 31 December 2019</b>	<b>3,727</b>
Current	1,735
Non-current	1,992

##### *Amounts recognised in profit or loss*

The following amounts have been recognised in profit or loss for which the company is a lessee:

	£000
<b>2019 – Leases under IFRS 16</b>	
Interest expense on lease liabilities	68
Expenses relating to short-term leases	45
Expenses relating to leases of low-value assets accounted, excluding short-term leases of low-value assets	54
Other lease payments including variable lease payments	16
<b>2018 – Operating leases under IAS 17</b>	
Lease expenses	1,587

# RENAULT SPORT RACING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2019

### 24. RELATED PARTIES

	Sales to		Administrative expenses incurred from	
	2019	2018	2019	2018
	£000	£000	£000	£000
Entities with control, joint control or significant influence	-	-	2,397	2,220
Key management personnel of the company or its Parent	-	-	-	-
Other related parties	65,208	52,045	20,047	18,078
	<b>65,208</b>	<b>52,045</b>	<b>22,444</b>	<b>20,298</b>

	Receivables outstanding		Creditors outstanding	
	2019	2018	2019	2018
	£000	£000	£000	£000
Entities with control, joint control or significant influence	-	-	125,098	109,906
Key management personnel of the company or its Parent	-	-	-	-
Other related parties	2,112	3,677	3,482	8,592
	<b>2,112</b>	<b>3,677</b>	<b>128,580</b>	<b>118,498</b>

### 25. ULTIMATE PARENT COMPANY

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

### 26. 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.

#### *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.



**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2019**

**27. EVENTS AFTER THE BALANCE SHEET DATE**

On 16<sup>th</sup> June 2020 the intercompany loan facility as per note 16 changed from being held with Grigny (UK) Limited to Renault s.a.s. There has been no change to the loan value or terms.

Following the outbreak of the Covid-19 global pandemic declared by the World Health Organisation on the 11th March 2020, the Company has adapted its practices and operations in line with government guidance and is doing everything it can to prevent the spread of the virus. The Directors have detailed the considerations of this event within the Strategic Report on Page 1.

**28. CHANGE IN SIGNIFICANT ACCOUNTING POLICIES**

**IFRS 16**

The Company has applied IFRS 16 using the modified retrospective with cumulative effect method – i.e. by recognising the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of equity at 1 January 2019. Therefore, the comparative information has not been restated and continues to be reported under IAS 17. The disclosure requirements in IFRS 16 have not been applied to comparative information. The details of the changes and quantitative impact are set out in note 23.

**37 (a) Definition of a lease**

Previously the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4: Determining whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in note 1. On transition to IFRS 16, the Company elected to apply the practical expedient to apply IFRS 16 only to contracts that were previously identified as leases. Contracts that were not previously identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

**37 (b) As a lessee**

The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Only finance leases were then recognised on the balance sheet.

Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

*Leases classified as operating leases under IAS 17*

Right-of-use assets were measured at:

- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments: The Company applied this approach to all other leases.
- The Company used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular these were:
  - o did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
  - o did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. small IT equipment);
  - o excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
  - o applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

For these operating leases, the carrying amount of the right-of-use asset was determined at the carrying amount of the lease asset under IAS 17 at 31 December 2018. There was no change made to the lease liability.

# **RENAULT SPORT RACING LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS** **Year ended 31 December 2019**

### **28. CHANGE IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### ***34 (c) As a lessor***

The Company does not currently act as a lessor in any capacity, therefore, there were no adjustments on transition in this respect.