

Registered Number 06661964

**Manor Grand Prix Racing Limited**  
**Annual Report and Financial Statements**  
**for the year ended 31 December 2014**

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# Manor Grand Prix Racing Limited

## Annual Report

### for the year ended 31 December 2014

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# **Manor Grand Prix Racing Limited**

## **Directors and advisers**

### **Directors**

Graeme Lowdon  
John Booth  
Stephen Fitzpatrick  
Vincent Casey  
Abdulla Boulsien

### **Registered Office**

20-22 Bedford Row  
London  
WC1R 4JS

### **Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Cornwall Court  
19 Cornwall Street  
Birmingham  
B3 2DT

### **Solicitors**

Mishcon de Reya  
Summit House  
12 Red Lion Square  
London  
WC1R 4QD

### **Bankers**

Coutts & Co  
440 Strand  
London  
WC2R 0QS

HSBC  
60 Queen Victoria Street  
London  
EC4N 4TR

Barclays Bank PLC  
1 Churchill Place  
London  
E14 5HP

### **Insolvency Practitioners**

Geoffrey Rowley and Geoffrey Carton-Kelly  
FRP Advisory  
110 Cannon Street  
London  
EC4N 6EU

# **Manor Grand Prix Racing Limited**

## **Strategic report for the year ended 31 December 2014**

The directors present their strategic report on the company for the year ended 31 December 2014.

### **Principal Activity**

The principal activity of the company during the year was that of operating a Formula One team, known as Marussia Formula One Team, participating in the 2014 FIA Formula One World Championship.

### **Business review**

The principal objectives of the team in 2014 were to complete the season in a top ten championship position, build upon previous strong car reliability and to develop the business operations of the company.

The Marussia F1 Team ended the season in 9<sup>th</sup> position, with a best race result of 9<sup>th</sup> position achieved by Jules Bianchi in the Monaco Grand Prix. This allowed the team to secure a significant increase in prize money, which is being received in 2015. Despite this, the team was unable to secure the funding required to continue operating the team and was unable to attend the final three races of the 2014 season, as the company entered into administration on 27 October 2014. The company remained in administration at the Balance Sheet date, however was rescued through a company voluntary arrangement in February 2015 with new funding and a solid business plan to rebuild and operate the team going forwards.

The financial key performance indicators for the company are turnover and cash flow. Turnover for the year of £26,153,000 (2013: £60,757,000) has reduced, largely as a result of reduced sponsorship, following the withdrawal of support of its majority shareholder during 2014 and a significant increase in costs arising predominantly as a result of new powertrain regulations introduced for the 2014 season. This resulted in an increased operating loss from £7.5m in 2013 to an operating loss of £57.5m in 2014. Turnover comprises mainly of sponsorship income, driver income and commercial rights income. Cash flow is managed on a day to day basis and apart from long term intercompany loans, normal trade creditors, and small finance leases the company does not have any other debts, including bank overdrafts. Cash decreased in the year by £1,565,000 (2013: increased by £1,354,000).

Events after the balance sheet date are included in the directors' report.

### **Principal risks and uncertainties**

The principal risks and uncertainties faced by the business are: being competitive in F1, the ability to gain and retain sponsorship income, control of the cost base of developing F1 cars and staff recruitment and retention.

The company continues to balance managing a relatively low cost base whilst taking measures to improve the performance of the race cars. Some potential cost increases are beyond the control of the company, for example changes to the Formula 1 calendar, Sporting and/or Technical Regulations may all affect costs.

Financial risks include credit risk, liquidity risk, interest rate risk and foreign exchange risk. These risks are managed through qualification of sponsors' and drivers credentials and daily risk management.

# **Manor Grand Prix Racing Limited**

## **Strategic report for the year ended 31 December 2014 - continued**

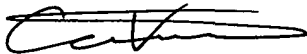
Credit risk relates primarily to sponsorship and driver income. Appropriate checks are made on potential sponsors and drivers during the negotiation process.

Liquidity risk is managed on a daily basis with thorough cash flow forecasts and daily reviews of the cash balances. Throughout the year, the directors actively sought additional funding through both investment in equity and sponsorship opportunities.

Interest rate risk is managed through fixing rates on loans and reviewing exposure to movements in general interest rates.

Foreign exchange risk exists through the receipt of revenues and operating costs in currencies other than sterling, primarily in US dollars and Euros. The company seeks to minimise this exposure by matching currency expenditure to income as far as possible.

By order of the board



**Vincent Casey**

Director

20 August 2015

# Manor Grand Prix Racing Limited

## Directors' report for the year ended 31 December 2014

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

### Registered number

The company's registered number is 06661964.

### Results

The loss on ordinary activities for the year after taxation amounted to £52,897,000 (2013: loss of £4,706,000).

### Dividends

No dividends were paid during the year (2013: nil).

### Directors

The directors who held office during the year and up to the date of signing the financial statements are given below:

Graeme Lowdon

John Booth

Andrew Webb (resigned 11 March 2015)

Stephen Fitzpatrick (appointed 11 March 2015)

Vincent Casey (appointed 11 March 2015)

Abdulla Boulsien (appointed 11 March 2015)

In accordance with the Articles of Association, none of the directors are required to retire by rotation.

### Future developments

The company intends to continue operating as a Formula One team, participating in the FIA Formula One World Championship.

### Research and development

During the year, the company undertook research and development projects in order to produce a competitive race car in the future. The total charge in the profit and loss account for research and development during the year was £31,446,000 (2013: £31,263,000)

### Events since the balance sheet date

On 27 October 2014, the company entered administration due to the withdrawal of funding from its major sponsor. The company has since exited administration following the injection of funds and a company voluntary arrangement. This has enabled the company to continue to trade as a Formula One team with a new ownership structure and new sources of funding in place. Further details are disclosed in note 27 Post Balance Sheet Events.

### Employment of disabled persons

The policy of the company is to give full and fair consideration to employment application by disabled persons and to ensure that disabled employees receive appropriate training and career development opportunities.

# **Manor Grand Prix Racing Limited**

## **Directors' report for the year ended 31 December 2014 - continued**

### **Employment policies**

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the company as a whole. Communication with all employees continues through internal newsletters, briefing groups and electronic communications.

The company takes reasonable steps to ensure that all employees, existing and prospective, are given fair and equal opportunity, regardless of sex, race, ethnicity, religion or disability.

### **Directors' Indemnity**

The directors have the benefit of the indemnity provision contained in the Company's Articles of Association. This provision was in force throughout the financial year and is currently in force. This provision is a qualifying third party indemnity provision under section 234 of the Companies Act 2006. The Company also purchased and maintained throughout the financial year directors' and officers' liability insurance in respect of itself and its directors.

### **Going concern**

In recent years, the company has been reliant on funding from shareholders, in addition to prize money and income from drivers and sponsors. As a result of restructuring the company and consequently reducing its cost base, allied with a significant increase in prize money as a result of Championship standings in 2013 and 2014, the company is now more able to generate trading income to fund its operations. Nevertheless, the latest cash flow forecasts, taking account of relevant risks and uncertainties, show that the company will require additional financial support.

In assessing the basis of preparation of the financial statements, the directors have had regard to the funding requirements of the company, in particular for the remainder of the 2015 season and throughout 2016. The directors are focused on investing in the growth of the team, based on principles of innovation and efficiency.

As part of this investment, the directors are actively engaged in discussions and negotiations with sponsors and partners to make significant contributions to funding requirements of the team to achieve the objectives of the team. Several of these discussions are progressing and, whilst the directors believe these options provide good opportunities for the team going forwards, the outcome of each option retains an element of uncertainty.

The company is therefore wholly reliant on the financial support of Stephen Fitzpatrick, the ultimate controlling party, to fund any cash shortfall between income and expenditure. In light of the identified need for additional funding, the company has been provided with a letter dated 20 August 2015 from Imagination Industries Limited, a fellow company controlled by Stephen Fitzpatrick, stating its firm intention to provide financial support to enable the company to continue as a going concern for at least 12 months from the date of approval of the financial statements. No matters have been drawn to the attention of the directors to suggest that further funding will not be forthcoming as required.

# Manor Grand Prix Racing Limited

## Directors' report for the year ended 31 December 2014 - continued

Having considered the available options and nature of the discussions with each opportunity, the directors are confident that the accumulation of prize money, sponsorship, driver and other revenue, including further investment as required, provides the company with the resources that it needs to enable it to meet its payment obligations as they fall due and for a period of at least 12 months from the date of signing these financial statements. It is on this basis that the directors consider it appropriate to prepare the financial statements on a going concern basis.

### Disclosure of information

Each director who held office at the date of approval of this directors' report confirms that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Financial risk management

The approach to the management of the financial risks has been covered in the strategic report.

### Statement of Directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 those financial statements, the directors are required to:

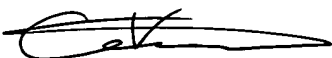
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;

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.

### Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

By order of the Board



**Vincent Casey**

Director

20 August 2015



# **Manor Grand Prix Racing Limited**

## **Independent auditors' report to the members of Manor Grand Prix Racing Limited**

### **Report on the financial statements**

#### **Our opinion**

In our opinion, Manor Grand Prix Racing Limited's financial statements (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 and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **What we have audited**

Manor Grand Prix Racing Limited's financial statements comprise:

- the Balance sheet as at 31 December 2014;
- the Profit and loss account for the year then ended;
- the Cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

#### **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.

#### **Other matters on which we are required to report by exception**

##### **Adequacy of accounting records and information and explanations received**

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

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

##### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

# Manor Grand Prix Racing Limited

## Independent auditors' report to the members of Manor Grand Prix Racing Limited - continued

### Responsibilities for the financial statements and the audit

#### Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' responsibilities 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.

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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Mark Skedgel (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors, Birmingham  
20 August 2015

# Manor Grand Prix Racing Limited

## Profit and loss account for the year ended 31 December 2014

	Note	2014 £'000	2013 £'000
<b>Turnover</b>	2	<b>26,153</b>	60,757
Cost of sales		<b>(62,706)</b>	(48,705)
Gross (loss) / profit		<b>(36,553)</b>	12,052
Administrative expenses		<b>(20,966)</b>	(19,530)
<b>Operating loss</b>	3	<b>(57,519)</b>	(7,478)
Profit on disposal of Fixed Assets		<b>1,971</b>	1,800
Interest payable and similar charges	4	<b>(1,867)</b>	(6,477)
<b>Loss on ordinary activities before taxation</b>		<b>(57,415)</b>	(12,125)
Tax on loss on ordinary activities	10	<b>4,518</b>	7,419
<b>Loss for the financial year</b>	17	<b>(52,897)</b>	(4,706)

All items dealt with in arriving at operating loss above relate to continuing operations.

The company has no recognised gains and losses other than the losses above and therefore no separate statement of total recognised gains and losses has been presented.

There are no material differences between the loss on ordinary activities before taxation and the loss for the financial years stated above and their historical cost equivalents.

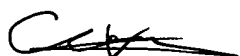
# Manor Grand Prix Racing Limited

## Balance sheet as at 31 December 2014

Registered Number 06661964

	Note	2014 £'000	2013 £'000
<b>Fixed assets</b>			
Intangible assets	7	-	218
Tangible assets	8	740	2,324
		<b>740</b>	<b>2,542</b>
<b>Current assets</b>			
Stocks	9	-	8,974
Debtors	11	6,256	23,210
Cash at bank and in hand		642	2,207
		<b>6,898</b>	<b>34,391</b>
Creditors: amounts falling due within one year	12	(66,760)	(43,111)
<b>Net current liabilities</b>		<b>(59,862)</b>	<b>(8,720)</b>
<b>Total assets less current liabilities</b>		<b>(59,122)</b>	<b>(6,178)</b>
Creditors: amounts falling due after more than one year	13	-	(47)
<b>Net liabilities</b>		<b>(59,122)</b>	<b>(6,225)</b>
<b>Capital and reserves</b>			
Called up share capital	16	132,429	132,429
Share premium account	17	1,500	1,500
Profit and loss account	17	(193,051)	(140,154)
<b>Total shareholders' deficit</b>	18	<b>(59,122)</b>	<b>(6,225)</b>

The financial statements on pages 9 to 28 were approved by the board of directors on 20 August 15 and were signed on its behalf by:



**Vincent Casey**  
Director

# Manor Grand Prix Racing Limited

## Cash flow statement for the year ended 31 December 2014

	Note	2014 £'000	2013 £'000
<b>Net cash outflow from operating activities</b>	22	<b>(11,992)</b>	(25,630)
<b>Returns on investments and servicing of finance</b>			
Interest paid		(1,285)	(12)
Taxation		6,083	1,336
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets	8	(3,270)	(954)
Sale of tangible fixed assets		2,931	1,800
Net cash (outflow) / inflow from capital expenditure and financial investment		(339)	846
Net cash outflow before financing		(7,533)	(23,460)
<b>Financing</b>			
Capital element of finance lease repayments		(32)	26
Increase in borrowings		6,000	24,788
Net cash inflow from financing		5,968	24,814
<b>(Decrease)/ Increase in net cash</b>	24	<b>(1,565)</b>	1,354

# **Manor Grand Prix Racing Limited**

## **Notes to the financial statements for the year ended 31 December 2014**

### **1 Accounting policies**

These financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

#### **Going concern**

In recent years, the company has been reliant on funding from shareholders, in addition to prize money and income from drivers and sponsors. As a result of restructuring the company and consequently reducing its cost base, allied with a significant increase in prize money as a result of Championship standings in 2013 and 2014, the company is now more able to generate trading income to fund its operations. Nevertheless, the latest cash flow forecasts, taking account of relevant risks and uncertainties, show that the company will require additional financial support.

In assessing the basis of preparation of the financial statements, the directors have had regard to the funding requirements of the company, in particular for the remainder of the 2015 season and throughout 2016. The directors are focused on investing in the growth of the team, based on principles of innovation and efficiency.

As part of this investment, the directors are actively engaged in discussions and negotiations with sponsors and partners to make significant contributions to funding requirements of the team to achieve the objectives of the team. Several of these discussions are progressing and, whilst the directors believe these options provide good opportunities for the team going forwards, the outcome of each option retains an element of uncertainty.

The company is therefore wholly reliant on the financial support of Stephen Fitzpatrick, the ultimate controlling party, to fund any cash shortfall between income and expenditure. In light of the identified need for additional funding, the company has been provided with a letter dated 20 August 2015 from Imagination Industries Limited, a fellow company controlled by Stephen Fitzpatrick, stating its firm intention to provide financial support to enable the company to continue as a going concern for at least 12 months from the date of approval of the financial statements. No matters have been drawn to the attention of the directors to suggest that further funding will not be forthcoming as required.

Having considered the available options and nature of the discussions with each opportunity, the directors are confident that the accumulation of prize money, sponsorship, driver and other revenue, including further investment as required, provides the company with the resources that it needs to enable it to meet its payment obligations as they fall due and for a period of at least 12 months from the date of signing these financial statements. It is on this basis that the directors consider it appropriate to prepare the financial statements on a going concern basis.

#### **Turnover**

Turnover, which excludes value added tax, represents sponsorship income, prize money and other income related to the company's principal activity. Turnover relating to sponsorship and driver contracts is recognised over the term of the agreement and turnover relating to prize money is recognised as earned in accordance with the Concorde agreement.

# Manor Grand Prix Racing Limited

## Notes to the financial statements for the year ended 31 December 2014 - continued

The company also enters into agreements with suppliers whereby goods and services are received in exchange for sponsorship arrangements. In such cases, turnover is recorded at the fair value of goods and services rendered.

### Deferred income

Income received in respect of future Formula One championship seasons is deferred until the relevant race season.

### Research & development costs

Research & development expenditure is written off during the race season to which the costs relate. The activities of the company are dedicated to the development of a Formula One racing car to compete successfully in Formula One motor racing.

### Tangible fixed assets

Tangible fixed assets are stated at their cost of acquisition, less accumulated depreciation and accumulated impairment losses. The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recovered. The company has not made any impairment to its tangible assets as it considers its depreciation policy to be sufficiently aggressive and without such assets the company would be unable to generate revenue.

### Depreciation

Depreciation is calculated so as to write off the cost of tangible fixed assets less their estimated residual value on a straight line basis over the useful economic life of the asset as follows:

Asset category	Depreciation policy
Leasehold improvements	Over 3-5 years
Plant, Fixtures & Equipment	Over 3-5 years
Motor vehicles	Over 3-5 years

### Goodwill

Goodwill arising represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Goodwill arising on acquisitions is capitalised and is being amortised over a three year period. The company evaluates the carrying value of goodwill in each financial year to determine if there has been a trigger to the impairment in value, which would result in the inability to recover the carrying amount. When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the profit and loss account.

### Stocks and car build costs

Stocks are stated at the lower of cost and net realisable value. All amounts paid to suppliers for raw materials and components in respect of the next season's car are included as a prepayment to the extent that ownership has not passed to the company at the year end. On transfer of title or receipt of goods these amounts are transferred to stocks, and as the racing cars have an expected life of one year only these costs are expensed during the race season. The company carries forward certain development costs incurred in the current year which relate to the production of next season's car.

As a result of the company being in administration towards the end of 2014, there were no material costs incurred in the year relating to the 2015 car and so there is no related car build asset at the balance sheet date.

# **Manor Grand Prix Racing Limited**

## **Notes to the financial statements for the year ended 31 December 2014 - continued**

### **Leasing & hire purchase**

Operating lease costs are charged to the profit and loss account on a straight-line basis over the lease term. Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a "finance lease". The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

### **Foreign currency**

Assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange prevailing at the transaction date. All profits and losses on exchange are dealt with in the profit and loss account.

### **Deferred taxation**

Deferred taxation is recognised on all timing differences that have originated but not reversed at the balance sheet date where transactions or events 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 exception that deferred tax assets are only recognised 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 period in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at balance sheet date.

### **Pension Policy**

The company operates a salary sacrifice pension scheme. Contributions are charged to the profit and loss account as they fall due.



# Manor Grand Prix Racing Limited

## Notes to the financial statements for the year ended 31 December 2014 – continued

### 2 Turnover

The company's turnover and result relate entirely to its principal activity.

As permitted by the Companies Act and SSAP 25 the directors have not disclosed segmental information as they consider it would be seriously prejudicial to the company's interests.

### 3 Operating loss

	2014 £'000	2013 £'000
Operating loss is stated after charging:		
Depreciation of owned assets	3,807	1,604
Depreciation of assets held under finance lease and hire purchase contracts	35	136
Amortisation of intangible assets	218	435
Net foreign currency exchange (gains) / losses	(274)	34
Research and development	31,446	31,263
<b>Auditors' remuneration:</b>		
Fees payable to company auditors for the audit	25	22
Tax services	7	15
Other services pursuant to legislation	1	6
<b>Operating leases:</b>		
– Land and Buildings	231	362
– Plant & Machinery	30	60

### 4 Interest payable and similar charges

	2014 £'000	2013 £'000
Interest payable in respect of group loans	1,753	6,435
Interest payable in respect of other loans	107	-
Finance Lease Interest	14	16
Bank interest received	(7)	(4)
	1,867	6,447

# Manor Grand Prix Racing Limited

## Notes to the financial statements for the year ended 31 December 2014 – continued

### 5 Employee information

The average monthly number of persons (including executive directors) employed by the company during the year was:

By activity	2014 Number	2013 Number
Production and engineering	127	153
Management and administration	32	34
	159	187

Staff costs for the above persons	2014 £'000	2013 £'000
Wages and salaries	10,027	9,409
Social security costs	1,173	1,110
Other pensions costs	47	18
	11,247	10,537

# Manor Grand Prix Racing Limited

## Notes to the financial statements for the year ended 31 December 2014 – continued

### 6 Directors' emoluments

	<b>2014</b>	2013
	<b>£'000</b>	£'000
Emoluments including benefits in kind	<b>989</b>	890

<b>Highest paid director</b>	<b>2014</b>	2013
	<b>£'000</b>	£'000
Emoluments including benefits in kind	<b>416</b>	375

One director accrued benefits under company pension schemes (31 December 2013: none).

Three of the directors received emoluments in respect of their services to this company for the year ended 31 December 2014 (2013: 3).

# Manor Grand Prix Racing Limited

## Notes to the financial statements for the year ended 31 December 2014 – continued

### 7 Intangible fixed assets

	<b>Goodwill</b>
	<b>£'000</b>
<b>Cost</b>	
At 1 January 2014 and 31 December 2014	1,305
<b>Accumulated Amortisation</b>	
At 1 January 2014	1,087
Charge for the year	218
<b>At 31 December 2014</b>	<b>1,305</b>
<b>Net book value</b>	
<b>At 31 December 2014</b>	<b>-</b>
At 31 December 2013	218

The company's intangible fixed assets are amortised over three years.

# Manor Grand Prix Racing Limited

## Notes to the financial statements for the year ended 31 December 2014 – continued

### 8 Tangible fixed assets

	Leasehold improvements	Plant, fixtures and equipment	Motor Vehicles	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 1 January 2014	964	6,242	1,555	8,761
Additions	280	2,990	-	3,270
Disposals	(1,056)	(5,396)	(998)	(7,450)
<b>At 31 December 2014</b>	<b>188</b>	<b>3,836</b>	<b>557</b>	<b>4,581</b>
<b>Accumulated depreciation</b>				
At 1 January 2014	541	4,731	1,165	6,437
Charge for the year	266	3,291	285	3,842
On Disposals	(711)	(4,819)	(908)	(6,438)
<b>At 31 December 2014</b>	<b>96</b>	<b>3,203</b>	<b>542</b>	<b>3,841</b>
<b>Net book value</b>				
<b>At 31 December 2014</b>	<b>92</b>	<b>633</b>	<b>15</b>	<b>740</b>
At 31 December 2013	423	1,511	390	2,324

There were no tangible fixed assets held under finance leases at 31 December 2014.

### 9 Stocks

	2014	2013
	£'000	£'000
Racing car development costs	-	8,974

# Manor Grand Prix Racing Limited

## Notes to the financial statements for the year ended 31 December 2014 – continued

### 10 Tax on loss on ordinary activities

	2014 £'000	2013 £'000
<b>Current tax</b>		
UK corporation tax at 21.49% (2013: 23.25%)	-	-
Adjustments in respect of previous periods	(4,518)	(7,419)
<b>Total current tax credit</b>	<b>(4,518)</b>	<b>(7,419)</b>
<b>Tax credit on loss on ordinary activities</b>	<b>(4,518)</b>	<b>(7,419)</b>

The rate of tax for the year, based on the UK average rate of corporation tax is 21.49% (2013: 23.25%). The actual tax credit for the year is £4,518,000 (2013: £7,419,000) for the reasons set out in the following reconciliation:

	2014 £'000	2013 £'000
<b>Loss before tax for the financial year</b>	<b>(57,415)</b>	<b>(12,125)</b>
Expected UK corporation tax credit at 21.49% (2013: 23.25%)	<b>(12,340)</b>	<b>(2,819)</b>
Difference is reconciled as:		
Depreciation in excess of capital allowances	277	379
Expenses not deductible/expenses allowable for tax purposes	375	1,663
Movement in short term timing differences	(2)	-
Adjustments in respect of prior periods	(4,518)	(7,419)
Losses not utilised	11,690	777
<b>Current tax credit for the year</b>	<b>(4,518)</b>	<b>(7,419)</b>

The adjustments in respect of prior periods relate to receipt of prior years' R&D claims. The tax assessed for the year is lower (2013: lower) than the standard rate of corporation tax in the UK of 21.49% (2013: 23.25%).

The company has unprovided deferred tax assets of approximately £29,957,013 (2013: £21,163,000) relating to trading losses that are available for carry forward against future trading profits. Given the uncertainty as to the company's ability to utilise these losses the directors have not recognised any related deferred tax asset.

Changes to the UK corporation tax rates were announced in the Chancellor's Budget on 8 July 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020. As the changes had not been substantively enacted at the balance sheet date their effects are not included in these financial statements.

# Manor Grand Prix Racing Limited

## Notes to the financial statements for the year ended 31 December 2014 – continued

### 11 Debtors

	2014 £'000	2013 £'000
Trade debtors	71	3,906
Other debtors	5,034	8,571
Prepayments and accrued income	1,151	10,733
	<b>6,256</b>	<b>23,210</b>

### 12 Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Trade creditors	31,584	13,357
Amounts owed to group undertakings	27,102	23,682
Other loans	3,600	-
Other creditors	-	23
Taxation and social security	1,074	356
Accruals and deferred income	3,400	5,656
Obligations under finance leases and hire purchase agreements	-	37
	<b>66,760</b>	<b>43,111</b>

Included within the amounts owed to group undertakings are group loans with a principal value of £25,048,000 (2013: £22,648,000) which are unsecured with interest rates payable at 7% (2013: 7%).

### 13 Creditors: amounts falling due after more than one year

	2014 £'000	2013 £'000
Obligations under finance leases and hire purchase agreements	-	47
	<b>-</b>	<b>47</b>

# Manor Grand Prix Racing Limited

## Notes to the financial statements for the year ended 31 December 2014 – continued

### 14 Loans and other borrowings

	2014 £'000	2013 £'000
Group loans	25,048	22,648
Other loans	3,600	-
	28,648	-

#### Maturity of financial liabilities

In one year or less, or on demand	28,648	22,648
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Group loans are unsecured with interest rates payable of 7% (2013: 7%).

### 15 Obligations under finance leases and hire purchase agreements

There were no obligations under finance leases and hire purchase agreements at 31 December 2014:

	2014 £'000	2013 £'000
Due within one year	-	53
In more than one year, but not more than five years	-	68
Total gross payments	-	121
Less finance charges included above	-	(37)
	-	84



# Manor Grand Prix Racing Limited

## Notes to the financial statements for the year ended 31 December 2014 – continued

### 16 Called up share capital

	2014 £'000	2013 £'000
<b>Allotted and fully paid</b>		
132,428,699 (2013: 132,428,699) ordinary share of £1	132,429	132,429
1,500,000 (2013: 1,500,000) deferred shares of £0.00001	-	-

Ordinary shares have voting rights and carry a right to receive dividends and other distributions. Deferred shares have no voting rights and a right to receive dividends of 0.1% of profits in excess of £30,000,000.

### 17 Reserves

	Share Premium Account £'000	Profit and loss account £'000
At 1 January 2014	1,500	(140,154)
Loss for the financial year	-	(52,897)
<b>At 31 December 2014</b>	<b>1,500</b>	<b>(193,051)</b>

### 18 Reconciliation of movements in total shareholders' deficit

	2014 £'000	2013 £'000
Loss for the financial year	(52,897)	(4,706)
New Share Capital issued	-	132,428
(Increase) / Decrease in total shareholders' deficit	(52,897)	127,722
Opening total shareholders' deficit	(6,225)	(133,947)
<b>Closing total shareholders' deficit</b>	<b>(59,122)</b>	<b>(6,225)</b>

# Manor Grand Prix Racing Limited

## Notes to the financial statements for the year ended 31 December 2014 – continued

### 19 Capital commitments

The company had no capital commitments as at 31 December 2014 (2013: £21,581) in respect of orders placed for capital equipment not yet delivered as at the balance sheet date.

### 20 Leasing commitments

At 31 December 2014 the company had no annual commitments under non-cancellable operating leases.

	2014 £'000	2013 £'000
<b>Land &amp; Buildings:</b>		
Within one year	-	67
Between two to five years	-	72
After five years	-	368
	-	507
<b>Plant &amp; Machinery:</b>		
Within one year	-	37
Between 2 and 5 years	-	0
	-	37
	-	544

### 21 Pension commitments

The company operated a salary sacrifice company pension scheme during the year to 31 December 2014; there was £3,200 outstanding at the year end (2013: £13,000).

# Manor Grand Prix Racing Limited

## Notes to the financial statements for the year ended 31 December 2014 – continued

### 22 Reconciliation of operating loss to net cash outflow from operating activities

Continuing operations	2014 £'000	2013 £'000
Operating loss	(57,519)	(7,478)
Depreciation and amortisation charges	4,060	2,175
Exchange differences	(274)	34
Decrease in stocks	8,974	1,927
Decrease / (Increase) in debtors	15,388	(8,120)
Increase / (Decrease) in creditors	17,379	(14,168)
<b>Net cash outflow from operating activities</b>	<b>(11,992)</b>	<b>(25,630)</b>

### 23 Reconciliation of net cash flow to movement in net debt

	2014 £'000	2013 £'000
<b>(Decrease) / Increase in cash in the year</b>	<b>(1,565)</b>	<b>1,354</b>
(Increase) / Decrease in debt and lease financing	(5,916)	88,046
Change in net cash resulting from cash flows	(7,481)	89,400
<b>Movement in net debt in the year</b>	<b>(7,481)</b>	<b>89,400</b>
Net debt at 1 January	(20,525)	(109,925)
<b>Net debt at 31 December</b>	<b>(28,006)</b>	<b>(20,525)</b>

# Manor Grand Prix Racing Limited

## Notes to the financial statements for the year ended 31 December 2014 – continued

### 24 Analysis of changes in net cash

	At 1 January 2014	Cash flow	At 31 December 2014
	£'000	£'000	£'000
Cash at bank and in hand	2,207	(1,565)	642
Intercompany Loans	(22,648)	(2,400)	(25,048)
Other loans	-	(3,600)	(3,600)
Finance lease obligations	(84)	84	-
<b>Total</b>	<b>(20,525)</b>	<b>(7,481)</b>	<b>(28,006)</b>

### 25 Ultimate parent undertaking and controlling party

The immediate parent undertaking at 31 December 2014 was Manor Holdco Limited, for which the ultimate parent undertaking was MaRussia UAE, a company incorporated in the United Arab Emirates which is wholly owned by the Sasha Trust.

Due to the company being in administration at the balance sheet date the company was jointly controlled by the appointed administrators Geoffrey Rowley and Geoffrey Carton-Kelly, both of FRP Advisory LLP.

On 6 March 2015, the ordinary and deferred shares in Manor Grand Prix Racing Limited were transferred from Manor HoldCo Limited to Just Racing Limited, which is now the immediate parent undertaking. The ultimate controlling party of Just Racing Limited and therefore Manor Grand Prix Racing Limited is Stephen Fitzpatrick.

# **Manor Grand Prix Racing Limited**

## **Notes to the financial statements for the year ended 31 December 2014 – continued**

### **26 Related Party Transactions**

The company indebtedness to Manor HoldCo Limited the immediate parent undertaking, increased by £3,154,394 in the year. At 31 December 2014 the total company indebtedness to Manor HoldCo Limited was £26,835,952.

Manor Racing Limited is a group company that held the entry for a race team in the GP3 Series. Transactions in the year relating to group undertakings totalled £265,373 and the company indebtedness to Manor Racing Limited at 31 December 2014 was £265,373.

Manor Motorsport Limited is a company that operated a race team in the GP3 Series on behalf of a group company, and is controlled by John Booth, a director. During the year to 31 December 2014 costs charged to the company totalled £423,520 (2013: £1,243,200). At 31 December 2014 the company indebtedness to Manor Motorsport Limited was £622,203 (2013: £681,722).

Crimson Project Management Limited is controlled by Andrew Webb, a director. During the year to 31 December 2014 Crimson Project Management Limited loaned the company £200,000 and charged costs to the Company of £240,000 (2012: £300,000). The company indebtedness at 31 December 2014 to Crimson Project Management Limited was £405,607 (2013: £178,363).

Andrews and Wykham Limited, of which Andrew Webb is a director, loaned the company £400,000 in the year. At 31 December 2014 the company indebtedness to Andrews and Wykham Limited was £400,000 (2013:nil).

Branbury International Investments is the company from which Manor Grand Prix Racing Limited leased its Banbury based factory. The company is controlled by T&F Capital Trustees SA as Trustee of the Sasha Trust. During the year to 31 December 2014 costs charged to the company amounted to £288,289 (2013: £282,000) and at the 31 December 2014 the company indebtedness to Branbury International Investments was £288,289 (2013: £nil).

# **Manor Grand Prix Racing Limited**

## **Notes to the financial statements for the year ended 31 December 2014 – continued**

### **27 Post Balance Sheet Events**

On 27 October 2014, the company entered administration due to the withdrawal of funding from its major sponsor and majority shareholder, upon whom funding was required to support the team. The company has since exited administration on 27<sup>th</sup> February 2015, following a company voluntary arrangement (CVA) and the injection of funds. This has enabled the company to continue its trade as a Formula One team with a new ownership structure and new sources of funding in place. The effect of the CVA was, following approval of at least 75% of the company's creditors at the time of administration, to settle all existing unsecured debts. This provided a better financial outcome for creditors than if the company was liquidated and has significantly reduced the level of debt in the company.

At the date of signing these financial statements and since exiting administration, the company has been able to meet its debts as they fall due. The company has normal levels of trade creditors with the only long term liabilities being secured debt which was assigned to Just Racing Limited by the secured trustee on 16<sup>th</sup> January 2015. On 6<sup>th</sup> March 2015, the ordinary and deferred shares in Manor Grand Prix Racing Limited were transferred from Manor HoldCo Limited to Just Racing Limited.