

1Malaysia Racing Team (UK) Limited

1Malaysia Racing Team (UK) Limited Annual report and financial statements for the 15 months ended 31 December 2010

Registered Number. 07042086

**MACFARLANES LLP
20 CURSITOR STREET
LONDON
EC4A 1LT**

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1Malaysia Racing Team (UK) Limited

Annual report and financial statements for the 15 months ended 31 December 2010

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Malaysia Racing Team (UK) Limited

Officers and advisers

DIRECTORS

Anthony Francis Fernandes
Kamarudin Bin Meranun
Sheikh Mohd Nasarudin
Michael Robert Gascoyne

REGISTERED OFFICE

Team Lotus
Hingham Industrial Estate
Ironsides Way
Hingham
Norfolk NR9 4LF

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Abacus House
Castle Park
Cambridge
CB3 0AN

1Malaysia Racing Team (UK) Limited

Directors' report for the 15 months ended 31 December 2010

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report, for the 15 months ended 31 December 2010

Principal activity

The company was incorporated in the UK on 14 October 2009 under the name 1Malaysia F1 Team (UK) Limited, and during the period under review changed its name to 1Malaysia Racing Team (UK) Limited

The company is principally engaged in providing design services, testing services and race support services to its parent company, 1Malaysia Racing Team Sdn Bhd, a company incorporated in Malaysia

Business review and future developments

The directors consider race performance, championship performance, cost base and cash flow to be the principal key performance indicators to assess progress towards strategic goals

The team was one of the last entrants into the 2010 season, after receiving the approval to race only in September 2009. Despite the lack of time and resource, with the technical guidance of Mike Gascoyne and the tremendous efforts of the drivers Heikki Kovalainen and Jarno Trulli the team finished in 10th place in the 2010 FIA Constructors Championship

Turnover was derived mainly from management fee received from the holding company and other ancillary income

As this was the first year of operations, there were several one off costs incurred by the company in this financial year, which are not expected to recur. The cost base was influenced by the company's compliance with the Resource Restriction Agreement, a contract signed between the teams in 2009

The directors look forward to defending the 10th place in the 2011 season as well improving the technical capabilities of the cars to enable a more sustained competitive challenge against the other teams in future seasons

Principal risks and uncertainties

The company's principal risk is the level of financial contributions it receives to support the racing programme. These financial contributions are now mainly derived from the holding company which in turn is significantly dependent on sponsorship income and shareholders loans

Financial risk management

The company's operations expose it to a variety of financial risks as follows

Currency risk

The company operates internationally, giving rise to exposures to changes in foreign exchange rates between a number of currencies. The company does not take out hedging instruments to mitigate the risk

Liquidity risk

The company retains sufficient cash and short term borrowing facilities to ensure it has sufficient funds for its daily operations. The directors are actively sourcing other funding options to ensure that the company has adequate resources for its operations

1Malaysia Racing Team (UK) Limited

Results and dividends

The company's turnover for the 15 months ended 31 December 2010 was £17,244,000 and the profit on ordinary activities after taxation for the financial period was £1,238,000. No dividends were declared in the period.

Directors

The directors of the company who served during the period and subsequently to the date of this report are listed below.

Anthony Francis Fernandes
Kamarudin Bin Meranun
Sheikh Mohd Nasarudin
Michael Robert Gascoyne
Lee Chung Han (resigned on 11 December 2009)
Zahri Ismail (resigned on 8 December 2010)

Provision of information to auditors

The directors of the company have each taken all steps that they ought to have taken as directors in order to make themselves aware of any information needed by the company's auditors in connection with preparing their report and to establish that the auditors are aware of that information and, so far as the directors are aware, there is no such information of which the company's auditors are unaware.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom 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 these 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

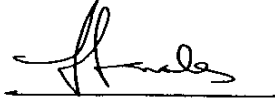
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

1Malaysia Racing Team (UK) Limited

Auditors

A resolution to reappoint PricewaterhouseCoopers will be put to the members at the Annual General Meeting

Approved by the Board of Directors
and signed by order of the Board

A handwritten signature in black ink, appearing to read 'A. Fernandes', written over a horizontal line.

Anthony Francis Fernandes
Director

1Malaysia Racing Team (UK) Limited

Independent auditors' report to the members of 1Malaysia Racing Team (UK) Ltd

Independent auditors' report to the members of 1Malaysia Racing Team (UK) Ltd

We have audited the financial statements of 1Malaysia Racing Team (UK) Ltd for the 15 months ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities on page 3, 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

Scope of the audit of the financial statements

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.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the 15 months 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

1Malaysia Racing Team (UK) Limited

Independent auditors' report to the members of 1Malaysia Racing Team (UK) Ltd (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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

Gavin Crawford (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading, UK
15 November 2011

1Malaysia Racing Team (UK) Limited

Profit and loss account for the 15 months ended 31 December 2010

	Note	2010 £'000
Turnover		17,244
Cost of sales		(11,324)
Gross profit		5,920
Administrative expenses		(4,530)
Operating profit		1,390
Interest payable and similar charges	2	(152)
Profit on ordinary activities before taxation	3	1,238
Tax on profit on ordinary activities	6	-
Profit for the financial period	13, 14	1,238

The results above relate wholly to continuing operations

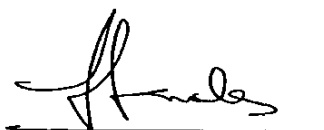
There are no recognised gains or losses other than as shown above and hence no Statement of Total Recognised Gains and Losses is presented

1Malaysia Racing Team (UK) Limited

Balance sheet as at 31 December 2010

	Note	31 December 2010 £'000
Fixed assets		
Tangible assets	7	2,854
Current assets		
Stock		158
Debtors	8	3,570
Cash at bank and in hand		4
		3,732
Creditors: amounts falling due within one year	9	(3,973)
Net current liabilities		(241)
Total assets less current liabilities		2,613
Creditors: amounts falling due after more than one year	10, 11	(1,375)
Net assets		1,238
Capital and reserves		
Called up share capital	12	-
Profit and loss account	13	1,238
Total shareholders' funds	13, 14	1,238

The financial statements on pages 7 to 18 of 1Malaysia Racing Team (UK) Limited, registered number 07042086, were approved by the Board of Directors on 15 November 2011 and were signed on its behalf by



Anthony Francis Fernandes
Director

1Malaysia Racing Team (UK) Limited

Notes to the financial statements for the 15 months ended 31 December 2010

1 Principal accounting policies

The financial statements have been prepared in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom. A summary follows of the more important accounting policies. These have been reviewed by the directors under Financial Reporting Standard ("FRS") 18 "Accounting Policies" and applied consistently in the 15 months ended 31 December 2010.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Going concern

The financial statements have been prepared on a going concern basis that assumes that the company will continue in operational existence for the foreseeable future.

Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation.

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. The company does not capitalise finance costs.

Fixed assets are depreciated on a straight line basis over periods not exceeding their useful lives from the date they become operational, principally as follows:

Plant and equipment	5-10 years
Furniture and fittings	5 years
Vehicles	3-5 years
IT equipment	3-5 years

Stock

Stocks are stated at the lower of cost and net realisable value.

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise, based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in years different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

1Malaysia Racing Team (UK) Limited

Notes to the financial statements for the 15 months ended 31 December 2010 (continued)

1 Principal accounting policies (continued)

Foreign currencies

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates as at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rate subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

Leases

Fixed assets held under finance leases are capitalised, with the capital element of leasing commitments shown as obligations under finance leases. The capital element of lease rentals is then applied to reduce the outstanding obligations, and the interest element charged in profit and loss. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

Turnover

Turnover comprises the value of sales (excluding VAT) of services rendered in the normal course of business and is derived mainly from the cost of providing design services, testing services and race support services recharged to 1Malaysia Racing Team Sdn Bhd. Turnover is recognised in the profit and loss account when the services are rendered.

Cash flow statement

Under the provisions of FRS 1 "Cash Flow Statements", the company has not prepared a cash flow statement because its ultimate parent undertaking, 1Malaysia Sdn Bhd, a company incorporated in Malaysia, prepares consolidated financial statements which are publicly available (see note 17).

2 Interest payable and similar charges

	2010 £'000
Finance lease interest (note 11)	152

1Malaysia Racing Team (UK) Limited

Notes to the financial statements for the 15 months ended 31 December 2010 (continued)

3 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging

	2010 £'000
Depreciation of tangible fixed assets	
- Owned assets	193
- Leased assets	300
Auditors' remuneration	
- fees payable to the company's auditors for the audit of the company's financial statements	50

4 Staff costs

Particulars of employees (including executive directors) are shown below

	2010 £'000
Wages and salaries	9,501
Social security costs	903
	10,404

No contributions were made by the company on behalf of its employees into pension schemes

The average monthly number of persons employed by the company during the period was as follows

	2010 Number
Administration	53
Production	164
	217

1Malaysia Racing Team (UK) Limited

Notes to the financial statements for the 15 months ended 31 December 2010 (continued)

5 Directors' remuneration

The total amounts for directors' remuneration were as follows

	2010 £'000
Aggregate emoluments	1,500
Company contributions to defined contribution pension scheme	-
	1,500

No retirement benefits are accruing to directors as at 31 December 2010

Certain directors are remunerated by other group companies for their services to the group as a whole. None of their remuneration relates specifically to qualifying services in respect of 1Malaysia Racing Team UK Ltd

6 Tax on profit on ordinary activities

The tax charge comprises

	2010 £'000
Corporation tax	
Current year	-
Total current tax	-
Total deferred tax	-
Tax on profit on ordinary activities	-

1Malaysia Racing Team (UK) Limited

Notes to the financial statements for the 15 months ended 31 December 2010 (continued)

6 Tax on profit on ordinary activities (continued)

The current tax charge for the year reconciles to the standard rate of taxation in the UK of 21% as follows

	2010 £'000
Profit on ordinary activities before taxation	1,238
Corporation tax charge at 21%	260
Accelerated capital allowances	(29)
Expenses not deductible for tax purposes	9
Research and development tax credit	(247)
Trading losses not relieved	7
Actual current taxation charge	-

At the balance sheet date, the company had unused tax losses of £35,573 available for offset against future profits. No deferred tax has been recognised in respect of unused tax losses due to the unpredictability of future profits.

Factors affecting current and future tax charges

A change in the UK main corporation tax rate from 28% to 27% was substantively enacted on 20 July 2010 and was effective from 1 April 2011. A further change in the UK main corporation tax to 26% was substantively enacted on 29 March 2011.

1Malaysia Racing Team (UK) Limited

Notes to the financial statements for the 15 months ended 31 December 2010 (continued)

7 Tangible fixed assets

	Plant and equipment £'000	Furniture and fittings £'000	Vehicles £'000	IT equipment £'000	Assets under construction £'000	Total £'000
Cost						
At 14 October 2009	-	-	-	-	-	-
Additions	252	2	2,083	623	387	3,347
Disposals	-	-	-	-	-	-
At 31 December 2010	252	2	2,083	623	387	3,347
Accumulated depreciation						
At 14 October 2009	-	-	-	-	-	-
Charge for the period	19	-	304	170	-	493
Disposals	-	-	-	-	-	-
At 31 December 2010	19	-	304	170	-	493
Net book amount						
At 31 December 2010	233	2	1,779	453	387	2,854
At 14 October 2009	-	-	-	-	-	-

1Malaysia Racing Team (UK) Limited

Notes to the financial statements for the 15 months ended 31 December 2010 (continued)

Assets held under finance leases, capitalised and included in tangible fixed assets

	2010 £'000
Cost	2,207
Accumulated depreciation	(300)
Net book amount	1,907

8 Debtors

	2010 £'000
Amounts owed by group undertakings	222
Other debtors	3,288
Prepayments and accrued income	60
	3,570

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and repayable on demand

9 Creditors: amounts falling due within one year

	2010 £'000
Trade creditors	1,783
Other Creditors	2
Finance leases (note 11)	1,109
Taxation and social security	427
Accruals and deferred income	652
	3,973

Amounts owed to group undertakings are unsecured, interest free and repayable on demand

1Malaysia Racing Team (UK) Limited

Notes to the financial statements for the 15 months ended 31 December 2010 (continued)

10 Creditors: amounts falling after more than one year

	2010 £'000
Finance leases (note 11)	1,375

11 Finance leases

Future minimum payments under finance leases are as follows

	2010 £'000
Within one year	1,109
In more than one year, but not more than five years	1,375
Total gross payments	2,484
Less finance charges included above	(287)
	2,197

12 Called up share capital

	2010 £'000
Allotted, called up and fully paid	
1 ordinary shares of £1 each	-

During the period, 1 ordinary share was issued for cash. The nominal value of this share, and consideration received, was £1.

1Malaysia Racing Team (UK) Limited

Notes to the financial statements for the 15 months ended 31 December 2010 (continued)

13 Reserves

	Profit and loss account £'000
At 14 October 2009	-
Profit for the 15 months ended 31 December 2010	1,238
At 31 December 2010	1,238

14 Reconciliation of movements in shareholders' funds

	2010 £'000
Profit for the 15 months ended 31 December 2010	1,238
Net increase in shareholders' funds	1,238
Opening shareholders' funds	-
Closing shareholders' funds	1,238

1Malaysia Racing Team (UK) Limited

Notes to the financial statements for the 15 months ended 31 December 2010 (continued)

15 Financial commitments

Capital commitments

The company had commitments amounting to £252,000 at 31 December 2010 for capital equipment contracted for but not delivered

16 Related party transactions

The company has taken advantage of the exemption in FRS 8 "Related Party Disclosures" not to disclose information relating to transactions with its parent company

Transactions with related companies during the period were as follows

Company	Nature of transactions	15 months ended 31December 2010 £'000	Balance outstanding at 31December 2010 £'000
EQ8 Limited	Payment on behalf	75	75
MGI Motorsport Limited	Payment on behalf	46	-
Team Lotus Merchandising Limited	Receipts on behalf	(3)	(3)
Dinato Racing Limited	Payment on behalf	425	425
Team Lotus Factory Limited	Payment on behalf	2,517	2,517
Team Lotus Ventures Limited	Payment on behalf	23	23

17 Ultimate parent company and controlling party

The ultimate parent undertaking and controlling party is 1Malaysia Racing Team, a company incorporated in Malaysia. The consolidated financial statements of 1Malaysia Racing Team Sdn Bhd may be obtained from its registered office at No 25-5, Block H, Jalan PJU 1/37, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia