

LOTUS F1 TEAM LIMITED

Report and Financial Statements

31 December 2013



LOTUS F1 TEAM LIMITED

REPORT AND FINANCIAL STATEMENTS 2013

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STRATEGIC REPORT

The Directors present their strategic report of the company for the year ended 31 December 2013.

BUSINESS REVIEW

The principal activity of the Company is the running of a Formula One racing team.

The Company carries out this activity through the design and manufacture of racing cars for participation in the FIA Formula One World Championship.

The Company's principal objective is to win the FIA Formula One World Championship. The company has been going through a commercial and sporting restructuring phase which brought it from 8th position in 2009 to two consecutive years as 4th in 2012 and 2013 in the Championship.

The Company's strategy for 2014 is to strengthening its position as one of the top 5 teams of the FIA Formula One World Championship notwithstanding the major change of regulations for chassis and engine coming into force in the 2014 Championship; and to keep progressing.

BUSINESS ENVIRONMENT

Turnover for the year, comprising mainly of sponsorship income and prize money, was £92.7 million (2012: £92.7 million) and the loss after taxation for the financial year was £64.9 million (2012: loss £55.3 million). The increased loss has arisen predominantly from a rise in financing costs (£12.6 million), partially offset by cost reductions across the business. The Company is anticipating further costs savings in 2014 after a recent organisational restructure in February 2014.

On track, the Team made a firm start to the season with a win in Australia, followed by ten further podium finishes, including three double podiums in Bahrain, Germany and Korea. The Team was in contention for second place throughout the season, and finally settled for fourth place with a total of 315 points.

Both drivers scored well during the season, Kimi Raikkonen contributing 183 points, and Romain Grosjean 132 points, a noticeable improvement from the 2012 season.

Moving on to the 2014 season, Romain Grosjean will be driving for the Team once again, alongside Pastor Maldonado who has joined the Team after a strong career with Williams.

2014 is a cornerstone year with the change of regulations and new engine specifications, where the Company expects the competition between top teams to increase. The Company is having discussions to bring new partners to support its development to compete in this environment. The Company is notably in discussion with several parties for a long term title sponsorship.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors are of the opinion that a thorough risk management process is adopted through regular financial review. The risks and uncertainties facing the Company might be broadly grouped as: Competitive, Legislative, and Financial.

- **Competitive Risks**

The Company's financial performance is subject to significant variation where its principal sponsors pay bonuses in respect to results achieved on track. Such results also combine to affect a proportion of the Company's income from TV prize money in the following season, as well as generally impacting on the Company's ability to generate sponsorships in the future.

- **Legislative Risks**

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

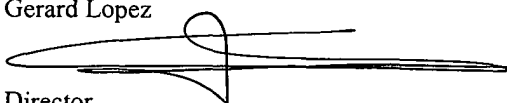
STRATEGIC REPORT

- Financial Risks

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

On behalf of the board

Gerard Lopez



Director

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2013.

DIVIDENDS AND TRANSFERS TO RESERVES

The directors do not recommend the payment of a dividend (2012- £nil). The loss for the year of £64.9 million (2012: loss £55.3 million) has been added to the deficit on the profit and loss account.

RESEARCH AND DEVELOPMENT

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

DIRECTORS

The following served as directors during the year:

G Lopez
E Lux
A Ruhan

B Mercer (Company Secretary)

CHARITABLE DONATIONS

The Company made nil (2012: nil) charitable donations to a national charity during the period.

EMPLOYEES

Applications for employment of disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of a person who does not suffer from a disability.

The company has arrangements for providing information to employees, involving employees in the company's performance and achieving awareness amongst employees of the factors affecting the company's performance.

GOING CONCERN

The Accounts have been prepared on the going concern basis as it is anticipated that the owners will continue to support the operation of the company as a Formula 1 team for the foreseeable future. Further information is provided in note 1.

DIRECTORS' REPORT**DIRECTORS INDEMNITY**

The company has granted an indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approval of the directors' report.

DISCLOSURE OF INFORMATION TO THE AUDITORS

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the group's auditor, each Director has taken all the steps that they is obliged to take as a Director in order to have made themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

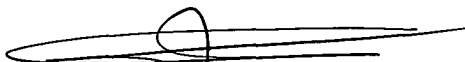
AUDITOR

During the year KPMG LLP were appointed as Company auditor.

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

Approved by the Board of Directors and signed on behalf of the Board on

31 July 2014



Gerard Lopez

Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom 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 judgments and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

ABCD

KPMG LLP

Altius House
One North Fourth Street
Milton Keynes
MK9 1NE
United Kingdom

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

We have audited the financial statements of Lotus F1 Team Limited for the year ended 31 December 2013 set out on pages 8 to 24. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



David Simpson, Senior Statutory Auditor
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

Altius House
1 North Fourth Street
Central Milton Keynes
MK9 1NE

31 July 2014

LOTUS F1 TEAM LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING 31 DECEMBER 2013

	Note	2013 £000's	2012 Restated £000's
TURNOVER	1	92,684	92,695
Operating expenses	2	<u>(142,071)</u>	<u>(145,157)</u>
OPERATING LOSS	6	(49,387)	(52,462)
Other interest receivable and similar income	4	-	1
Interest payable and similar charges	5	<u>(15,517)</u>	<u>(2,889)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(64,904)	(55,350)
Tax on loss on ordinary activities	7	<u>(10)</u>	<u>-</u>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED FOR THE FINANCIAL YEAR	16	<u>(64,914)</u>	<u>(55,350)</u>

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

All activities derive from continuing operations

LOTUS F1 TEAM LIMITED

BALANCE SHEET

Registered No: 1806337

Year ended 31 December 2013

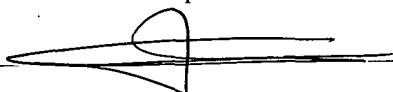
	Note	2013	2012
		£000's	Restated (Note 1) £000's
FIXED ASSETS			
Tangible assets	8	41,408	46,129
Heritage Assets	9	9,330	8,190
		<u>50,738</u>	<u>54,319</u>
CURRENT ASSETS			
Stocks	10	15,272	13,697
Debtors	11	40,604	21,146
Cash at bank and in hand		881	1,694
		<u>56,757</u>	<u>36,537</u>
CREDITORS: amounts falling due within one year	12	<u>(209,830)</u>	<u>(104,565)</u>
NET CURRENT LIABILITIES		<u>(153,073)</u>	<u>(68,028)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(102,335)</u>	<u>(13,709)</u>
CREDITORS: amounts falling due after one year	14	<u>(8,555)</u>	<u>(32,267)</u>
NET LIABILITIES		<u>(110,890)</u>	<u>(45,976)</u>
CAPITAL AND RESERVES			
Called up share capital	15	60,700	60,700
Revaluation reserve	18	15,808	16,897
Profit and loss account	16	<u>(187,398)</u>	<u>(123,573)</u>
EQUITY SHAREHOLDERS' DEFICIT	17	<u>(110,890)</u>	<u>(45,976)</u>

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

These financial statements were approved by the Board of Directors on

On behalf of the board

Gerard Lopez



Director

31 July 2014

LOTUS F1 TEAM LIMITED

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

Year ended 31 December 2013

NOTE OF HISTORICAL COST PROFIT AND LOSSES

	2013 £000's	2012 £000's
Reported loss on ordinary activities before taxation	(64,904)	(55,350)
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	1,089	-
Historical cost loss on ordinary activities before tax	(63,815)	(55,350)
Historical cost loss on ordinary activities after tax	(63,825)	(55,350)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2013 £000's	2012 Restated £000's
Loss for the financial year	(64,914)	(55,350)
Unrealised surplus on revaluation of fixed assets	-	16,897
Total recognised losses relating to the financial year	(64,914)	(38,453)
Prior year adjustment (see note 9)	8,190	
Total losses recognised since last annual report	(56,724)	

LOTUS F1 TEAM LIMITED

CASH FLOW STATEMENT

Year ended 31 December 2013

	Note	2013 £000's	2012 £000's
Net cash outflow from operating activities	20	(23,983)	(29,446)
Returns on investment and servicing of finance			
Interest received		-	1
Interest paid		(2,558)	(2,651)
		(2,558)	(2,651)
Taxation			
Foreign corporation tax paid		(10)	-
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(1,964)	(11,145)
Receipts from sales of tangible fixed assets		574	593
Payments to acquire heritage assets		(1,140)	-
		(2,530)	(10,552)
Net cash outflow before management of liquid resources and financing		(29,081)	(42,649)
Financing			
Net movement in short term borrowings	20	49,267	34,961
Net movement in long term borrowings	20	(21,000)	6,000
		28,267	40,961
Decrease in cash		(814)	(1,687)
Reconciliation of net cash flow to movement in net debt			
Decrease in cash		(814)	(1,687)
Cash inflow from increase in loans		(28,267)	(40,962)
Change in net debt resulting from cash flows		(29,081)	(42,649)
Change in net debt resulting from non-cash movements		(12,959)	(2,066)
Movement in net debt		(42,040)	(44,715)
Net debt at 1 January		(81,841)	(37,126)
Net debt at 31 December		(123,881)	(81,841)

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

NOTES TO THE ACCOUNTS
Year ended 31 December 2013

1. ACCOUNTING POLICIES

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

Basis of accounting

The Directors have reassessed the applicability of FRS 30 Heritage Assets and determined that historic cars held meet the criteria of FRS 30 and have recognised these assets on the balance sheet at directors' valuation. ~~The prior year comparatives have been restated accordingly. The impact on these financial statements is disclosed in note 9.~~ The particular accounting policies adopted are described below and have been applied consistently throughout the current and preceding period.

Going concern

The Company is reliant on support from its ultimate parent undertaking Genii Capital SA which has been provided in the form of Group loans. The Company has prepared a detailed budget and cash flow forecast and in addition, Genii Capital SA has indicated to the Company that for at least 12 months from the date of approval of these financial statements that it intends to, if required, make available financial support to assist the Company in meeting its financial liabilities as and when they fall due. On this basis, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and therefore they continue to adopt the going concern principle in the financial statements.

Turnover

Turnover principally comprises sponsorship income and prize money. Sponsorship receipts are credited to the profit and loss account over the period of the sponsorship agreements. Prize money is credited to the profit and loss account as it is won and in accordance with the Concorde agreement 2009.

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.

Tangible fixed assets

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

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

Freehold Land and Buildings	30 years
Motor vehicles	4 years
Plant, machinery, furniture and fittings	3 – 10 years

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

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

NOTES TO THE ACCOUNTS
Year ended 31 December 2013

Heritage assets

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

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

Foreign currency translation

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

Expenditure on racing cars

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

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

NOTES TO THE ACCOUNTS
Year ended 31 December 2013

1. ACCOUNTING POLICIES (continued)

Taxation

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

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

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

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

Leases

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

Stocks and work in progress

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

2. OPERATING EXPENSES

Due to the nature of the business the directors are of the opinion that analysis of expenditure between costs of sales, administration costs and distribution costs would be meaningless and hence no analysis is given

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2013 £000's	2012 £000's
Directors' emoluments:		
Remuneration	-	-
Remuneration of the highest paid director	-	-

No pension contributions were paid in respect of any director (2012: £Nil).

	2013 No	2012 No
Average number of persons employed:		
Engineering	285	261
Production	140	155
Administration	132	104
	557	520

LOTUS F1 TEAM LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2013

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (CONTINUED)

	2013 £000's	2012 £000's
Staff costs during the year (including directors):		
Wages and salaries	31,296	31,392
Social security costs	3,759	3,707
	<u>35,055</u>	<u>35,099</u>

4. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2013 £000's	2012 £000's
On bank deposits	-	1
Other interest receivable	-	-
	<u>-</u>	<u>1</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2013 £000's	2012 £000's
On bank loans and overdrafts, and other loans, repayable within five years	1,926	2,260
On intercompany loans, repayable within five years	13,591	629
	<u>15,517</u>	<u>2,889</u>

6. OPERATING LOSS

	2013 £000's	2012 £000's
Operating loss is stated after charging:		
Depreciation	6,090	7,016
Rentals under operating leases		
Land and buildings	42	42
Plant and machinery	1,103	906
Motor Vehicles	67	102
(Loss)/profit on sale of fixed assets	(21)	545
Auditors' remuneration		
Audit of the financial statements	37	37
Taxation services	39	39
	<u>37</u>	<u>39</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 2013

7. TAX ON LOSS ON ORDINARY ACTIVITIES

	2013 £000's	2012 £000's
Analysis of tax charge in the period		
Corporation tax		
Foreign Tax:		
Current tax on income for the period	10	-
Total current tax	<u>10</u>	<u>-</u>
Deferred tax		
Origination/reversal of timing differences	-	-
Tax on (loss)/profit on ordinary activities	<u>10</u>	<u>-</u>

The tax credit for the year is higher than that from applying the average standard rate of corporation tax in the UK: 23.25% (2012: 24.49%).

Factors affecting future tax charges

A reduction in the UK corporation tax rate from 24% to 23% (effective 1 April 2013) was substantively enacted on 3 July 2012. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future tax charge accordingly.

The deferred tax asset at 31 December 2013 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

LOTUS F1 TEAM LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 2013**

7. TAX ON LOSS ON ORDINARY ACTIVITIES (CONTINUED)

	2013	2012
	£000's	Restated £000's
Loss on ordinary activities before tax	(64,904)	(55,530)
Tax at 23.25% (2012: 24.49%) thereon	(15,090)	(13,555)
Effects of:		
Expenses not deductible for tax purposes	9,736	3,129
Depreciation in excess of capital allowances	1,182	1,174
Movement in tax losses	3,118	13,223
Short term timing differences	306	-
Overseas tax suffered	59	-
Impact of rate change on current year deferred tax credit/charge	748	935
Prior period adjustments	(49)	-
Additional relief for research and development expenditure	-	(4,549)
Current tax debit for the year	10	-

LOTUS F1 TEAM LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2013

8. TANGIBLE FIXED ASSETS

	Freehold land and buildings	Plant and machinery	Furniture and Fittings	Motor vehicles	Assets under construction	Total
	£000's	£000's	£000's	£000's	£000's	£000's
Cost						
At 1 January 2013	22,716	53,582	-	1,545	3,631	81,474
Additions	91	159	96	-	1,618	1,964
Transfers	2,529	(30,460)	28,755	-	(824)	-
Disposals	-	-	(803)	(661)	-	(1,464)
At 31 December 2013	25,336	23,281	28,048	884	4,425	81,974
Accumulated depreciation						
At 1 January 2013	11,564	23,688	-	93	-	35,345
Charge for the year	1,361	2,772	1,799	157	-	6,090
Transfers	1,034	(23,618)	22,584	-	-	-
Disposals	-	-	(798)	(71)	-	(869)
At 31 December 2013	13,959	2,842	23,585	179	-	40,566
Net book value						
At 31 December 2013	11,377	20,439	4,462	705	4,425	41,408
At 31 December 2012	11,153	29,894	-	1,452	3,631	46,129

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

The company's plant and machinery and motor vehicles were professionally re-valued at 31st December 2012. The valuation was carried out independently by David Hickman FRICS of Hickman-Shearer Limited. The basis adopted for the revaluation was Value of Plant and Machinery to the business. Included within the motor vehicles category are seven assets which have not been revalued. The carrying amount of these assets is £336,788.

Transfers in the year relate to a reclassification of existing asset classes.

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

	Plant and machinery £000's	Motor vehicles £000's
Cost	29,346	1,959
Accumulated depreciation thereon	(22,535)	(1,595)
Depreciation charge for the year	(1,764)	(77)
Net book value as at 31 December 2013	5,047	287

NOTES TO THE ACCOUNTS
Year ended 31 December 2013

9. HERITAGE ASSETS

<i>Valuation</i>	Restated
	Historic Cars
	£000's
At 1 January 2013	8,190
Additions	1,140
Disposals	-
At 31 December 2013	9,330

Five year financial summary of heritage asset transactions

	2013	2012	2011	2010	2009
	£000's	£000's	£000's	£000's	£000's
Additions	1,140	1,450	760	760	380
Disposals	-	-	-	-	-
Total	1,140	1,450	760	760	380

The Company has a total of 41 historic cars, of which 17 are loaned to sponsors and technical partners on a contractual basis. The remaining 24 are held at either the Company's secure off-site storage (11 cars), or reside at the headquarters in Enstone (13 cars) for the purpose of a showpiece in the museum or as a running show car used at various events during the season.

These assets are held on the balance sheet at valuation and are re-valued every five years, F1 racing cars retained at the end of each season are treated as an addition in the year with an initial value of £190,000, until a revaluation takes place. The assets have been valued based on an initial external valuation in 2010 and updated as at 1 January 2012 to bring in line with the performance of the cars in comparison with competitors and based on industry knowledge.

These heritage assets have been recognised for the first time in these financial statements via a prior year adjustment which increased heritage assets and the profit and loss account by £6,740,000 as at 1 January 2012 together with an increase in heritage assets and profit in 2012 of £1,140,000 in the year ended 31 December 2012.

10. STOCKS

	2013	2012
	£000's	£000's
Work in progress	15,272	13,697

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

NOTES TO THE ACCOUNTS
Year ended 31 December 2013

11. DEBTORS

	2013 £000's	2012 £000's
Amounts falling due within one year		
Trade debtors	28,428	7,074
Amounts due from group undertakings	50	381
Value added tax	440	531
Other debtors	102	66
Prepayments and accrued income	11,584	13,094
	<u>40,604</u>	<u>21,146</u>

12. CREDITORS

	2013 £000's	2012 £000's
Amounts falling due within one year		
Trade creditors	22,868	14,593
Amounts owed to group undertakings	7,248	2,271
Corporation tax	-	-
Withholding tax	11	104
Other taxation and social security	6,114	1,113
Accruals and deferred income	48,828	23,949
Loans	124,761	62,535
	<u>209,830</u>	<u>104,565</u>

Further details on the loans and deferred income are provided in note 14.

13. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation

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

	Provided 2013 £000's	Provided 2012 £000's	Not provided 2013 £000's	Not provided 2012 £000's
Difference arising between accumulated depreciation & Capital allowances	3,075	4,570	-	-
Short term timing differences	-	-	(306)	-
Losses	(3,075)	(4,570)	(26,751)	(25,712)
	<u>-</u>	<u>-</u>	<u>(27,057)</u>	<u>(25,712)</u>

LOTUS F1 TEAM LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2013

14. CREDITORS

Amounts falling due after one year

Loans

	2013 Total Short Term Debt (Within 1 Year) £000's	2013 Total Long Term Debt (2-5 Years) £000's	2013 Total Liability £000's	2012 Total Short Term Debt (Within 1 Year) £000's	2012 Total Long Term Debt (2-5 Years) £000's	2012 Total Liability £000's
Third Party Loans	30,268	-	30,268	18,737	21,000	39,737
Group Loans	94,493	-	94,493	43,798	-	43,798
	<u>124,761</u>	<u>-</u>	<u>124,761</u>	<u>62,535</u>	<u>21,000</u>	<u>83,535</u>

All third party loans are repayable during 2014 and incur interest charges of between 4% and 4.15%, accrued interest against these loans amounts to £1.4 million.

Group loans have no fixed repayment debt and include accrued interest to 31st December 2013 of £13.6 million.

Deferred Income

	2013 Total Short Term (Within 1 Year) £000's	2013 Total Long Term (2-5 Years) £000's	2013 Total Liability £000's	2012 Total Short Term (Within 1 Year) £000's	2012 Total Long Term (2-5 Years) £000's	2012 Total Liability £000's
Third Party	40,957	8,555	49,512	18,145	11,267	29,412
	<u>40,957</u>	<u>8,555</u>	<u>49,512</u>	<u>18,145</u>	<u>11,267</u>	<u>29,412</u>

LOTUS F1 TEAM LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 2013**

15. CALLED UP SHARE CAPITAL

	2013 No. 000's	2012 No. 000's	2013 £000's	2012 £000's
Allotted, called-up and fully paid Ordinary shares of £1 each	60,700	60,700	60,700	60,700

16. PROFIT AND LOSS ACCOUNT

	2013 £000's	2012 Restated £000's
Balance at 1 January	(123,573)	(74,963)
Prior year adjustment (see note 9)	-	6,740
Loss for the financial year	(64,914)	(55,350)
Surplus depreciation on revalued assets	1,089	-
Balance at 31 December	(187,398)	(123,573)

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2013 £000's	2012 Restated £000's
Loss for the year	(64,914)	(55,350)
Revaluation	-	16,897
Net decrease to shareholders' deficit	(64,914)	(38,453)
Opening shareholders' deficit (previously £54,166,000 before prior year adjustment of £8,190,000)	(45,976)	(7,523)
Closing shareholders' funds	(110,890)	(45,976)

NOTES TO THE ACCOUNTS
Year ended 31 December 2013

18. RECONCILIATION OF MOVEMENTS IN REVALUATION RESERVE

	2013 £000's	2012 £000's
Balance at 1 January	16,897	-
Additions	-	16,897
Surplus depreciation on revalued assets	(1,089)	-
Balance at 31 December	<u>15,808</u>	<u>16,897</u>

19. FINANCIAL COMMITMENTS

Lease commitments

At 31 December 2013, the company was committed to making the following payments during the next year in respect of:

Operating Leases	2013 Land and Buildings £000's	2013 Other £000's	2012 Land and Buildings £000's	2012 Other £000's
Leases which expire:				
Within one year	-	90	-	205
Within two to five years	46	840	42	723
	<u>46</u>	<u>930</u>	<u>42</u>	<u>928</u>

20. NOTES TO THE STATEMENT OF CASH FLOWS

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

	2013 £000's	2012 £000's
Operating loss	(49,387)	(53,912)
Depreciation of tangible fixed assets	6,090	7,016
Increase in stocks	(1,574)	(2,058)
Increase in debtors	(19,459)	(4,898)
Increase in creditors	40,326	24,952
Loss/(Profit) on sale of fixed tangible assets	21	(545)
	<u>25,404</u>	<u>24,466</u>
Net cash outflow from operating activities	<u>(23,983)</u>	<u>(29,446)</u>

LOTUS F1 TEAM LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2013

b) Analysis of net debt

	1 January 2013	Cash Flow	Non-cash Movement	At 31 December 2013
	£000's	£000's	£000's	£000's
Cash at bank and in hand	1,694	(814)	-	880
Loans	<u>(83,534)</u>	<u>(28,267)</u>	<u>(12,959)</u>	<u>(124,761)</u>
	<u>(81,840)</u>	<u>(29,081)</u>	<u>(12,959)</u>	<u>(123,881)</u>

c) Analysis of net movement in borrowings

	2013	2012
	£000's	£000's
Balance at 1 January	83,534	40,508
Repayments of borrowing	(13,237)	(21,223)
New loans: Group	50,695	42,239
New loans: Third party	3,769	22,010
Cash flow movement	<u>41,227</u>	<u>43,028</u>
Balance at 31 December	<u>124,761</u>	<u>83,534</u>

21. ULTIMATE PARENT COMPANY

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

22. RELATED PARTY TRANSACTIONS

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