

Brilliant In Excellence (UK) Limited

Annual Report and Financial Statements
for the Year Ended 31 December 2021

Brilliant In Excellence (UK) Limited

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Brilliant In Excellence (UK) Limited
(Registration number: 10013030)
Balance Sheet as at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	<u>4</u>	254,323	334,135
Current assets			
Debtors	<u>5</u>	2,474,893	3,228,754
Cash at bank and in hand		1,160,281	920,520
		3,635,174	4,149,274
Creditors: Amounts falling due within one year	<u>6</u>	(7,129,779)	(8,214,182)
Net current liabilities		(3,494,605)	(4,064,908)
Net liabilities		<u>(3,240,282)</u>	<u>(3,730,773)</u>
Capital and reserves			
Called up share capital		1	1
Profit and loss account		(3,240,283)	(3,730,774)
Shareholders' deficit		<u>(3,240,282)</u>	<u>(3,730,773)</u>

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime and the option not to file the Profit and Loss Account has been taken.

Approved and authorised by the director on 23 September 2022

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Cao Shan
Director

Brilliant In Excellence (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

Suite I Windrush Court
Abingdon Business Park
Abingdon
Oxfordshire
OX14 1SY
United Kingdom

The principal place of business is:

Unit 1500B
Silverstone Park
Silverstone
Northants
NN12 8FU

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The financial statements are presented in Sterling (£) and rounded to the nearest £.

Going concern

The accounts are prepared on a going concern basis. The company is 100% owned by Brilliant In Excellence Co. LTD, which operates the company as a stand-alone business, with the majority of its income secured through a commercial agreement. Funds are received in three payments per year from SHANGHAI LISHENG RACING CO. LTD, with the current agreement running until mid 2024.

Audit report

The Independent Auditor's Report was unqualified. The audit report included the following paragraph:

Material uncertainty relating to going concern

We draw attention to note 2 in the financial statements regarding going concern and note 7 regarding contingent liability. After the year end, as detailed in note 10, the company entered into a commercial agreement with Shanghai Lisheng Racing Co. Ltd which includes payments up to February 2024. Although the agreement provides sufficient funding in principle it is a new partner for the company and as such there is a level of uncertainty until payments have been received. In addition, the company owes £4,663,602 to related companies in respect of loans repayable in one year. These conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The name of the Senior Statutory Auditor who signed the audit report on 23 September 2022 was Caroline Webster FCA, who signed for and on behalf of UHY Ross Brooke.

Notes to the Financial Statements for the Year Ended 31 December 2021

Judgements

In preparing the financial statements, no judgements have been made in the process of applying the company's accounting policies that have had a significant effect on the amounts recognised in the financial statements, uncertainty are addressed below

Key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have the greatest level of uncertainty are addressed below:

(i) Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. The carrying amount is £1,035,375 (2020 -£164,278).

(ii) Sponsorship income recognition

As noted in the revenue recognition policy income from the main sponsorship contract is recognised based on completion of races.

(iii) R&D tax credit due

The company makes a best estimate of R&D tax credit due for qualifying work done in the period. This assessment is reviewed by a tax accountant and included as a debtor due to the previously successful claims. The carrying amount is £1,165,688 (2020 -£1,283,073).

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable net of discounts and value added taxes. The income for continuing operations was primarily sponsorship. The primary contract is for \$10m per season for 3 seasons starting in season 6 (2019/20). The income is recognised by race. Other sponsorship income is recognised on invoicing.

Government grants

Government grants in relation to expenditure are credited when the expenditure is charged to profit and loss.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rate on the date when the fair value is re-measured. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

The tax expense for the period comprises current tax payable.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Brilliant In Excellence (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold improvements	Straight line over the useful life
Furniture, fittings & equipment	Straight line over the useful life
IT equipment	Straight line over the useful life
Motor vehicles	Straight line over the useful life
Cash and cash equivalents	

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

3 Staff numbers

The average number of persons employed by the company (including the director) during the year, was 24 (2020 - 23).

Brilliant In Excellence (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

4 Tangible assets

	Short leasehold land and buildings £	IT equipment £	Plant and machinery £	Office equipment £	Motor vehicles £	Total £
Cost or valuation						
At 1 January 2021	32,448	487,403	304,101	32,003	14,644	870,599
Additions	243,617	-	-	-	-	243,617
Disposals	(8,393)	-	(21,632)	-	-	(30,025)
At 31 December 2021	267,672	487,403	282,469	32,003	14,644	1,084,191
Depreciation						
At 1 January 2021	5,697	291,349	201,260	25,083	13,075	536,464
Charge for the year	44,925	176,586	84,023	4,680	1,569	311,783
Eliminated on disposal	(2,473)	-	(15,906)	-	-	(18,379)
At 31 December 2021	48,149	467,935	269,377	29,763	14,644	829,868
Carrying amount						
At 31 December 2021	219,523	19,468	13,092	2,240	-	254,323
At 31 December 2020	26,751	196,054	102,841	6,920	1,569	334,135

Included within the net book value of land and buildings above is £219,523 (2020 - £26,751) in respect of short leasehold land and buildings.

Brilliant In Excellence (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

5 Debtors

	2021 £	2020 £
Trade debtors	1,035,375	164,278
Prepayments	202,390	314,218
Other debtors	1,237,128	2,750,258
	<u>2,474,893</u>	<u>3,228,754</u>

6 Creditors

Creditors: amounts falling due within one year

	2021 £	2020 £
Due within one year		
Trade creditors	2,183,471	3,252,316
Amounts owed to group undertakings and undertakings in which the company has a participating interest	4,663,602	4,816,328
Taxation and social security	141,966	52,319
Other creditors	140,740	93,219
	<u>7,129,779</u>	<u>8,214,182</u>

7 Financial commitments, guarantees and contingencies

Amounts not provided for in the balance sheet

Operating lease commitments

The total amount of financial commitments not included in the balance sheet is £435,458 (2020 - £35,779). Financial commitments relate to non-cancellable operating lease commitments for property and equipment.

Capital commitments

Contracts for future expenditure not provided in the financial statements - race car costs.

The total amount contracted for but not provided in the financial statements was £1,453,135 (2020 - £Nil).

Contingent liabilities

A legal dispute arose with one of the company's suppliers due to inadequate provision of goods in accordance with a supply contract. The supplier requested a settlement of €2.6m which was in full and final settlement but this offer lapsed. At 31 December 2021 a balance relating to this supplier of £1.54m was held in trade creditors and no further progress has been made. If a settlement was reached any liability would be split equally between the company and NIO Performance Engineering Limited. The company is holding £900,000 on behalf of NIO Performance Engineering Limited relating to this claim. If the claim is unsuccessful this money will be repaid to NIO Performance Engineering Limited.

8 Related party transactions

Summary of transactions with parent

Brilliant In Excellence (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

Brilliant in Excellence Co., Limited (parent) provided funds to the company during the year. At the balance sheet date the amount due to Brilliant in Excellence Co., Limited was £4,663,602 (2020: £4,816,328). The loan is unsecured, bears no interest and is repayable on demand. The loan was provided in different currencies and is repayable in the original currency.

9 Parent and ultimate parent undertaking

The company's immediate parent is Brilliant in Excellence Co., Ltd, incorporated in Hong Kong People's Republic of China. The ultimate controlling party is Shan Cao.

10 Non adjusting events after the financial period

A new commercial agreement was signed on 19 August 2022 with Shanghai Lisheng Racing Co. Ltd which provides \$15m for each of Formula E seasons 9 and 10.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.