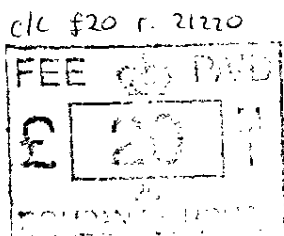


UK Overseas Company Registration number: FC034927

Jersey Company Registration number: 95136

UK Establishment No: BR020021



# Formula One Topco Limited

Directors' Report and Unaudited Financial Statements

for the Period from 8 December 2017 to 31 December 2018

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# **Formula One Topco Limited**

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# **Formula One Topco Limited**

## **Company Information**

<b>Chairman</b>	Mr Charles Carey
<b>Directors</b>	Shaikh Mohammed Bin Essa Al-Khalifa
	Mr Richard Baer
	Mr Peter Brabeck-Letmathe
	Mr Ross Brawn
	Mr Louis Camilleri
	Mr Charles Carey
	Mr Duncan Llowarch
	Mr Gregory Maffei
	Mr Albert Rosenthaler
	Ms Sacha Woodward Hill
<b>Company secretary</b>	S J Secretaries Limited
<b>Registered office</b>	27 Esplanade St Helier Jersey JE1 1SG



## **Formula One Topco Limited**

### **Directors' Report for the Period from 8 December 2017 to 31 December 2018**

The directors present their Report and the Financial Statements for the period from 8 December 2017 to 31 December 2018.

#### **Change in residency**

On 7 December 2017 the directors of the Jersey registered company Delta Topco Limited determined that the company's effective management, control and tax residency would be migrated to the United Kingdom ("UK") meaning that the company thereafter became UK resident. Following this decision, on 8 December 2017, the company registered a UK establishment with the UK Registrar of Companies, pursuant to which it carries on business in the UK under the name Formula One Topco Limited, at No. 2 St. James's Market, London, SW1Y 4AH.

These financial statements, prepared for the period from the registration of the company's UK establishment through to 31 December 2018, are the first financial statements that have been prepared for the UK establishment. No Strategic report has been presented because the financial statements have been prepared under the Companies (Jersey) Law 1991.

#### **Principal activity**

The company's principal activity is that of a holding company, with its principal assets being its investment in its subsidiaries, which are unquoted trading companies and include the current commercial rights holder to the FIA Formula One World Championship® ("the Championship") Formula One World Championship Limited ("FOWC").

#### **Parent Company**

On 23 January 2017, the company was acquired by Liberty Media Corporation ("Liberty"). The company and its subsidiaries are collectively referred to herein as "Formula 1" or the "Group".

#### **Adoption of IFRS 9 Financial Instruments**

The financial statements for the period ended 31 December 2018 have been prepared in accordance with IFRS 9 Financial Instruments, which the company early adopted from 8 December 2017.

#### **Review of business**

The profit for the period is shown in the Profit and Loss Account on page 6.

Profit and loss activity in the period primarily comprises expenses including amortisation of contractual payments, intra-group management fees payable to the company's subsidiary Formula One Management Limited and directors' remuneration.

During the period the company did not declare or pay a dividend.

The directors consider the performance of the company during the period to be both satisfactory and in line with expectations, and believe the company to be in a sound position at the balance sheet date.

#### **Principal risks and uncertainties**

The review of risks and uncertainties contains certain forward looking statements. These statements have been made by the directors in good faith based on the information available to them at the time of their approval of this report. They should be treated with caution due to the inherent uncertainties arising, which relate to events, and depend on circumstances, that may or may not occur in the future.

#### **Business risks**

The directors believe that the future success of the company is dependent on the continued ability of Formula 1 to successfully exploit the commercial rights to the Championship. In that regard the directors highlight certain arrangements to which the company's subsidiaries are parties, and which indirectly support the position of the company. The directors believe the effect of the ongoing arrangements will be to allow the company to continue to meet its obligations as they fall due.

In 2001, the Group's indirectly wholly-owned subsidiary SLEC Holdings Limited entered into, and funded, an agreement with the Fédération Internationale de l'Automobile ("FIA"), as a result of which the Group acquired the FIA's commercial interests in the Championship. Under these arrangements another wholly-owned subsidiary FOWC became the commercial rights holder to the Championship with effect from 1 January 2011 for a period of 100 years ending 31 December 2110.



## **Formula One Topco Limited**

### **Directors' Report for the Period from 8 December 2017 to 31 December 2018**

Since the expiry on 31 December 2012 of the 2009 Concorde Agreement, the Championship continues to operate under the terms of agreements reached with the participating teams and the FIA. FOWC is party to separate binding agreements with every team currently participating in the Championship, pursuant to which those teams have committed to continue to participate in the Championship until (and including) 2020. The Group has commenced discussions with the Championship's competing teams to identify parameters for their continued participation in the Championship after the expiry of the current team agreements, and is confident that through these discussions terms will be agreed for the teams to continue to participate beyond 2020.

Other subsidiaries continue to be party to long-term contractual arrangements with the promoters of the majority of the Championship's events under which they hold rights to package and sell advertising, sponsorship, hospitality and other commercial rights in connection with those events.

In assessing risk, and given Formula 1 has a number of UK-based subsidiaries that operate significant elements of its business, we continue to assess the potential impact of the result of the UK's referendum on its membership of the European Union ("EU"). The UK's decision to exit the EU ("Brexit") and the ongoing negotiations as to the terms of that exit, lead to a considerable degree of uncertainty as to its potential impact on both markets generally and Formula 1's business. Amongst its risks, Brexit could impact the general economic climate and increase volatility; lead to some foreign exchange risk; create logistical challenges for UK businesses with operations in the EU; create uncertainty as to the right of employees who are EU nationals to continue to reside and work in the UK; and result in changes in the framework of taxation that may apply to transactions.

The Group has continued to monitor developments with Brexit, actively considering related risks and mitigation strategies as they emerge, and developing contingency plans as required to address any potentially adverse consequences that could arise. Whilst considerable uncertainty remains as to the final arrangements for Brexit, Formula 1's business has certain characteristics that the directors believe should significantly mitigate risk in the areas highlighted above. These include the global nature of Formula 1, as a result of which the business has a globally diverse portfolio of contracts, customers and activities, and the fact that the majority of its business is transacted in US dollars. At this time Formula 1 does not anticipate that Brexit will have a material adverse effect on its business, albeit possible logistical challenges could arise in moving staff and equipment to and from European-based races which take place during the course of a Championship season.

The Group will continue to monitor developments with Brexit, actively considering related risks and mitigation strategies as they emerge, and developing contingency plans as required to address any potentially adverse consequences that could arise.

The directors consider that the developments and factors identified above should allow the company to mitigate its principal business risks for the foreseeable future and at least the next 12 months.

#### ***Other risks***

Other risks and uncertainties are regularly monitored by the directors and no significant change is expected to this activity during the forthcoming year.

#### ***Future developments***

The directors consider the arrangements detailed above leave the company well positioned to perform satisfactorily in the future.

#### ***Going concern***

The company's business activities, together with the factors likely to affect its future development, its financial position and its risk exposures, are described herein.

The company and fellow Formula 1 subsidiaries have considerable financial resources, including access to the Group's available revolving credit facilities, together with long term contracts with customers spread across different geographic areas and industries. Formula 1 is also now part of the wider Liberty group. As a consequence, the directors believe that the company is well placed to manage its business risks successfully, despite ongoing uncertainty in the economic outlook.

After making enquiries, the directors have a reasonable expectation that the group has adequate resources available to it to continue in operational existence for the foreseeable future and at least the next 12 months. Accordingly, they continue to adopt the going concern basis in preparing their report and accounts.



## **Formula One Topco Limited**

### **Directors' Report for the Period from 8 December 2017 to 31 December 2018**

#### **Directors of the company**

The directors who held office during the period were as follows:

Shaikh Mohammed Bin Essa Al-Khalifa

Mr Richard Baer

Mr Peter Brabeck-Letmathe

Mr Ross Brawn

Mr Louis Camilleri (appointed 21 September 2018)

Mr Charles Carey - Chairman

Mr Duncan Llowarch

Mr Gregory Maffei

Mr Albert Rosenthaler

Mr Bodo Uebber (resigned 20 May 2019)

Ms Sacha Woodward Hill

Mr Donald Mackenzie (resigned 26 July 2018)

Mr Sergio Marchionne (died 25 July 2018)

Approved by the Board on 16 September 2019 and signed on its behalf by:



Mr Duncan Llowarch  
Director



## **Formula One Topco Limited**

### **Statement of Directors' Responsibilities**

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

Jersey company law requires the directors to prepare financial statements for each financial year in accordance with any generally accepted accounting principles. The financial statements of the company are required by law to give a true and fair view of the state of affairs of the company at the period end and of the profit or loss of the company for the period then ended.

In preparing these financial statements, the directors should:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- specify which generally accepted accounting principles have been adopted in their preparation;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## Formula One Topco Limited

### Profit and Loss Account for the Period from 8 December 2017 to 31 December 2018

	Note	8 December 2017 to 31 December 2018 \$ 000
Cost of sales		(3,484)
Administrative expenses		<u>(2,148)</u>
Operating loss		<u>(5,632)</u>
Loss on ordinary activities before interest		(5,632)
Interest payable and similar charges	7	<u>(4)</u>
Loss before tax		(5,636)
Tax on loss on ordinary activities	9	<u>4,206</u>
Loss for the financial period		<u><u>(1,430)</u></u>

The above results were derived from continuing operations.



## Formula One Topco Limited

### Statement of Comprehensive Income for the Period from 8 December 2017 to 31 December 2018

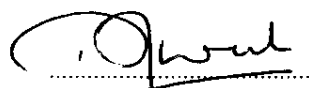
	8 December 2017 to 31 December 2018 \$ 000
Loss for the period	(1,430)
Other comprehensive income, net of tax	-
Total comprehensive income for the period	<u>(1,430)</u>



**Formula One Topco Limited**  
**(Registration number: FC034927)**  
**Balance Sheet as at 31 December 2018**

	Note	31 December 2018 \$ 000
<b>Fixed assets</b>		
Investments	10	6,932,202
<b>Current assets</b>		
Debtors	11	46,274
Creditors: Amounts falling due within one year	12	<u>(339,136)</u>
Net current liabilities		<u>(292,862)</u>
Net assets		<u>6,639,340</u>
<b>Capital and reserves</b>		
Called up share capital	13	113,619
Share premium reserve		47,406
Other reserves		276,945
Profit and loss account		<u>6,201,370</u>
Shareholders' funds		<u>6,639,340</u>

Approved by the Board on 16 September 2019 and signed on its behalf by:

  
 .....  
 Mr Duncan Llowarch  
 Director



# Formula One Topco Limited

## Statement of Changes in Equity for the Period from 8 December 2017 to 31 December 2018

	Share capital \$ 000	Share premium \$ 000	Other reserves \$ 000	Retained earnings \$ 000	Total \$ 000
At 8 December 2017	113,619	47,406	276,945	6,202,800	6,640,770
Total comprehensive income	-	-	-	(1,430)	(1,430)
At 31 December 2018	<u>113,619</u>	<u>47,406</u>	<u>276,945</u>	<u>6,201,370</u>	<u>6,639,340</u>

The notes on pages 10 to 19 form an integral part of these financial statements.



## Formula One Topco Limited

### Notes to the Financial Statements for the Period from 8 December 2017 to 31 December 2018

#### 1 General information

The company is a private company limited by share capital, and incorporated and registered in Jersey.

The address of its registered office is:

27 Esplanade  
St Helier  
Jersey  
JE1 1SG  
Channel Islands

The company is UK resident and has a registered UK establishment at No. 2 St. James's Market, London, SW1Y 4AH with the UK Registrar of Companies. Pursuant to that registration, the company carries on business in the UK under the name Formula One Topco Limited.

These financial statements were authorised for issue by the Board on 16 September 2019.

#### 2 Basis of preparation

These financial statements were prepared in accordance with The Overseas Companies Regulations 2009, under Companies (Jersey) Law 1991, and also in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101") issued by the Financial Reporting Council and under historical cost accounting rules.

The financial statements have not been audited.

The financial statements contain information about Formula One Topco Limited as an individual company and do not contain consolidated financial information as the parent of a group, as the company is exempt under section 402A of The Overseas Companies Regulations 2009 from the requirement to prepare consolidated financial statements.

The financial information is presented in US dollars and all values are rounded to the nearest thousand (\$000) except where otherwise indicated.

##### *New standards, interpretations and amendments effective*

In preparing these financial statements, the UK establishment early adopted IFRS 9 from 8 December 2017.

#### 3 Going concern

Notwithstanding net current liabilities of \$292.9m as at 31 December 2018, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

Delta Topco Limited is the parent of a group of companies (collectively referred to herein as the "Group" or "Formula 1") (see note 10), which is active in the profitable exploitation of the FIA Formula One World Championship® ("the Championship"), the principal operating subsidiary of which is the exclusive commercial rights holder to the Championship, Formula One World Championship Limited ("FOWC"). The Group is, in turn, wholly owned by subsidiaries of Liberty Media Corporation ("Liberty") (see note 17).

The company and the wider Group therefore has access to considerable financial resources and liquidity, including the Group's long term revolving credit facilities and long term contracts with customers spread across different geographic areas and industries. As noted, Formula 1 is also part of the wider Liberty group. As a consequence, taking into account its relationships with its subsidiaries and with Liberty, the directors believe that the company is well placed to manage its business risks successfully, despite any periodic uncertainty in the economic outlook.

The Group maintains cash flow budgets and forecasts for periods of at least 12 months from the date of approval of these financial statements, and which indicate that, taking account of reasonably possible downside risks, the company will have access to sufficient liquidity during the period as and if required.

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



## **Formula One Topco Limited**

### **Notes to the Financial Statements for the Period from 8 December 2017 to 31 December 2018**

#### **4 Disclosure exemptions**

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share-based Payment, because the share based payment arrangement concerns the instruments of another group entity;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 39(c), 40A, 40B, 40C, 40D and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

#### **5 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 periods presented, unless otherwise stated.

##### **Foreign currency transactions and balances**

Transactions in foreign currencies are initially recorded by the company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date.

All differences arising on settlement or translation of monetary items are taken to the profit and loss account. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in the profit and loss account.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or the profit and loss account, are also recognised in other comprehensive income or the profit and loss account, respectively).



## Formula One Topco Limited

### Notes to the Financial Statements for the Period from 8 December 2017 to 31 December 2018

#### 5 Accounting policies (continued)

##### **Tax**

The tax expense for the period comprises current tax. Tax is charged or credited to the profit and loss account except where it relates to items charged or credited to other comprehensive income or directly to equity, in which case the tax is recognised in other comprehensive income or in equity.

Current tax is the expected tax payable for the year based on the tax rates and laws enacted or substantively enacted at the balance sheet date, plus any adjustments to tax payable in respect of previous periods.

Tax assets and liabilities are offset only when there is a legally enforceable right to set off current tax assets against current tax liabilities, and the taxes relate to the same taxation authority and to the same taxable entity or to different entities which intend to settle the current tax assets and liabilities on a net basis.

##### **Investments**

Investments in subsidiaries are carried at cost less provision for impairment.

##### **Impairment of non-financial assets**

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

##### **Financial instruments**

IFRS 9 Financial Instruments has been adopted early by the company and has been applied from the registration date of its establishment in the UK on 8 December 2017.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The company's financial instruments consist of intra-group receivables and intra-group payables.

Financial assets and liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. The company determines the classification of financial assets and financial liabilities at initial recognition.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial instruments classified as "at amortised cost" and financial assets "at fair value through other comprehensive income" ("FVOCI") are included within the carrying value of such instruments. Transaction costs directly attributable to the acquisition of financial instruments which are classified as fair value through profit and loss ("FVPL") are recognised immediately in the profit and loss account.

##### **Financial assets**

###### ***(a) Classification and subsequent measurement***

All recognised financial assets are classified as either financial assets at amortised cost, FVOCI or FVPL. The company currently has no financial assets classified as either FVOCI or FVPL.



## Formula One Topco Limited

### Notes to the Financial Statements for the Period from 8 December 2017 to 31 December 2018

#### 5 Accounting policies (continued)

##### *Financial assets at amortised cost*

Financial assets that meet the following conditions are classified as 'financial assets at amortised cost':

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest; and
- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The asset was not acquired principally for the purpose of selling in the near term or management for short-term profit taking (held for trading).

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest rate ("EIR") method. The EIR is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial instrument. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income or finance costs in the profit and loss account.

Financial assets at amortised cost are subject to impairment review. Gains and losses are recognised in the profit and loss account when the asset is derecognised, modified or impaired.

##### *(b) Impairment of financial assets*

The company assesses financial assets at amortised cost and recognises an impairment loss allowance to reduce the carrying amount of the assets. The impairment loss, as required by IFRS 9, is based on expected credit losses ("ECL") and reflects forward looking information. The ECL is first recognised on the date of initial recognition of the asset.

The simplified approach is used under IFRS 9 for assessing the potential impairment of short term trade receivables, short term contract assets, long term trade receivables, long term contract assets and lease receivables, with the general approach used for other financial assets.

The simplified approach:

Impairment loss is assessed based on credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL) and is calculated, for a class of assets, as the weighted average of credit losses where the weights are the probabilities of default. Factors such as historical credit loss experience, future economic climate and forward-looking factors specific to the debtors are taken into account when estimating the probability of default.

The general approach:

Impairments are assessed and recognised in three stages to reflect the potential variation in credit quality of financial assets:

-Stage 1: items that have not deteriorated significantly in credit quality since initial recognition. For these items, the ECL is based on credit losses that result from default events that are possible within the next 12 months (a 12 month ECL) and is calculated as lifetime losses from default inside 12 months weighted by the probability of default in 12 months

-Stage 2: items that have deteriorated significantly in credit quality since initial recognition but do not have objective evidence of a credit loss event. For these items, the ECL is equal to a lifetime ECL and interest is calculated based on the gross carrying value of the asset

-Stage 3: items that have objective evidence of impairment at the reporting date. For these items the ECL is also equal to a lifetime ECL but the interest is calculated based on the net carrying value of the asset.

The amount of credit loss is calculated as the present value of estimated cash shortfalls discounted at the financial asset's original EIR.



## Formula One Topco Limited

### Notes to the Financial Statements for the Period from 8 December 2017 to 31 December 2018

#### 5 Accounting policies (continued)

##### *(c) Financial assets held by the Company*

###### *(i) Intra-group receivables*

Intra-group receivables are recognised at transaction price less any provision for impairment on receivables.

##### *Financial liabilities*

###### *(a) Classification and subsequent measurement*

All recognised financial liabilities are subsequently measured at either amortised cost or fair value. Financial liabilities that are not held for trading and are not designated as at fair value through profit and loss are classified as 'Financial liabilities measured at amortised cost' and are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts that are subsequently measured at amortised cost are determined based on the EIR method (see above). The company's financial liabilities include trade and other creditors, intra-group payables and intra-group loans. All of the company's financial liabilities are classified as 'Financial liabilities measured at amortised cost'.

###### *(i) Intra-group payables*

Intra-group payables are initially recognised at the transaction price and subsequently measured at amortised cost using the EIR method.

###### *(ii) Loans*

All loans are initially recorded at the amount of proceeds received, net of transaction costs. Loans are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Loans are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

#### 6 Judgements and key sources of estimation uncertainty

The preparation of historical financial information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the disclosures of contingent liabilities, at the end of the reporting period. Uncertainty in making these judgements, assumptions and estimates can result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods, although in preparing the financial statements management do not consider that they have been required to apply any judgement, estimate or assumption which could have a significant effect on the amounts recognised in these financial statements.

#### 7 Interest payable

8 December  
2017 to 31  
December  
2018  
\$ 000

##### **Interest payable and similar charges**

Other finance costs

(4)



## Formula One Topco Limited

### Notes to the Financial Statements for the Period from 8 December 2017 to 31 December 2018

#### 8 Staff costs

The aggregate payroll cost (consisting entirely of directors' remuneration) was as follows:

	8 December 2017 to 31 December 2018 \$ 000
Remuneration	<u>472</u>

The directors' remuneration paid by the company represents directors fees paid to 5 non-executive directors for qualifying services. The other directors who served the company during the period received no emoluments for their services to the company. The highest paid director received aggregate emoluments from the company during the period of \$290,000.

The company had no employees during the year.

#### 9 Taxation

Tax credited in the profit and loss account:

	8 December 2017 to 31 December 2018 \$ 000
<b>Current taxation</b>	
Receipt from fellow Formula 1 subsidiaries in respect of Group taxation relief	<u>(4,206)</u>

The company is UK tax resident, and taxable profits are subject to UK tax at the standard UK rate of corporation tax of 19%.

Tax credited to the profit and loss account differs from tax calculated by applying the average rate of corporation tax of 19% to the result before tax for the period. The differences are reconciled below:

	2018 \$ 000
Loss before tax	<u>(5,636)</u>
Corporation tax at standard rate	(1,071)
Increase from effect of expenses not deductible in determining taxable loss	662
Effect of other permanent differences	<u>(3,797)</u>
Total tax credit	<u>(4,206)</u>

Under the Finance Act 2016, UK Corporation tax is scheduled to reduce to 17% effective 1 April 2020.



## Formula One Topco Limited

### Notes to the Financial Statements for the Period from 8 December 2017 to 31 December 2018

#### 10 Investments

##### Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows (\*indicates investment is held by a subsidiary undertaking):

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	Principal activity
<b>Subsidiary undertakings</b>				
Allsport Management SA*	Switzerland	Ordinary shares	100%	Non-trading
Alpha Prema UK Limited*	England and Wales	Ordinary shares	100%	Intermediate holding company
Alpha Topco Limited*	Jersey (The Channel Islands)	Ordinary shares	100%	Intermediate holding company
Beta Holdings Limited*	England and Wales	Ordinary shares	100%	Intermediate holding company
Delta 2 (Lux) S.à. r.l.*	Luxembourg	Ordinary shares	100%	Intermediate holding company
Delta 3 (UK) Limited*	England and Wales	Ordinary shares	100%	Intermediate holding company
Delta Debtco Limited	Jersey (The Channel Islands)	Ordinary shares	100%	Intermediate holding company
Formula One Research, Engineering and Development Limited*	England and Wales	Ordinary shares	100%	Formula 1® research, engineering and development services
Formula Motorsport Limited*	England and Wales	Ordinary shares	100%	Motorsport management, administration and organisation
Formula One Administration Limited*	England and Wales	Ordinary shares	100%	Intellectual property ownership
Formula One Asset Management Limited*	England and Wales	'A' Ordinary shares	100%	Intellectual property ownership
Formula One Digital Media Limited*	England and Wales	Ordinary shares	100%	Digital media exploitation
Formula One Hospitality and Event Services Limited*	England and Wales	Ordinary shares	100%	Formula 1® hospitality and event services
Formula One Licensing BV*	Netherlands	Ordinary shares	100%	Intellectual property ownership
Formula One Management Limited*	England and Wales	Ordinary shares	100%	Formula 1® management, administrative and technical services
Formula One Marketing Limited*	England and Wales	England and Wales	100%	Sale of Formula 1® related advertising and other event rights



## Formula One Topco Limited

### Notes to the Financial Statements for the Period from 8 December 2017 to 31 December 2018

#### 10 Investments (continued)

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	Principal activity
Formula One Marketing II Limited*	England and Wales	Ordinary shares	100%	Sale of Formula 1® related advertising and other event rights
Formula One World Championship Limited*	England and Wales	Ordinary shares	100%	Formula 1® commercial rights exploitation
SLEC Holdings Limited*	Jersey (The Channel Islands)	Ordinary shares	100%	Intermediate holding company

The investments in subsidiaries represents the company's cost of investment in its sole directly owned subsidiary Delta Debtco Limited.

Subsidiaries	\$ 000
<b>Cost or valuation</b>	
At 8 December 2017	6,932,202
At 31 December 2018	6,932,202
<b>Carrying amount</b>	
At 31 December 2018	6,932,202

#### 11 Debtors

	31 December 2018 \$ 000
Amounts due from other Formula 1 companies	4,206
Prepayments	42,068
Total trade and other receivables	46,274

Amounts due from other Formula 1 companies are trading balances and no interest is charged.

No ECL has been provided on amounts due from other Formula 1 companies because under the simplified approach for trade receivables, the probability of default is considered to be extremely remote as the Formula 1 group has considerable financial resources. Therefore the ECL in the next 12 months is deemed to be immaterial and no impairment has been recognised.

Prepayments include payments made to the Fédération Internationale de l'Automobile in respect of various contractual commitments, which are being charged to the income statement in line with the underlying terms of the agreements to which they relate.

#### Details of non-current debtors

\$38.3m of prepayments are classified as non-current, representing amounts related to contractual arrangements which are being charged to the income statement over the period to which the arrangements relate.



## Formula One Topco Limited

### Notes to the Financial Statements for the Period from 8 December 2017 to 31 December 2018

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

	Note	31 December 2018 \$ 000
Accrued expenses		1,373
Amounts due to other Formula 1 companies		1,612
Other creditors		115
Loans and borrowings	14	336,036
		<u>339,136</u>

Amounts due to other Formula 1 companies are trading balances, and no interest is charged.

#### 13 Share capital

##### Allotted, called up and fully paid shares

	No.	31 December 2018 \$ 000
Ordinary shares of \$0.01 each	11,361,851,300	113,619
Redeemable ordinary shares of \$0.01 each	2	-
	<u>11,361,851,302</u>	<u>113,619</u>

One redeemable ordinary share of \$0.01 is held by McLaren Technology Group Limited and carries the right to appoint a director to the company's board. The other \$0.01 redeemable ordinary share is held by the longest serving team participating in the Championship (currently Ferrari S.p.A.) and carries the right to appoint the longest serving team director. Each of the \$0.01 redeemable ordinary shares ranks pari passu with the other ordinary shares. The company has the option to redeem the relevant shares on an Initial Public Offering, if the related team agreement expires or if the longest serving team or McLaren (as applicable) ceases to participate in the Championship.

#### 14 Loans and borrowings

	31 December 2018 \$ 000
<b>Current loans and borrowings</b>	
Loans from other Formula 1 companies	<u>336,036</u>

As at 31 December 2018, the company had outstanding loans from its subsidiary companies, FOWC of \$203.0m and Delta 3 (UK) Limited totalling \$133.0m. Both loans are repayable within one year and no interest is charged.

#### 15 Guarantees and other financial commitments

The company had no capital or other financial commitments at 31 December 2018.



## **Formula One Topco Limited**

### **Notes to the Financial Statements for the Period from 8 December 2017 to 31 December 2018**

#### **16 Related party transactions**

The company has taken advantage of the exemption under FRS 101 not to disclose transactions with wholly-owned subsidiaries of Liberty.

#### **17 Parent and ultimate parent undertaking**

The company's immediate parent undertaking is Liberty GR Acquisition Company Limited ("Liberty GR ACL"), a company incorporated in England and Wales. Liberty GR ACL is owned by wholly-owned subsidiaries of Liberty.

As at the balance sheet date Liberty, a Nasdaq listed company incorporated in the United States of America, is the parent undertaking of the smallest and largest group for which publicly available group financial statements are prepared which include the results of the company. Liberty's consolidated accounts are publicly available from 12300 Liberty Blvd, Englewood, CO 80112, USA. Liberty is considered to be, in the opinion of the directors, the ultimate parent undertaking of the company.