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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 Year Ended 31 December 2019

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# **Formula One Topco Limited**

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## **Formula One Topco Limited**

### **Glossary of abbreviated terms**

The following abbreviated terms are used in the Strategic Report, Directors' Report and the Financial Statements:

#### **(i) Abbreviations of the names of parent and subsidiary entities**

"Delta Topco"	Delta Topco Limited (parent company of Formula 1)
"FOM"	Formula One Management Limited (a Formula 1 subsidiary)
"Formula 1" or "Group"	Delta Topco and its subsidiaries
"FOWC"	Formula One World Championship Limited (a Formula 1 subsidiary)
"Liberty"	Liberty Media Corporation (the ultimate parent undertaking of Formula 1)
"Liberty GR ACL"	Liberty GR Acquisition Company Limited (an intermediate parent undertaking of Formula 1)
"Liberty Media Group"	Liberty Media Corporation and its subsidiaries
"SLEC"	SLEC Holdings Limited (a Formula 1 subsidiary)

#### **(ii) Other abbreviations used**

"the Championship"	FIA Formula One World Championship ®
"CRH"	Commercial Rights Holder
"EU"	European Union
"FIA"	Fédération Internationale de l'Automobile
"FRS 101"	Financial Reporting Standard 101 'Reduced Disclosure Framework'
"IAS"	International Accounting Standard
"IFRS"	International Financial Reporting Standard

## **Formula One Topco Limited**

### **Company Information**

**Directors**

Shaikh Mohammed Bin Essa Al-Khalifa  
Mr Peter Brabeck-Letmathe  
Mr Ross Brawn  
Mr Louis Camilleri  
Mr Charles Carey (Chairman)  
Mr Duncan Llowarch  
Mr Gregory Maffei  
Mr Albert Rosenthaler  
Ms Renee Wilm  
Ms Sacha Woodward Hill

**Company secretary** S J Secretaries Limited

**Registered office** 27 Esplanade  
St Helier  
Jersey  
JE1 1SG

## **Formula One Topco Limited**

### **Directors' Report for the Year Ended 31 December 2019**

The directors present their Report and the Financial Statements for the year ended 31 December 2019.

Abbreviations used in the Directors' Report and the Financial Statements are defined in the Glossary of abbreviated terms (see page 1).

#### **Residency**

On 7 December 2017 the directors of the Jersey registered company Delta Topco Limited ("Delta Topco") determined that the company's place of effective management, control and tax residency would be migrated to the UK. Since then the company has been UK resident and 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 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 ("CRH") to the FIA Formula One World Championship® ("the Championship") 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".

#### **Review of business**

The profit for the year is shown in the Profit and Loss account on page 9.

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

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

The directors consider the performance of the company during the year 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 SLEC, a fellow Group company, entered into and funded a series of agreements, the counterparties to which were itself, other Group companies and the FIA, and under which the FIA continues to provide regulatory services and one of the Group companies, FOWC, became the CRH to the Championship for a period of 100 years commencing from 1 January 2011.

Since the expiry of the 2009 Concorde Agreement at the end of 2012, the Championship has operated under the terms of additional agreements between FOWC, the participating teams and the FIA, and pursuant to which the teams have continued to participate in the Championship. With the approaching expiry of the team agreements at the end of 2020, the Group continues discussions with the teams aimed at agreeing terms for their continued participation in the Championship in 2021 and beyond. The Group is confident that terms will be agreed in due course.

## **Formula One Topco Limited**

### **Directors' Report for the Year Ended 31 December 2019**

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 UK's exit from the EU. The UK's decision to exit the EU and the ongoing negotiations as to the terms of the future relationship lead to a continuing 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 continued 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 will develop contingency plans as required to address any potentially adverse consequences that could arise. Whilst uncertainty remains as to the final impact of 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 future 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.

#### ***COVID-19 and risks for the company and Group***

At the time of approving these financial statements the directors together with other members of the Group's senior management are actively monitoring the ongoing spread of the coronavirus and the related COVID-19 outbreak, addressing the consequences, and assessing other potential risks arising and how their impact on the Group can be mitigated. Given the unpredictability of the length and outcome of the COVID-19 outbreak and how it will ultimately impact the business, the Group is seeking to mitigate the risks associated where possible, liaising closely and communicating actively with its employees, the FIA, the teams, race promoters, government authorities in race jurisdictions, commercial partners and other stakeholders. The Group continues to closely monitor applicable travel and public health restrictions as well as health and safety, travel and other advice and guidance issued by the UK Government, other national and civil governments, and will take necessary decisions with those other stakeholders to continue to adjust its plans as required to address the risks and opportunities that arise.

Following the initial outbreak of COVID-19 in China, its subsequent spread around the world and the cancellation, on the eve of the event, of the Australian GP, which was due to be the opening round of the 2020 F1 season, a further nine rounds of the 2020 race calendar have been postponed or cancelled, all of which were scheduled to take place before the end of June, as efforts continue around the world to contain and overcome the impact of the virus. It is possible that in addition to the first ten events, other events on the 2020 calendar may also need to be cancelled or postponed from their original race dates in due course, but the intention is to reschedule as many of the postponed races as possible for later in 2020.

In the expectation that later in 2020 the operational restrictions imposed as a result of COVID-19 will be eased, the Group is working with the FIA, the competing teams, race promoters and other stakeholders to build a revised 2020 race calendar, so as to allow as many races as possible to take place once conditions allow. For that to happen, it is likely that some races will need to take place under conditions that would restrict the full scope of the Group's normal business activities, for example if the event were to take place as a closed event without spectators.

At the time of approving these financial statements, and dependent on appropriate prevailing conditions, with the support of the other stakeholders the Group aims to be able to start racing in July and is looking at different options for creating a new 15 to 18 race calendar for the 2020 Championship. Under these plans racing would potentially start in July, most likely with a series of behind closed doors races at European circuits to be followed by a series of flyaway races moving through countries in Asia, the Americas and/or the Middle East as conditions allow. In order to build such a calendar, the Group is considering the possibility to hold more than one race at certain circuits if required.

## Formula One Topco Limited

### Directors' Report for the Year Ended 31 December 2019

The Group generates its revenues in association with the Championship and its events, derived principally from the sale and licensing of broadcasting, race promotion, advertising and other commercial rights, and through the provision of other services. As such individual revenues are generated either from (i) rights associated with an entire Championship season, (ii) rights related to a specific Championship event, (iii) rights related to a specific period, typically a calendar year, or (iv) the sale of other rights or services with more ad hoc performance obligations. If events are cancelled and cannot be rescheduled there will be an adverse impact on the Group's revenues, and even if most events can take place, it may be on a closed (i.e. no public) basis in which case the associated commercial terms may be less favourable to the Group than originally contracted and certain event-derived revenues may be reduced or eliminated, either because the venue is closed to spectators, guests and other members of the public or because fans and commercial partners are prevented from or choose to not travel to or attend major events in countries and regions perceived to be higher risk.

Considering the impact on expected 2020 revenue generation of event cancellation or restrictions placed on public access to venues, certain revenues specific to rights for, or services delivered at, a cancelled or scaled-back event would most likely not be earned, and revenues from fixed fees arising from rights related to the 2020 Championship season could be subject to pro-rata or other negotiated reduction if the number of Championship events that ultimately take place in 2020 falls below the varying level of minimum event numbers specified by certain applicable contracts. It is also likely that the Group's sale of other rights or services will be compromised to some degree given the 2020 Championship is likely to consist of fewer events than originally scheduled, and in the event of events being scaled back. However, lost revenues may be offset to some degree by cost savings, as cancellation of events or scaling back of activities would result in certain event-focused costs falling or not being incurred at all, and the variable elements of the Prize Fund payments made by the Group to the competing teams would reduce. Following the delay in starting the season in Australia, the Group has also taken immediate measures to reduce its operating costs through deferral of more discretionary expenditure, seeking to renegotiate supplier commitments for services that can be deferred or potentially will not be delivered in 2020, the furloughing of significant numbers of staff under the UK Government's coronavirus job retention scheme and voluntary pay cuts from senior management.

At this time, there remains uncertainty as to the time period over which COVID-19 will impact both the Group and the company, and there are a wide range of theoretical scenarios and outcomes that are possible, featuring varying numbers of events and race locations, and different assumptions about the scope of the Group's revenue and cost generating activities. However, it is the directors' current expectation that the current outbreak of COVID-19 and the related consequences will be controlled in due course, and longer term will ultimately be eliminated through new treatments and/or vaccination, and that therefore the disruption from the effects of COVID-19 will prove temporary. As a result, the Group is focused on what are considered to be the more realistic scenarios for 2020, reflecting a delayed start to the 2020 season and the running of a revised calendar in the second half of the year as discussed above, and is working with its partners to find flexible solutions to the challenges created.

At the time of their approval, in the directors' judgement the outbreak of COVID-19 has not required any post-balance sheet adjustment to be made to, or specific disclosure of the potential impact of the virus to be provided in respect of, any of the company's balance sheet assets and liabilities reported as at 31 December 2019.

#### **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.*

#### **Going concern**

The company is a holding company whose primary asset is its investment in subsidiaries, and, as noted the directors consider the future success of the company is dependent on the continued ability of Formula 1 to successfully exploit the commercial rights to the Championship, as the company has historically been supported by intergroup loans and dividends and interest income received from its subsidiaries in order to meet any liabilities that fall due. Therefore the relative uncertainty of the COVID-19 outbreak and its exact impact has had to be considered both from the point of view of its anticipated effect on the company and the Group when adopting the going concern basis in these financial statements.

## Formula One Topco Limited

### Directors' Report for the Year Ended 31 December 2019

*To date the first ten events of the season have been cancelled or postponed, and whilst it is the Group's intention to try to reschedule as many events as possible, there is a risk that a number of the 2020 Championship events do not take place, as discussed. Given the season is not likely to start until July, at earliest, and with the likelihood that the scope of the Group's activities will be somewhat compromised, it is expected that the Group's and the company's 2020 financial results will be impacted.*

Forecasts and projections have been prepared for 2020 and 2021 looking at a range of what are considered possible outcomes in the Group's trading performance and cash flow, including a severe but plausible one addressing what is currently considered to be the remote circumstance of no races being staged in 2020. In this most severe outcome the forecasts indicate that additional funding may be needed in addition to that expected to be available to the Group through existing facilities. Notwithstanding this, the company is supported by Liberty's confirmation that, during the period, it intends to provide additional financial support to the Group should it be required. The company believes it will have access to sufficient liquidity, including any additional funding as may be needed, to be able to meet its liabilities for a period of at least 12 months from the date of approval of these financial statements.

Revenues and returns generated by the company's subsidiaries contribute towards the servicing, and compliance with the terms, of the Group's external financing arrangements. Under these, the Group's subsidiaries have access to a \$500m revolving credit facility ("RCF"), which can provide additional liquidity if it is so required. As a result, in adopting the going concern basis of preparation, consideration has been given by the directors to the ability of the Group as a whole to both continue to comply with the terms of its existing financing arrangements, and to access sufficient additional or alternative sources of liquidity if they are required.

*The Group's \$2.9bn Senior Loan facilities are secured by fixed and floating charges over the present and future assets of the Group's main operating companies. The terms of the facilities see no covenants required to be tested in respect of the Senior Loans and no impending maturities, as the loans are not repayable until February 2024.*

In addition to the Senior Loan facilities, as noted the Group also has access to the \$500m RCF, which was undrawn at 31 December 2019. Following the onset of the COVID-19 pandemic, in March 2020 the Group took the precautionary measure of drawing \$475m of the facility, with the cash remaining on the Group balance sheet as at the date of the approval of these financial statements. This facility is subject to a single net debt leverage ratio which is tested quarterly. Given that it is now expected that the 2020 season will not start before July at the earliest, it is likely that the RCF leverage covenant will be breached when tested at 30 June 2020, as the absence of races in the first half of the year will materially impact the recognition of the Group's revenues and therefore reported EBITDA for the rolling 12 month period used for covenant testing purposes. Given that such a breach would most likely continue through the period until the number of races held within a preceding 12 month period returned to more normal levels, the Group has initiated actions to address the anticipated breach.

The Group has initiated an exercise to approach the nine banks who are the lenders of the RCF ("the RCF Lenders"), to seek a temporary waiver of the existing covenant test requirement, requiring the consent to be given by sufficient lenders who represent, by cumulative addition of their individual commitments, a simple majority of the total \$500m facility. Since the outbreak of COVID-19, the Group has received expressions of support from the RCF Lenders and has provided projections that indicate the financial impact of COVID-19 on the Group will be temporary. The Group is therefore confident that consent for the covenant test waiver will be provided in due course.

In what the directors believe would be the unlikely event that the Group is unable to generate sufficient support from the RCF Lenders for the request, alternative actions would be available to it. The leverage covenant is only tested if the RCF remains in place, so its repayment would eliminate the test requirement completely and make the question of breach academic. In addition, even if the covenant test waiver is obtained, in the most severe of the outcomes considered, the Group's forecasts indicate that additional funding may be required over and above available facilities. Whilst the directors believe the Group would be able to access additional 3rd party financing if preferred, the Group has received, from its parent Liberty, confirmation that Liberty intends to provide financial support to the Group if required. This support has been underlined by an exercise performed by Liberty to reattribute certain liquid assets under its ownership in order to support and enhance the Formula 1 business as required, and as announced in a press release relating to the exercise issued on 23 April 2020. Given the Group is already in positive waiver discussions with representatives of the RCF Lenders and alternative actions are available if these are unsuccessful, the directors consider the Group has the ability to resolve the matter satisfactorily, with no resulting going concern impact for the company.



## **Formula One Topco Limited**

### **Directors' Report for the Year Ended 31 December 2019**

Whilst the eventual overall impact on the Group and the company of, and the period affected by, the COVID-19 outbreak are uncertain, for the reasons discussed above, including the indicative financial support of Liberty should it be required, the directors conclude that in all currently foreseeable scenarios the company will have access to sufficient liquidity and adequate financial resources to enable it to continue operating for the foreseeable future and at least the next twelve months, and that it is therefore appropriate to adopt the going concern basis in preparing these financial statements.

#### **Future developments**

Notwithstanding the potential impact of Covid-19 on the business, as discussed herein, the directors consider the other developments discussed above will leave the company well positioned to continue to perform satisfactorily in the future.

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

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

Shaikh Mohammed Bin Essa Al-Khalifa

Mr Richard Baer (resigned 23 September 2019)

Mr Peter Brabeck-Letmathe

Mr Ross Brawn

Mr Louis Camilleri

Mr Charles Carey (Chairman)

Mr Duncan Llowarch

Mr Gregory Maffei

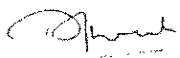
Mr Albert Rosenthaler

Mr Bodo Uebber (resigned 22 May 2019)

Ms Renee Wilm (appointed 23 September 2019)

Ms Sacha Woodward Hill

Approved by the Board on 28 April 2020 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 Financial Reporting Standard 101 'Reduced Disclosure Framework'.

Jersey company law requires the directors to prepare financial statements for each financial year which 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 year. 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, relevant and reliable;
- state whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to 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 Year Ended 31 December 2019

		Year ended 31 December 2019 \$ 000	8 December 2017 to 31 December 2018 \$ 000
	Note		
Cost of sales		(3,484)	(3,484)
Administrative expenses		<u>(1,055)</u>	<u>(2,148)</u>
Operating loss		<u>(4,539)</u>	<u>(5,632)</u>
Loss on ordinary activities before interest		(4,539)	(5,632)
Interest payable and similar charges	7	<u>(2)</u>	<u>(4)</u>
Loss before tax		(4,541)	(5,636)
Tax on loss on ordinary activities	9	<u>4,466</u>	<u>4,206</u>
Loss for the financial year		<u><u>(75)</u></u>	<u><u>(1,430)</u></u>

The above results were derived from continuing operations.

# Formula One Topco Limited

## Statement of Comprehensive Income for the Year Ended 31 December 2019

	Year ended 31 December 2019 \$ 000	8 December 2017 to 31 December 2018 \$ 000
Loss for the year	(75)	(1,430)
<b>Other comprehensive income, net of tax</b>		
	-	-
Total comprehensive income for the year	<u>(75)</u>	<u>(1,430)</u>

The notes on pages 13 to 24 form an integral part of these financial statements.

# Formula One Topco Limited

(Registration number: FC034927)  
Balance Sheet as at 31 December 2019

	Note	31 December 2019 \$ 000	31 December 2018 \$ 000
<b>Fixed assets</b>			
Investments	10	6,932,202	6,932,202
<b>Current assets</b>			
Debtors	11	43,032	46,274
Creditors: Amounts falling due within one year	12	<u>(335,969)</u>	<u>(339,136)</u>
Net current liabilities		<u>(292,937)</u>	<u>(292,862)</u>
Net assets		<u>6,639,265</u>	<u>6,639,340</u>
<b>Capital and reserves</b>			
Called up share capital	13	113,619	113,619
Share premium reserve		47,406	47,406
Other reserves		276,945	276,945
Profit and loss account		<u>6,201,295</u>	<u>6,201,370</u>
Shareholders' funds		<u>6,639,265</u>	<u>6,639,340</u>

Approved by the Board on 28 April 2020 and signed on its behalf by:



.....  
Mr Duncan Llowarch  
Director

# Formula One Topco Limited

## Statement of Changes in Equity for the Year Ended 31 December 2019

	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	113,619	47,406	276,945	6,201,370	6,639,340
Total comprehensive income	-	-	-	(75)	(75)
At 31 December 2019	<u>113,619</u>	<u>47,406</u>	<u>276,945</u>	<u>6,201,295</u>	<u>6,639,265</u>

The notes on pages 13 to 24 form an integral part of these financial statements.

# Formula One Topco Limited

## Notes to the Financial Statements for the Year Ended 31 December 2019

### 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 28 April 2020.

### 2 Basis of preparation

Abbreviations used in these financial statements are defined in the Glossary of abbreviated terms (see page 1).

These financial statements were prepared in accordance with The Overseas Companies Regulations 2009, under Companies (Jersey) Law 1991, and also in accordance with 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*

None of the new standards, interpretations and amendments adopted by the company for the first time for its annual reporting period commencing 1 January 2019 have had a material effect on the financial statements.

### 3 Going concern

The company is a holding company whose primary asset is its investment in subsidiaries, and, as noted the directors consider the future success of the company is dependent on the continued ability of Formula 1 to successfully exploit the commercial rights to the Championship, as the company has historically been supported by intergroup loans and dividends and interest income received from its subsidiaries in order to meet any liabilities that fall due. Therefore the relative uncertainty of the COVID-19 outbreak and its exact impact has had to be considered both from the point of view of its anticipated effect on the company and the Group when adopting the going concern basis in these financial statements.

To date the first ten events of the season have been cancelled or postponed, and whilst it is the Group's intention to try to reschedule as many events as possible, there is a risk that a number of the 2020 Championship events do not take place, as discussed. Given the season is not likely to start until July, at earliest, and with the likelihood that the scope of the Group's activities will be somewhat compromised, it is expected that the Group's and the company's 2020 financial results will be impacted.

## Formula One Topco Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019

#### 3 Going concern (continued)

Forecasts and projections have been prepared for 2020 and 2021 looking at a range of what are considered possible outcomes in the Group's trading performance and cash flow, including a severe but plausible one addressing what is currently considered to be the remote circumstance of no races being staged in 2020. In this most severe outcome the forecasts indicate that additional funding may be needed in addition to that expected to be available to the Group through existing facilities. Notwithstanding this, the company is supported by Liberty's confirmation that, during the period, it intends to provide additional financial support to the Group should it be required. The company believes it will have access to sufficient liquidity, including any additional funding as may be needed, to be able to meet its liabilities for a period of at least 12 months from the date of approval of these financial statements.

Revenues and returns generated by the company's subsidiaries contribute towards the servicing, and compliance with the terms, of the Group's external financing arrangements. Under these, the Group's subsidiaries have access to a \$500m revolving credit facility ("RCF"), which can provide additional liquidity if it is so required. As a result, in adopting the going concern basis of preparation, consideration has been given by the directors to the ability of the Group as a whole to both continue to comply with the terms of its existing financing arrangements, and to access sufficient additional or alternative sources of liquidity if they are required.

The Group's \$2.9bn Senior Loan facilities are secured by fixed and floating charges over the present and future assets of the Group's main operating companies. The terms of the facilities see no covenants required to be tested in respect of the Senior Loans and no impending maturities, as the loans are not repayable until February 2024.

In addition to the Senior Loan facilities, as noted the Group also has access to the \$500m RCF, which was undrawn at 31 December 2019. Following the onset of the COVID-19 pandemic in March 2020 the Group took the precautionary measure of drawing \$475m of the facility, with the cash remaining on the Group balance sheet as at the date of the approval of these financial statements. This facility is subject to a single net debt leverage ratio which is tested quarterly. Given that it is now expected that the 2020 season will not start before July at the earliest, it is likely that the RCF leverage covenant will be breached when tested at 30 June 2020, as the absence of races in the first half of the year will materially impact the recognition of the Group's revenues and therefore reported EBITDA for the rolling 12 month period used for covenant testing purposes. Given that such a breach would most likely continue through the period until the number of races held within a preceding 12 month period returned to more normal levels, the Group has initiated actions to address the anticipated breach.

The Group has initiated an exercise to approach the nine banks who are the lenders of the RCF ("the RCF Lenders"), to seek a temporary waiver of the existing covenant test requirement, requiring the consent to be given by sufficient lenders who represent, by cumulative addition of their individual commitments, a simple majority of the total \$500m facility. Since the outbreak of COVID-19, the Group has received expressions of support from the RCF Lenders and has provided projections that indicate the financial impact of COVID-19 on the Group will be temporary. The Group is therefore confident that consent for the covenant test waiver will be provided in due course.

In what the directors believe would be the unlikely event that the Group is unable to generate sufficient support from the RCF Lenders for the request, alternative actions would be available to it. The leverage covenant is only tested if the RCF remains in place, so its repayment would eliminate the test requirement completely and make the question of breach academic. In addition, even if the covenant test waiver is obtained, in the most severe of the outcomes considered, the Group's forecasts indicate that additional funding may be required over and above available facilities. Whilst the directors believe the Group would be able to access additional 3rd party financing if preferred, the Group has received, from its parent Liberty, confirmation that Liberty intends to provide financial support to the Group if required. This support has been underlined by an exercise performed by Liberty to reattribute certain liquid assets under its ownership in order to support and enhance the Formula 1 business as required, and as announced in a press release relating to the exercise issued on 23 April 2020. Given the Group is already in positive waiver discussions with representatives of the RCF Lenders and alternative actions are available if these are unsuccessful, the directors consider the Group has the ability to resolve the matter satisfactorily, with no resulting going concern impact for the company.



## Formula One Topco Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019

#### 3 Going concern (continued)

Whilst the eventual overall impact on the Group and the company of, and the period affected by, the COVID-19 outbreak are uncertain, for the reasons discussed above, including the indicative financial support of Liberty should it be required, the directors conclude that in all currently foreseeable scenarios the company will have access to sufficient liquidity and adequate financial resources to enable it to continue operating for the foreseeable future and at least the next twelve months, and that it is therefore appropriate to adopt the going concern basis in preparing these financial statements.

#### 4 Disclosure exemptions

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

- 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 Year Ended 31 December 2019

#### 5 Accounting policies (continued)

##### **Tax**

The tax expense for the period comprises current and deferred 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.

Deferred tax is recognised on temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts relevant for tax purposes. Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the underlying temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred tax is not recognised on temporary differences that arise on the initial recognition of goodwill or on the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. Deferred tax is not recognised in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

##### **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**

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 Year Ended 31 December 2019

#### 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, long term trade receivables, accrued income 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.

##### *(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.

## Formula One Topco Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019

#### 5 Accounting policies (continued)

##### *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.

In preparing the financial statements management have made certain judgements, estimates and assumptions which are considered to have a significant effect on the amounts recognised in the historical financial information and where significant uncertainty may exist, with the risk that a material adjustment to the carrying amounts of assets and liabilities may be required within the next financial year. Those judgements, estimates and assumptions are discussed below.

##### *COVID-19 impact on going concern considerations and RCF covenant compliance*

As discussed in note 3 and in the Directors' Report to these financial statements, in light of the ongoing issues caused by the outbreak of COVID-19, management have had to carefully consider the potential impact of the crisis on the going concern consideration. In order to prepare the financial statements on a going concern basis the Group has prepared a number of financial projections, including cash flow modelling, which assess on a broadly conservative basis the currently foreseeable range of impacts on the Group's financial performance in 2020, through the end of the going concern period ending 12 months from approval of these financial statements, and through the balance of 2021. The outputs from scenario modelling have then been used to assess liquidity requirements and availability. Deliberations have also been supported by the indication of support received by the Group from Liberty, which lead the directors to conclude the Group will have access to sufficient liquidity across the going concern period in all scenarios.

The directors' deliberations have also been supported by the indication of intended financial support received by the company from Liberty.

The financial projections of the range of currently foreseeable scenarios, advice received from banks as to the ability of the Group to access additional liquidity if required, and the expressed intentions of parental financial support, lead the directors to conclude the company will have access to sufficient liquidity across the going concern period.

## Formula One Topco Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019

#### 6 Judgements and key sources of estimation uncertainty (continued)

In addition, the forecasts have been used to assess the Group's 2020 compliance with the leverage covenant required to be tested under its RCF. As discussed in note 3 and in the Directors' Report, it is the Group's expectation that the leverage covenant will be breached and therefore, the Group has approached the lenders of the facility for a temporary covenant waiver.

The directors have assessed the ability of the Group to resolve a covenant breach and applied their judgement in determining that they consider either the waiver will be granted or the Group will be in a position to refinance the facility, including drawing on parental support if required, and so leading to the elimination of the currently required test.

#### 7 Interest payable

	Year ended 31 December 2019 \$ 000	8 December 2017 to 31 December 2018 \$ 000
<b>Interest payable and similar charges</b>		
Other finance costs	(2)	(4)

#### 8 Staff costs

The company had no employees during the year, the aggregate payroll cost consisting entirely of directors' remuneration.

	Year ended 31 December 2019 \$ 000	8 December 2017 to 31 December 2018 \$ 000
Directors' remuneration	411	472

The directors' remuneration paid by the company represents directors' fees paid to 4 non-executive directors for qualifying services (2018-5). 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 year of \$290,000 (2018-\$290,000).

## Formula One Topco Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019

#### 9 Taxation

Tax credited in the Profit and Loss account:

	Year ended 31 December 2019 \$ 000	8 December 2017 to 31 December 2018 \$ 000
<b>Current taxation</b>		
Receipt from fellow Formula 1 subsidiaries in respect of Group taxation relief	(3,984)	(4,206)
Group relief adjustment to prior periods	<u>(220)</u>	<u>-</u>
	(4,204)	(4,206)
<b>Deferred taxation</b>		
Adjustments in respect of prior periods	<u>(262)</u>	<u>-</u>
Tax receipt in the Profit and Loss account	<u>(4,466)</u>	<u>(4,206)</u>

Tax charged to the Profit and Loss account differs from tax calculated applying the average rate of corporation tax in the UK of 19% (2018-19%) to the result before tax for the period. The differences are reconciled below:

	Year ended 31 December 2019 \$ 000	8 December 2017 to 31 December 2018 \$ 000
Loss before tax	<u>(4,541)</u>	<u>(5,636)</u>
Corporation tax at standard rate	(863)	(1,071)
Increase from effect of expenses not deductible in determining taxable loss	662	662
Effect of other permanent differences	(3,783)	(3,797)
Adjustments in respect of prior periods - current tax	(220)	-
Adjustments in respect of prior periods - deferred tax	<u>(262)</u>	<u>-</u>
Total tax credit	<u>(4,466)</u>	<u>(4,206)</u>

#### Deferred tax assets and liabilities

	2019 Asset \$ 000
Tax losses carry-forwards	<u>262</u>
	<u>262</u>

## Formula One Topco Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019

#### 9 Taxation (continued)

##### Deferred tax movement during the year

	Tax losses carried forward \$ 000	Net tax assets/ (liabilities) \$ 000
At 31 December 2018	-	-
Recognised in income	262	262
At 31 December 2019	262	262

Deferred tax assets have been recognised in respect of deductible temporary differences because the company expects to make sufficient taxable profits in future periods against which the reversal of temporary differences can be offset.

As at the Balance Sheet date, as legislation was in place under the Finance Act 2016 to enact a scheduled reduction in the rate of UK corporation tax from 19% to 17% from 1 April 2020, deferred tax balances in the year were recognised at 17% (2018-17%). However, the UK Government has announced that it will cancel the reduction in the rate of corporation tax prior to its planned introduction on 1 April 2020, so, for indicative purposes, and assuming the rate remains at 19% thereafter, such legislation would result in the company's deferred tax asset increasing by \$30k with a corresponding \$30k credited to the Profit and Loss account.

#### 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 Topco Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019

#### 10 Investments (continued)

<b>Undertaking</b>	<b>Country of incorporation</b>	<b>Holding</b>	<b>Proportion of voting rights and shares held</b>	<b>Principal activity</b>
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 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 Dehteo Limited.

<b>Subsidiaries</b>	<b>\$ 000</b>
<b>Cost or valuation</b>	
At 1 January 2019	<u>6,932,202</u>
At 31 December 2019	<u>6,932,202</u>
<b>Carrying amount</b>	
At 31 December 2019	<u>6,932,202</u>
At 31 December 2018	<u>6,932,202</u>



## Formula One Topco Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019

#### 11 Debtors

	31 December 2019 \$ 000	31 December 2018 \$ 000
Amounts due from other Formula 1 companies	4,204	4,206
Prepayments	38,566	42,068
Deferred tax asset	262	-
Total trade and other receivables	<u>43,032</u>	<u>46,274</u>

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 Group has considerable financial resources. Therefore the lifetime ECL is deemed to be immaterial and no impairment has been recognised.

Prepayments include payments made to the FIA 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

\$34.8m (2018-\$38.3m) of prepayments are classified as non-current, representing amounts related to contractual arrangements which are being charged to the Profit and Loss account over the period to which the arrangements relate.

\$0.3m (2018-Nil) of deferred tax assets are classified as non-current (see note 9).

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

	Note	31 December 2019 \$ 000	31 December 2018 \$ 000
Trade creditors		2	-
Accrued expenses		92	1,373
Amounts due to other Formula 1 companies		2,106	1,612
Other creditors		115	115
Loans and borrowings	14	<u>333,654</u>	<u>336,036</u>
		<u>335,969</u>	<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

	31 December 2019 No.	\$ 000	31 December 2018 No.	\$ 000
Ordinary shares of \$0.01 each	11,361,851,300	113,619	11,361,851,300	113,619
Redeemable ordinary shares of \$0.01 each	<u>2</u>	<u>-</u>	<u>2</u>	<u>-</u>
	<u>11,361,851,302</u>	<u>113,619</u>	<u>11,361,851,302</u>	<u>113,619</u>

## Formula One Topco Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019

#### 13 Share capital (continued)

One redeemable ordinary share of \$0.01 is held by McLaren Services 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 2019 \$ 000	31 December 2018 \$ 000
<b>Current loans and borrowings</b>		
Loans from other Formula 1 companies	333,654	336,036

As at 31 December 2019, the company had outstanding loans from its subsidiary companies, FOWC of \$200.6m (2018-\$203.0m) and Delta 3 of \$133.0m (2018-\$133.0m), totalling \$333.7m. 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 2019 (2018-Nil).

#### 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 A.C.L., a company incorporated in England and Wales and a wholly-owned subsidiary 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.

#### 18 Non adjusting events after the financial period

##### COVID-19

In the period since 31 December 2019 and as of the date of approval of these financial statements the company has been addressing issues arising from the global outbreak of COVID-19. In the directors' judgement the outbreak of COVID-19 has not required any post-balance sheet adjustment to be made to, or specific disclosure of the potential impact of the virus to be provided in respect of, any of the company's balance sheet assets and liabilities reported as at 31 December 2019, although there is an evident economic risk exposure for its business in 2020 and potentially beyond, as discussed at length in the Directors' Report.

##### Bank loans

On 24 March 2020 the Group drew down \$475m of its \$500m revolving credit facility, as a precautionary measure to ensure that the Group had access to funds should they be needed in due course. Interest is currently charged on drawn amounts at LIBOR + 2%.