

Registered number 00787446

Mercedes-Benz Grand Prix Ltd
Annual report
for the year ended 31 December 2016

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Mercedes-Benz Grand Prix Ltd

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Mercedes-Benz Grand Prix Ltd

Strategic report for the year ended 31 December 2016

The directors present their strategic report of the company for the year ended 31 December 2016.

Business model

The principal activity of the company is to operate and manage a Formula One racing team, including the design, development, manufacture, testing and racing of Formula One motor racing cars.

The company carries out this activity through the operation of the MERCEDES AMG PETRONAS F1 Team, which is an entrant to the FIA Formula One World Championship. The company seeks to maximise the success of the team in the Championships by harnessing personnel, technology, finance and other resources to achieve a performance level that exceeds the competition.

The company's success is measured by its performance in the Championships and by reference to the financial parameters defined by its shareholders.

Strategy

The company's principal objective is to win the FIA Formula One World Championships.

The company's strategy is to achieve this principal objective in a manner that best represents the Mercedes-Benz brand and the interests of other commercial partners and to provide its stakeholders with success in F1 at the best value for money.

The company remains committed to cost reduction in F1 and will continue to work with the other competitor teams and other stakeholders to achieve this objective in a fair and transparent way.

Business environment

The most significant development in the business environment of F1 has been the acquisition by Liberty Media of a controlling interest in the Commercial Rights Holder. The company is looking forward to working with the new owners as they develop their plans for the future of F1.

The 2016 F1 season consisted of a record number of 21 Grand Prix races, compared to 19 races in the previous season. The additional events for 2016 were the return of the German GP and the European GP at a new venue in Baku, Azerbaijan.

The 2016 F1 Championship saw an increased entry, with eleven Constructor teams competing for the Championship compared to ten in 2015. The teams were faced with increasing cost pressure during 2016 as they prepared for the implementation of significantly revised technical regulations for the 2017 season.

Mercedes-Benz Grand Prix Ltd

Strategic report for the year ended 31 December 2016 (continued)

Business review

The sporting performance of the MERCEDES AMG PETRONAS F1 Team in 2016 continued to exceed expectations. The team achieved its goal of maintaining performance at the high standards it had set in the two previous seasons, whilst establishing the platform for sustainable future success.

The team achieved a third consecutive win in the FIA Formula One World Championships for both constructors and drivers, with Nico Rosberg winning his first driver's title and Lewis Hamilton finishing runner-up.

The team's sporting performance is measured by reference to the metrics set out in the following table. As can be seen, the team set new seasonal records for a number of these metrics.

	<u>2016 Season</u>		<u>(2015 Season)</u>
Race wins	19	New record	(16)
1-2 race finishes	8		(12)
Total podium finishes	33	New record	(32)
Championship points	765	New record	(703)
Percentage of available points	84.7%		(86.0%)
Pole positions	20	New record	(18)
1-2 qualifying results	15	Record equalled	(15)

The platform for these exceptional results was the F1 W07 Hybrid, which was undoubtedly the fastest race car package competing in the 2016 season and was testament to the skill, dedication and determination of the workforce at Brackley in combination with our partners at Mercedes AMG High Performance Powertrains, who once again provided the best hybrid power unit in F1. Further acknowledgement must go to PETRONAS for the development of fuel and lubricants, which added further performance to the overall package.

The travelling race team overcame the increased demands of the longest ever F1 season and continued to carry out the race week-end operations with an impressive level of skill and professionalism, thereby translating the potential of the F1 W07 Hybrid into the championship winning success outlined above.

The financial results for the company were within the pre-defined parameters set by the shareholders and show a loss after tax of £3.8 million (2015: loss of £22.3 million), the key elements of which were:

- An increase in turnover of £76.2 million, which resulted from higher sponsorship and marketing revenue and increased income from the Commercial Rights Holder flowing from improved on-track performance in 2014 and 2015.
- An increase of £27.9 million in operating costs mainly due to the impact of technical regulation changes and movement in foreign exchange rates on non-sterling denominated expenses.
- A tax charge of £15.9m, compared to a tax credit of £13.3m in 2015, resulting from a reassessment of consortium tax relief claims in prior years, partly offset by the recognition of a deferred tax asset.

As at 31 December 2016 the company had negative net liquid assets of £201.7 million (2015: £130.1 million). The change of £71.6 million in 2016 is principally due to movements in working capital, the most significant being the timing of receipts for sponsorships and marketing services.

As a consequence of the 2016 financial results, the company had net liabilities of £113.1 million as at 31 December 2016 (2015: £109.3 million).

Mercedes-Benz Grand Prix Ltd

Strategic report for the year ended 31 December 2016 (continued)

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks, which are reviewed by the board and appropriate processes put in place to monitor and mitigate them. The key business risks are as follows:

Competition

The company operates in the field of Formula One motor racing, which is acknowledged as the pinnacle of international motorsport and is naturally a highly competitive operating environment. This results in pressure to achieve not only the company's targets for sporting performance but also revenue generation from sponsorship and the Commercial Rights Holder. This risk is mitigated by the recruitment and retention of highly talented and experienced personnel, maintaining design, development, production and race circuit facilities at the highest level within Formula One, securing the services of the best available race drivers and strong technical relationships with Mercedes-Benz, PETRONAS and other partners.

Interest and liquidity risk

The company's cash is managed on a group basis with cash balances held on intercompany accounts. These arrangements are managed on an arms' length basis in conjunction with Daimler AG treasury department.

Credit risk

The company's exposure to credit risk is primarily through its sponsorship contracts and it has implemented policies that require appropriate credit checks on potential sponsors during the negotiation of new contracts. Any specific risks are brought to the attention of management and are reassessed regularly.

Foreign exchange risk

The company is exposed to movements in foreign exchange rates as a result of revenue receipts and operating costs in currencies other than sterling. These risks are managed in conjunction with Daimler AG.

Future outlook

The directors are immensely proud of the achievements of the MERCEDES AMG PETRONAS F1 Team over recent seasons and the fact that the team has established itself among the very best in F1. The challenge for the future is to continue to compete for the Championships in every season and to demonstrate that recent success can be sustained through a period of great change in technical regulations. The company faces the additional challenge of continual improvement of its commercial revenues and financial results.

The directors are, however, confident that these goals can be achieved given the current platform of a world class workforce and race driver line-up, best in class technical infrastructure and support from Mercedes-Benz, PETRONAS and our other partners.

The future outlook for sponsorship and other commercial revenue is also very promising, with prospects of growth in revenues from the agreement with the Commercial Rights Holder also expected once the impact of the change of ownership has been fully realised.

Mercedes-Benz Grand Prix Ltd

Strategic report for the year ended 31 December 2016 (continued)

As stated previously, the company is committed to achieving cost reduction in F1 in a fair and transparent way and is confident that arrangements can be put in place for all teams to reduce the overall cost of participation in F1, whilst at the same time enhancing the sporting and competitive attraction.

Consequently, the directors have every confidence in meeting the future expectations of our stakeholders in terms of both sporting and business performance.

By order of the board



T Wolff
Director

Operations Centre
Brackley
Northants
NN13 7BD

2017, 7th September

Mercedes-Benz Grand Prix Ltd

Directors' report for the year ended 31 December 2016

The directors present their report and the audited financial statements of the company for the year ended 31 December 2016.

Dividends

The directors do not recommend payment of a dividend (2015: £nil).

Directors

The directors who served during the year and up to the date of signing the financial statements were as follows:

R Berger
W Bernhard (Resigned 3rd March 2017)
S Kallenius
A Lauda
P Lowe (Resigned 3rd February 2017)
T Weber (Resigned 24th January 2017)
T Wolff
B Seeger (Appointed 24th January 2017)
B Uebber (Appointed 14th March 2017)

Employees

The company maintains its commitment to proactive programmes for involving its employees in company affairs. This is achieved in a variety of ways including the regular publication of newsletters and staff briefings and by consultations with staff committees.

It is the company's policy to give full and fair consideration to suitable applications for employment by disabled persons having regard to their particular aptitudes and abilities. Disabled employees are eligible to participate in all training, career development and promotion opportunities available to staff. Opportunities also exist for employees of the company who become disabled to continue their employment or to be trained in other positions in the company.

Research and development

The activities of the company are all dedicated towards the design and development of a car to compete successfully in the FIA Formula One World Championship. The directors consider the investment in research and development to be integral to the continued success of the company.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that so far as they are each aware there is no relevant audit information of which the company's Auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Mercedes-Benz Grand Prix Ltd

Directors' report for the year ended 31 December 2016 (continued)

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

T Wolff

Director

7th September 2017

Operations Centre

Brackley

Northants

NN13 7BD

Mercedes-Benz Grand Prix Ltd

Statement of Directors' responsibilities in respect of the Strategic report and the Directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

Independent auditor's report to the members of Mercedes-Benz Grand Prix Ltd

We have audited the financial statements of Mercedes-Benz Grand Prix Ltd for the year ended 31 December 2016 set out on pages 12 to 28. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditor's report to the members of Mercedes-Benz Grand Prix Ltd (continued)

Matters on which we are required to report by exception

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

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



**Peter Selvey (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants
Altius House
One North Fourth Street
Milton Keynes
MK9 1NE

Date: 7 September, 2017.

Mercedes-Benz Grand Prix Ltd

Profit and loss account and other comprehensive income for the year ended 31 December 2016

Profit and loss account	Note	2016 £'000	2015 £'000
Turnover	2	289,421	213,264
Cost of sales		(263,894)	(239,693)
Gross profit / (loss)		25,527	(26,429)
Administrative expenses		(10,987)	(8,708)
Other income	3	-	1,224
Other expenses	3	(206)	-
Operating profit / (loss)		14,334	(33,913)
Interest receivable and similar income	6	-	-
Interest payable and similar charges	7	(2,163)	(1,724)
Profit / (loss) on ordinary activities before taxation		12,171	(35,637)
Tax on result on ordinary activities	8	(15,925)	13,343
Total comprehensive loss for the financial year	17	(3,754)	(22,294)
Other comprehensive income			
Other comprehensive income for the year net of income tax		-	-
Total comprehensive loss for the financial year	17	(3,754)	(22,294)

The results for the years above are derived entirely from continuing operations.

The notes on pages 15 to 28 form part of these financial statements.

The company has no recognised gains and losses other than those shown above. Accordingly no separate statement of total recognised gains and losses has been presented.

There are no differences between the result on ordinary activities before taxation and the result for the financial year and their historical cost equivalents.

Mercedes-Benz Grand Prix Ltd

Statement of changes in equity for the year ended 31 December 2016

	Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Total Equity £'000
Balance at 1 January 2015	-	44	(87,088)	(87,044)
Total comprehensive loss for the year	-	-	(22,294)	(22,294)
Balance at 31 December 2015	-	44	(109,382)	(109,338)
Total comprehensive loss for the year	-	-	(3,754)	(3,754)
Balance at 31 December 2016	-	44	(113,136)	(113,092)

Mercedes-Benz Grand Prix Ltd

Balance sheet as at 31 December 2016

	Note	2016 £'000	2015 £'000
Fixed assets			
Tangible assets	9	41,741	35,310
Heritage assets	10	2,524	2,919
		44,265	38,229
Current assets			
Stocks	11	2,126	1,693
Race car development		43,300	30,565
Debtors	12	122,486	48,571
Cash at bank and in hand		6,469	17,515
		174,381	98,344
Creditors – amounts falling due within one year	13	(304,968)	(242,917)
Net current liabilities		(130,587)	(144,573)
Total assets less current liabilities		(86,322)	(106,344)
Provisions for liabilities	14	(26,770)	(2,994)
Net liabilities		(113,092)	(109,338)
Capital and reserves			
Called-up share capital	16	-	-
Share premium account	17	44	44
Profit and loss account	17	(113,136)	(109,382)
Total shareholders' deficit	18	(113,092)	(109,338)

The notes on pages 15 to 28 form part of these financial statements.

The financial statements were approved by the board of directors on and signed on its behalf by:

7th September 2017

T Wolff
Director

Company registered number: 00787446

Mercedes-Benz Grand Prix Ltd

Notes to the financial statements for the year ended 31 December 2016

1 Principal accounting policies

Accounting policies

These financial statements were prepared on the going concern basis, under the historical cost convention, and in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in August 2014. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, Daimler AG includes the Company in its consolidated financial statements. The consolidated financial statements of Daimler AG are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from the address in note 22. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Going concern

The company has a group cash pooling agreement with its ultimate parent undertaking Daimler AG. The balances which form part of this arrangement as at 31 December 2016 are disclosed in these financial statements as 'Amounts owed to group undertakings – cash pooling'. In addition, the company's ultimate parent undertaking, Daimler AG, has indicated to the company that for at least 12 months from the date of approval of these financial statements it intends to, if required, make available financial support to assist the company in meeting its financial liabilities as and when they fall due. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and therefore they continue to adopt the going concern principle in the financial statements.

Turnover

Turnover, which excludes value added tax and trade discounts, represents sponsorships, prize money and other income relating to the company's principal activity and is recognised in the year to which it relates once collectability is reasonably assured.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling (£) at rates of exchange ruling at the end of the financial year. Transactions in foreign currencies are translated into sterling (£) at the rate of exchange ruling at the date of the transaction. All foreign exchange differences are taken to the profit and loss account in the year in which they arise.

Mercedes-Benz Grand Prix Ltd

Notes to the financial statements for the year ended 31 December 2016 (continued)

1 Principal accounting policies (continued)

Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Intangible assets

Intangible assets are stated at historic purchase cost. The cost of intangible assets includes the design and external costs for the development of cars to be utilised in racing seasons greater than one year from the balance sheet date.

Intangible assets are amortised over the useful life of the asset which in the case of development costs would be the season to which the development relates.

Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives, as follows:

	%
Leasehold land and buildings	5 – 20
Plant and machinery	10 – 40
Fixtures and fittings, computer equipment	10 – 50
Motor vehicles	10 – 20

Assets under construction are not depreciated until they are ready for use, when they are transferred to the relevant asset class and depreciated over their useful economic life.

Impairment reviews are performed when evidence emerges that the net book value may not be recoverable.

Heritage assets

The company's collection of historic cars and related assets are stated at historic purchase cost less a provision to recoverable amount.

The historic cars and related assets have an indefinite life and therefore are not depreciated.

The company maintains its collection of heritage assets to an excellent condition and any maintenance costs are charged to the profit and loss account when incurred. Subject to management approval the company may dispose of any heritage assets from the collection.

Stocks

Stocks are stated at the lower of cost and net realisable value. A provision is made against any raw materials that are not expected to be utilised in relation to the following year's car.

Mercedes-Benz Grand Prix Ltd

Notes to the financial statements for the year ended 31 December 2016 (continued)

1 Principal accounting policies (continued)

Race car development

The company carries forward to the following year certain design and development costs incurred in the current year which relate to the production of next season's car. These are capitalised as a current asset.

Provisions

(a) Provisions

A provision is recognised when the company has a present obligation as a result of a past event and a reliable estimate can be made of the amount of the obligation. Discounting has not been applied to the provisions as the obligations are expected to be settled in the near future.

(b) Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

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

2 Turnover

Turnover represents sponsorships, prize money and other income relating to the company's principal activity.

3 Profit / (loss) on ordinary activities before taxation

	2016	2015
	£'000	£'000
Depreciation of tangible fixed assets - owned assets	8,911	7,911
Profit on disposal of fixed assets	(199)	(476)
(Profit) / loss on disposal of heritage assets	206	(1,224)
Operating lease charges		
- plant and machinery	10	14
- other assets	19,324	18,899
Foreign exchange gain	(614)	(255)

Mercedes-Benz Grand Prix Ltd

Notes to the financial statements for the year ended 31 December 2016 (continued)

3 Profit / (loss) on ordinary activities before taxation (continued)

	2016 £'000	2015 £'000
Auditors' remuneration:		
Remuneration receivable by the company's auditors for the auditing of the annual financial statements	41	41
- other assurance services	70	4

4 Remuneration of directors

	2016 £'000	2015 £'000
Aggregate emoluments	11,196	10,466
Company contributions to personal pension plan	-	-
	11,196	10,466

	2016 £'000	2015 £'000
Highest paid director:		
Aggregate emoluments	6,881	6,794
Company contributions to personal pension plan	-	-
	6,881	6,794

Mercedes-Benz Grand Prix Ltd

Notes to the financial statements for the year ended 31 December 2016 (continued)

5 Employee information

The average number of persons employed by the company during the year was:

	2016	2015
By activity	Number	Number
Design, manufacturing and engineering	742	717
Administration	107	90
	849	807

	2016	2015
Staff costs	£'000	£'000
Wages and salaries	73,880	69,897
Social security costs	8,678	8,251
Company contributions to personal pension plan	266	248
	82,824	78,396

6 Interest receivable and similar income

	2016	2015
	£'000	£'000
Bank interest receivable	-	-

7 Interest payable and similar charges

	2016	2015
	£'000	£'000
Cash pooling interest payable	2,163	1,724

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Notes to the financial statements for the year ended 31 December 2016 (continued)

8 Tax on result on ordinary activities

The company has estimated taxation losses available to be carried forward of approximately £96 million (2015: £156 million).

	2016 £'000	2015 £'000
Current tax:		
United Kingdom corporation tax on result of the year	2,185	(969)
Adjustment in respect of previous years	21,739	(12,374)
Deferred tax (See note 15):	(7,999)	-
Total tax	15,925	(13,343)

The tax assessed for the year is higher than (2015: lower than) the standard effective rate of corporation tax in the UK of 20% (2015: 20.25%). The differences are explained below:

	2016 £'000	2015 £'000
Profit / (loss) on ordinary activities before taxation	12,171	(35,637)
Tax using the UK corporation tax rate of 20% (2015: 20.25%)	2,434	(7,216)
Effects of:		
Non-deductible expenses	568	421
Difference between depreciation and capital allowances	149	120
Other timing differences	4	(281)
Tax restriction on R&D expenditure credit (RDEC)	2,185	1,990
Carried forward tax losses	(3,155)	3,997
Recognition of deferred tax asset	(7,999)	-
Adjustment in respect of previous years	21,739	(12,374)
Total tax result included in profit or loss	15,925	(13,343)

The 2016 adjustment in respect of previous years relates to a HMRC enquiry into the tax position of the entity regarding prior years' computations.

Mercedes-Benz Grand Prix Ltd

Notes to the financial statements for the year ended 31 December 2016 (continued)

8 Tax on result on ordinary activities (continued)

Changes in tax rates and factors affecting the future tax charge

Reductions in the UK corporation tax rate from 21% to 20% (effective 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) were substantively enacted on 26 October 2015, and to 17% (effective 1 April 2020) was substantively enacted on 15 September 2016. This will reduce the company's future current tax charge accordingly.

The deferred tax asset at 31 December 2016 has been calculated based on these rates.

Mercedes-Benz Grand Prix Ltd

Notes to the financial statements for the year ended 31 December 2016 (continued)

9 Tangible assets

	Short leasehold land and buildings including tenants improvements	Plant and machinery	Fixtures and fittings	Computer equipment	Motor vehicles	Assets under construction	Total
Cost	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2016	25,494	56,390	5,345	11,025	6,311	3,502	108,067
Additions	1,989	5,059	1,122	2,025	103	5,060	15,358
Transfers	526	1,554	148	1,176	-	(3,404)	-
Disposals	-	(3,623)	(28)	-	-	-	(3,651)
At 31 December 2016	28,009	59,380	6,587	14,226	6,414	5,158	119,774
Accumulated depreciation							
At 1 January 2016	(20,581)	(36,948)	(3,663)	(6,699)	(4,866)	-	(72,757)
Charge for the year	(987)	(4,670)	(243)	(2,240)	(771)	-	(8,911)
Disposals	-	3,619	16	-	-	-	3,635
At 31 December 2016	(21,568)	(37,999)	(3,890)	(8,939)	(5,637)	-	(78,033)
Net book value							
At 31 December 2016	6,441	21,381	2,697	5,287	777	5,158	41,741
At 31 December 2015	4,913	19,442	1,682	4,326	1,445	3,502	35,310

Mercedes-Benz Grand Prix Ltd

Notes to the financial statements for the year ended 31 December 2016 (continued)

10 Heritage assets

Cost and net book value	Historic cars and related assets £'000
At 1 January 2016	2,919
Additions	730
Disposals	(1,125)
At 31 December 2016	2,524

Five year financial summary of heritage asset transactions:

	2016 £'000	2015 £'000	2014 £'000	2013 £'000	2012 £'000
Additions	730	2,066	254	49	50
Disposals – net book value	1,125	50	-	50	12
Disposals – proceeds	44	1,700	-	85	12

11 Stocks

	2016 £'000	2015 £'000
Raw materials	2,126	1,693

12 Debtors

	2016 £'000	2015 £'000
Trade debtors	30,701	10,839
Amounts owed by group undertakings	1,481	697
Other debtors	12,000	11,547
Deferred tax asset (see note 15)	7,999	-
Prepayments and accrued income	70,305	25,488
	122,486	48,571

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

Mercedes-Benz Grand Prix Ltd

Notes to the financial statements for the year ended 31 December 2016 (continued)

13 Creditors – amounts falling due within one year

	2016 £'000	2015 £'000
Trade creditors	19,264	17,315
Amounts owed to group undertakings	1,053	7,799
Amounts owed to group undertakings – cash pooling	208,118	147,612
Taxation and social security	3,195	2,814
Other creditors	-	674
Accruals and deferred income	73,338	66,703
	304,968	242,917

Amounts owed to group undertakings are interest free, unsecured and have no fixed date of repayment with the exception of the cash pooling which accrues interest at a rate agreed with group central treasury.

14 Provisions for liabilities

	Property provision £'000	Sales tax provision £'000	Tax provision £'000	Total £'000
At 1 January 2016	2,683	311	-	2,994
(Credited) / charged to the profit and loss account	87	(52)	23,741	23,776
Amounts utilised during the year	-	-	-	-
At 31 December 2016	2,770	259	23,741	26,770

Property provision

This relates to an estimate for dilapidations and reinstatement costs in relation to the facility at Reynard Park, Brackley.

Sales tax provision

This relates to potential sales tax liabilities.

Tax provision

This relates to a HMRC enquiry into the tax position of the entity in relation to previous years' computations.

Mercedes-Benz Grand Prix Ltd

Notes to the financial statements for the year ended 31 December 2016 (continued)

15 Deferred tax assets

Deferred tax assets are attributable to the following:

	2016	2015
Amount recognised	£'000	£'000
Accelerated capital allowances	564	-
Unused tax losses	7,281	-
Other – timing differences	154	-
Net tax assets	7,999	-

In addition to the deferred tax asset above, Mercedes-Benz Grand Prix Ltd has additional unrecognised gross tax losses of £57,051,000 to be carried forward to future periods.

At 31st December 2015 there was an unrecognised deferred tax asset of £28,970,000.

The deferred tax asset has been partly recognised due to a change in the fee structure for the provision of marketing services for the year ended 31st December 2016.

16 Called up share capital

	2016	2015
	£	£
Allotted and fully paid		
1,000,000 ordinary shares of £0.0002 each	200	200

17 Reserves

	Share premium account	Profit and loss account
	£'000	£'000
At 1 January 2016	44	(109,382)
Loss for the financial year	-	(3,754)
At 31 December 2016	44	(113,136)

Mercedes-Benz Grand Prix Ltd

Notes to the financial statements for the year ended 31 December 2016 (continued)

18 Reconciliation of movements in shareholders' funds

	2016 £'000	2015 £'000
Loss for the financial year	(3,754)	(22,294)
Opening shareholders' funds	(109,338)	(87,044)
Closing shareholders' funds	(113,092)	(109,338)

19 Operating Leases

Non-cancellable operating lease rentals are payable as follows:

	Land and buildings 2016 £'000	Other 2016 £'000	Land and buildings 2015 £'000	Other 2015 £'000
Within one year	1,521	18,008	1,388	16,163
Within two and five years	5,200	53,993	5,356	64,592
After five years	-	-	607	-
	6,721	72,001	7,351	80,755

During the year £19,334,000 was recognised as an expense in the profit and loss account in respect of operating leases (2015 : £18,913,000).

20 Capital commitments

The company had capital commitments of £4,873,000 at 31 December 2016 (2015: £4,800,000).

Mercedes-Benz Grand Prix Ltd

Notes to the financial statements for the year ended 31 December 2016 (continued)

21 Related party transactions

During the year the company undertook the related party transactions as listed below:

Name	Sales £'000	Purchases £'000	Amounts owed to £'000	Amounts owed by £'000
Daimler AG	1,278	18,261	208,422	438
Daimler Insurance Services UK Limited	-	347	-	-
Daimler South East Asia Pte. Ltd.	105	1	-	-
Daimler Trucks North America LLC	100	-	-	-
Evo Buses (UK) Limited	4	-	-	-
Mercedes-Benz Accessories GmbH	-	10	-	-
Mercedes-Benz Australia / Pacific Pty Ltd	-	12	-	-
Mercedes AMG High Performance Powertrains Limited	3,971	2,069	156	861
Mercedes-Benz Belgium Luxembourg S.A.	52	-	-	30
Mercedes-AMG GmbH	65	485	274	35
Mercedes-Benz Canada Inc.	-	37	48	-
Mercedes-Benz (China) Ltd	-	71	-	-
Mercedes-Benz do Brasil Ltda.	-	159	159	-
Mercedes-Benz Espana S.A.	8	-	-	-
Mercedes-Benz Financial Services UK Limited	-	179	56	-
Mercedes-Benz Japan Co. Ltd.	219	13	-	-
Mercedes-Benz Malaysia Sdn Bhd	-	18	18	-
Mercedes-Benz Österreich GmbH	31	-	-	-
Mercedes-Benz Polska Sp. z o.o	5	-	-	-
Mercedes-Benz Russia AO	113	-	-	-
Mercedes-Benz UK Limited	327	273	38	117
Mercedes-Benz USA, LLC	70	1	-	-
R.T.C. Management Company Limited	-	12	-	-
	6,348	21,948	209,171	1,481

Mercedes-Benz Grand Prix Limited holds an 88.9% shareholding in R.T.C. Management Company Limited.

The above are all related parties by virtue of being fellow companies of the ultimate shareholders of the company. The transactions are all at arms' length and relate to the provision of goods and services between the parties associated with the company's principal activity.

Mercedes-Benz Grand Prix Ltd

Notes to the financial statements for the year ended 31 December 2016 (continued)

22 Ultimate parent company and controlling party

At 31 December 2016 the directors regarded Daimler UK Limited, a company incorporated in the United Kingdom, as the immediate parent company and immediate controlling party.

At 31 December 2016 the directors regarded Daimler AG, a company incorporated in Germany, as the ultimate parent company and the controlling party. Daimler AG is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements. The consolidated statements of Daimler AG can be obtained from the Company secretary, Mercedesstrasse 137, 70327 Stuttgart, Germany.