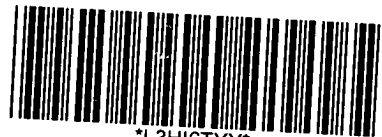


Registered number 00787446

Mercedes-Benz Grand Prix Ltd
Annual report
for the year ended 31 December 2013

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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 2013

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

Business model

The principal activity of the company is 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 Formula One business environment has been dominated by the introduction of substantial changes to the technical and sporting regulations in time for the start of the 2014 season, including the most radical changes to the engine/power unit regulations in a generation.

These changes provide F1 with both a challenge and an opportunity to develop and showcase 21st century relevant automotive hybrid technology. To be successful, teams will have to adapt and thrive in this new era of technological development, which will require excellence in all aspects of race car performance, in contrast to the aerodynamic dominated formula of the recent past.

This new era of F1 also presents both challenges and opportunities in the commercial arena. F1 has substantial commercial growth potential, but this depends on:

- Ensuring a vibrant and exciting experience for the live race track audience
- Finding the optimum balance in the broadcast model between "free to air", "pay to view" and on-line offerings
- Unlocking the potential of fan engagement via digital and social media
- Improving the presentation and interpretation of information to fans during races to enhance understanding and excitement
- Revitalising the corporate experience from F1, to re-invigorate the sponsorship market in a way that is relevant to 21st century marketing objectives and will capitalise on a recovering global economy

As regards 2013, the regulatory changes meant that all F1 teams had to balance their resources between the current 2013 season and the requirement to produce a car to meet the new regulations in readiness for the winter test programme ahead of the 2014 season. The research, design and development of the new 2014 compliant cars required a longer lead time than teams had become accustomed to, with additional cost pressure.

Mercedes-Benz Grand Prix Ltd

Strategic report for the year ended 31 December 2013 (continued)

Although the F1 teams had entered into individual bilateral commercial agreements with the Commercial Rights Holder, committing to their participation in F1 through to 2020, a new Concorde Agreement is still anticipated to bring together all of these commercial agreements into a single contract, which will also cover the governance of the F1 Championships up to 2020.

The 2013 Formula One season comprised 19 races, compared to 20 in the previous season, with the loss of the European Grand Prix in Valencia being the only calendar change. The 2014 season will see a new Russian GP in Sochi and has seen the revival of the Austrian GP, replacing the Indian and Korean events that have been omitted from the 19 race schedule.

Business review

There were some significant changes in senior management during 2013, with Nick Fry leaving the role of Chief Executive Officer in April 2013 and Ross Brawn exiting the position of Team Principal at the end of the year. The leadership of the company is now in the hands of Toto Wolff, Executive Director – Business, and Paddy Lowe, Executive Director – Technical.

The MERCEDES AMG PETRONAS F1 Team made a big step forward in sporting performance in 2013. The team won three Grands Prix and achieved six other podium positions in the 2013 season (2012: one win and two other podium positions) on the way to securing the runner-up position in the FIA Formula One World Championship for constructors with 360 points, which compared to 5th position with 142 points in the previous season.

This upturn in sporting performance was at the top end of the team's expectations and was attributable to continuous improvements in its design, engineering and manufacturing capabilities, further investments in its technical infrastructure and a more competitive operating budget. Not only was the team able to make a step change in its current season performance, but it was also able to ensure that there was no compromise to the 2014 car development programme.

The financial results for the company show a loss after tax of £51.1 million (2012: loss of £31.6 million), the key elements of which were:

- Turnover increased by £10.3 million due to higher sponsorship revenue and increased income from the new commercial agreement with the Commercial Rights Holder.
- Operating costs rose by £39.6 million due to: increased expenditure on in-season upgrades to the 2013 race car; increased costs arising from the parallel car programmes for 2013 and 2014; and increased personnel costs, which were significantly affected by higher performance bonuses that resulted from the improved sporting performance.
- An improved group tax relief position provided a benefit of £14.6 million (2012: £4.6 million).

As at 31 December 2013 the company had a net overdrawn position of £4.2 million and a creditor position within the group cash pooling arrangement of £19.0 million, which amounted to negative net liquid assets of £23.2 million (2012: positive net liquid assets of £20.8 million). The reduction in net liquid assets of £44.0 million in 2013 is principally due to the loss for the year of £51.1 million, partly offset by movements in working capital, the most significant of which was an increase in accrued performance bonuses that fall due for payment after the balance sheet date.

As a consequence of the 2013 financial results, the company had net liabilities of £10.2 million as at 31 December 2013 (2012: net assets of £40.9 million).

Mercedes-Benz Grand Prix Ltd

Strategic report for the year ended 31 December 2013 (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 arm's length basis with the group central 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 on a group basis.

Future outlook

The long-term restructuring and enhancements to the functions of design, engineering and manufacturing operations together with increased investment in technical infrastructure, have already proven successful with the improved performance in 2013. The company can now look to the future with confidence.

The 2014 car development programme progressed well, including an exceptional level of collaboration with Mercedes AMG High Performance Powertrains. With the retention of the strongest race driver pairing in F1, Lewis Hamilton and Nico Rosberg, and the extension of the technical and commercial partnership with PETRONAS, the team is well placed to compete for World Championships in 2014 and beyond.

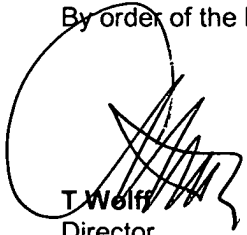
From the start of the 2014 season, the performance of the race car, the power unit, the drivers, the race team and the factory based workforce has been outstanding and has led to results that have exceeded expectations, with ten race wins and seven 1st/2nd finishes from the first thirteen Grand Prix events, which has put the team and both drivers in a strong position to challenge for the Championships. These results have been achieved through the long-term restructuring of the team, the extended development cycle of the 2014 race car, meticulous preparation and attention to detail and sheer hard work by a highly talented and dedicated group of people.

Mercedes-Benz Grand Prix Ltd

Strategic report for the year ended 31 December 2013 (continued)

The structure of the commercial agreement entered into with the Commercial Rights Holder in 2012 means that improved sporting performance will result in higher revenue flows into the company. Management is also confident that a combination of improved team performance and global economic recovery will lead to future growth in sponsorship and other commercial revenues.

By order of the board

A handwritten signature in black ink, appearing to be 'T. Wolff', is written over a large, faint circular stamp or watermark.

T Wolff
Director
17 September 2014
Operations Centre
Brackley
Northants
NN13 7BD

Mercedes-Benz Grand Prix Ltd

Directors' report for the year ended 31 December 2013

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

Dividends

The directors do not recommend payment of a dividend (2012: £nil).

Directors

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

| | |
|-------------|--|
| A Lauda | |
| T Weber | |
| N Haug | (resigned on 21 January 2013) |
| J Schmidt | (appointed on 19 February 2013 and resigned on 1 October 2013) |
| W Bernhard | (appointed 19 February 2013) |
| T Wolff | (appointed 30 August 2013) |
| R Berger | (appointed 30 August 2013) |
| S Kallenius | (appointed 1 October 2013) |

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.

Creditor payment policy

For all trade creditors, it is the company's policy to:

- agree the terms of payment at the start of business with that supplier
- ensure that the suppliers are aware of the terms of the payment
- pay in accordance with its contractual and other legal obligations

Payments made to creditors were made on or before the due date 95% of the time (2012: 88%).

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 auditors are 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 auditors are aware of that information.

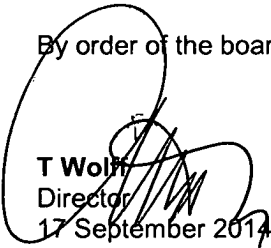
Mercedes-Benz Grand Prix Ltd

Directors' report for the year ended 31 December 2013 (continued)

Auditors

Our auditors, KPMG Audit Plc, have instigated an orderly wind down of business. The Board has decided to put KPMG LLP forward to be appointed as auditors and resolution concerning their appointment will be put to the forthcoming board meeting of the company.

By order of the board



T Wolff
Director
17 September 2014
Operations Centre
Brackley
Northants
NN13 7BD

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 and 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).

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;
- 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

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

We have audited the financial statements of Mercedes-Benz Grand Prix Ltd for the year ended 31 December 2013 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).

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 APB's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

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

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 Audit Plc, Statutory Auditor

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

Date: *23 September 2014*

Mercedes-Benz Grand Prix Ltd

Profit and loss account for the year ended 31 December 2013

| | Note | 2013 £'000 | 2012 £'000 |
|--|------|------------------|---------------|
| Turnover | 2 | 125,214 | 114,853 |
| Cost of sales | | (184,298) | (145,098) |
| Gross loss | | (59,084) | (30,245) |
| Administrative expenses | | (6,411) | (5,967) |
| Operating loss | | (65,495) | (36,212) |
| Interest receivable and similar income | 6 | 6 | 54 |
| Interest payable and similar charges | 7 | (252) | (68) |
| Loss on ordinary activities before taxation | | (65,741) | (36,226) |
| Tax on result on ordinary activities | 8 | 14,642 | 4,646 |
| Loss for the financial year | 18 | (51,099) | (31,580) |

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

The notes on pages 16 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

Balance sheet as at 31 December 2013

| | Note | 2013 £'000 | 2012 £'000 |
|--|------|-----------------|-----------------|
| Fixed assets | | | |
| Intangible assets | 9 | - | 2,142 |
| Tangible assets | 10 | 28,141 | 26,521 |
| Heritage assets | 11 | 649 | 650 |
| | | 28,790 | 29,313 |
| Current assets | | | |
| Stocks | 12 | 1,285 | 1,891 |
| Race car development | | 30,607 | 19,422 |
| Debtors | 13 | 21,562 | 35,145 |
| Cash at bank and in hand | | 2,144 | 906 |
| | | 55,598 | 57,364 |
| Creditors – amounts falling due within one year | 14 | (93,397) | (41,949) |
| Net current (liabilities) / assets | | (37,799) | 15,415 |
| Total assets less current liabilities | | (9,009) | 44,728 |
| Provisions for liabilities | 15 | (1,152) | (3,790) |
| Net (liabilities) / assets | | (10,161) | 40,938 |
| Capital and reserves | | | |
| Called-up share capital | 17 | - | - |
| Share premium account | 18 | 44 | 44 |
| Profit and loss account | 18 | (10,205) | 40,894 |
| Total shareholders' funds | 19 | (10,161) | 40,938 |

The notes on pages 16 to 28 form part of these financial statements.

The financial statements were approved by the board of directors on 17 September 2014 and signed on its behalf by:

T Wolff
Director

Company registered number: 00787446

Mercedes-Benz Grand Prix Ltd

Cash flow statement for the year ended 31 December 2013

| | Note | 2013 £'000 | 2012 £'000 |
|--|------|---------------|---------------|
| Operating activities | | | |
| Net cash (outflow) / inflow from continuing activities | | (7,811) | 1,283 |
| Returns on investment and servicing of finance | | | |
| Interest received | | 6 | 54 |
| Interest paid | | (252) | (68) |
| Net cash outflow from returns on investments and servicing of finance | | (246) | (14) |
| Taxation – group / consortium relief | | 11,655 | 4,646 |
| Purchase of intangible assets | | - | (2,142) |
| Purchase of tangible fixed assets | | (6,346) | (6,237) |
| Sale of tangible fixed assets | | 108 | 125 |
| Purchase of heritage assets | | (49) | (50) |
| Sale of heritage assets | | 85 | 12 |
| Net cash outflow for capital expenditure and financial investment | | (6,202) | (8,292) |
| Net cash outflow before financing | | (2,604) | (2,377) |
| Net cash flow from financing | | - | - |
| Decrease in net cash | 20 | (2,604) | (2,377) |

The notes on pages 16 to 28 form part of these financial statements.

Mercedes-Benz Grand Prix Ltd

Reconciliation of operating loss to net cash (outflow) / inflow from operating activities

| | 2013 | 2012 |
|---|----------------|--------------|
| | £'000 | £'000 |
| Operating loss | (65,495) | (36,212) |
| Depreciation of tangible fixed assets | 5,590 | 4,790 |
| Profit on sale of fixed assets | (73) | (62) |
| Profit on sale of heritage asset | (35) | - |
| Decrease in debtors | 16,570 | 13,189 |
| Decrease in stocks | 606 | 1,457 |
| Increase in race car development | (9,043) | (253) |
| Increase in creditors | 46,707 | 15,538 |
| (Decrease) / increase in provisions | (2,638) | 2,836 |
| Net cash (outflow) / inflow from continuing activities | (7,811) | 1,283 |

The notes on pages 16 to 28 form part of these financial statements.

Mercedes-Benz Grand Prix Ltd

Notes to the financial statements for the year ended 31 December 2013

1 Principal accounting policies

Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

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 2013 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.

Change in accounting policy in the prior year

From 1 January 2012 the Directors have capitalised research and development expenditure under FRS 10 Intangible assets and SSAP 13 Accounting for Research and Development. As a result of the change, research and development expenses relating to the following season's car are included within current assets. Those research and development expenses relating to cars beyond next season are included within intangible assets.

The current asset is categorised as 'race car development' 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.

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.

Mercedes-Benz Grand Prix Ltd

Notes to the financial statements for the year ended 31 December 2013 (continued)

1 Principal accounting policies (continued)

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 is stated at historic purchase cost less a provision to recoverable amount. The historic cars have an indefinite life and therefore are not depreciated. The company maintains its collection of cars 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 cars 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.

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.

Mercedes-Benz Grand Prix Ltd

Notes to the financial statements for the year ended 31 December 2013 (continued)

1 Principal accounting policies (continued)

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 Loss on ordinary activities before taxation

| | 2013 £'000 | 2012 £'000 |
|--|---------------|---------------|
| Depreciation of tangible fixed assets - owned assets | 5,590 | 4,790 |
| Profit on disposal of fixed assets | (73) | (62) |
| Profit on disposal of heritage assets | (35) | - |
| Operating lease charges | | |
| - plant and machinery | 37 | 40 |
| - other assets | 14,021 | 13,325 |
| Foreign exchange loss / (gain) | 576 | (363) |

Mercedes-Benz Grand Prix Ltd

Notes to the financial statements for the year ended 31 December 2013 (continued)

3 Loss on ordinary activities before taxation (continued)

| | 2013 | 2012 |
|---|-------|-------|
| | £'000 | £'000 |
| Auditors' remuneration: | | |
| Remuneration receivable by the company's auditors for the auditing of the annual financial statements | 41 | 41 |
| Fees payable to company's auditors and its associates for other services: | | |
| - other audit services | - | 16 |

4 Remuneration of directors

| | 2013 | 2012 |
|--|-------|-------|
| | £'000 | £'000 |
| Aggregate emoluments | 3,970 | - |
| Company contributions to personal pension plan | - | - |
| | 3,970 | - |

| | 2013 | 2012 |
|--|-------|-------|
| | £'000 | £'000 |
| Highest paid director: | | |
| Aggregate emoluments | 3,970 | - |
| Company contributions to personal pension plan | - | - |
| | 3,970 | - |

Mercedes-Benz Grand Prix Ltd

Notes to the financial statements for the year ended 31 December 2013 (continued)

5 Employee information

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

| By activity | 2013 Number | 2012 Number |
|---------------------------------------|------------------------|------------------------|
| Design, manufacturing and engineering | 597 | 550 |
| Administration | 66 | 62 |
| | 663 | 612 |

| Staff costs | 2013 £'000 | 2012 £'000 |
|--|-----------------------|-----------------------|
| Wages and salaries | 49,708 | 36,790 |
| Social security costs | 7,413 | 4,274 |
| Company contributions to personal pension plan | 35 | - |
| | 57,156 | 41,064 |

6 Interest receivable and similar income

| | 2013 £'000 | 2012 £'000 |
|----------------------------------|-----------------------|-----------------------|
| Bank interest receivable | 1 | - |
| Cash pooling interest receivable | 5 | 54 |
| | 6 | 54 |

7 Interest payable and similar charges

| | 2013 £'000 | 2012 £'000 |
|-------------------------------|-----------------------|-----------------------|
| Cash pooling interest payable | 252 | 68 |

Mercedes-Benz Grand Prix Ltd

Notes to the financial statements for the year ended 31 December 2013 (continued)

8 Tax on result on ordinary activities

The company has estimated taxation losses available to be carried forward of approximately £133 million (2012: £113 million) which will be available to reduce future taxable income.

| | 2013 £'000 | 2012 £'000 |
|--|-----------------|----------------|
| Current tax: | | |
| United Kingdom corporation tax on result of the year | (8,961) | - |
| Adjustment in respect of previous years | (5,681) | (4,646) |
| Total current tax – group / consortium relief | (14,642) | (4,646) |

The tax assessed for the year is higher than (2012: higher than) the standard effective rate of corporation tax in the UK of 23.25% (2012: 24.5%). The differences are explained below:

| | 2013 £'000 | 2012 £'000 |
|--|-----------------|----------------|
| Loss on ordinary activities before taxation | (65,741) | (36,226) |
| Result on ordinary activities multiplied by standard rate in the United Kingdom 23.25% (2012: 24.5%) | (15,285) | (8,875) |
| Effects of: | | |
| Expenses not deductible for tax purposes | 93 | 2,542 |
| Difference between depreciation and capital allowances | (35) | (448) |
| Other timing differences | 54 | (35) |
| Research & development tax relief | (2,906) | (2,818) |
| Carried forward tax losses | 9,118 | 9,634 |
| Adjustment in respect of previous periods | (5,681) | (4,646) |
| Current tax for the year – group / consortium relief | (14,642) | (4,646) |

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly. The unrecognised deferred tax asset at 31 December 2013 has been calculated based on the rates of 20% and 21% substantively enacted at the balance sheet date.

Mercedes-Benz Grand Prix Ltd

Notes to the financial statements for the year ended 31 December 2013 (continued)

9 Intangible assets

| Cost and net book value | Development costs £'000 |
|----------------------------------|------------------------------------|
| At 1 January 2013 | 2,142 |
| Additions | - |
| Transfer to race car development | (2,142) |
| At 31 December 2013 | - |

Mercedes-Benz Grand Prix Ltd

Notes to the financial statements for the year ended 31 December 2013 (continued)

10 Tangible assets

| Cost | Short leasehold land and buildings including tenants improvements £'000 | Plant and machinery £'000 | Fixtures and fittings £'000 | Computer equipment £'000 | Motor vehicles £'000 | Assets under construction £'000 | Total £'000 |
|---------------------------------|--|--|--|---|-------------------------------------|--|------------------------|
| At 1 January 2013 | 25,343 | 43,101 | 4,462 | 10,304 | 4,841 | 282 | 88,333 |
| Additions | - | 2,069 | 140 | 380 | 186 | 4,470 | 7,245 |
| Transfers | - | 167 | - | 115 | - | (282) | - |
| Disposals | - | (664) | (28) | (6,007) | (270) | - | (6,969) |
| At 31 December 2013 | 25,343 | 44,673 | 4,574 | 4,792 | 4,757 | 4,470 | 88,609 |
| Accumulated depreciation | | | | | | | |
| At 1 January 2013 | (17,783) | (28,071) | (3,469) | (8,903) | (3,586) | - | (61,812) |
| Charge for the year | (890) | (3,416) | (118) | (748) | (418) | - | (5,590) |
| Disposals | - | 630 | 28 | 6,007 | 269 | - | 6,934 |
| At 31 December 2013 | (18,673) | (30,857) | (3,559) | (3,644) | (3,735) | - | (60,468) |
| Net book value | | | | | | | |
| At 31 December 2013 | 6,670 | 13,816 | 1,015 | 1,148 | 1,022 | 4,470 | 28,141 |
| At 31 December 2012 | 7,560 | 15,030 | 993 | 1,401 | 1,255 | 282 | 26,521 |

Mercedes-Benz Grand Prix Ltd

Notes to the financial statements for the year ended 31 December 2013 (continued)

11 Heritage assets

| Cost and net book value | Historic cars £'000 |
|--------------------------------|--------------------------------|
| At 1 January 2013 | 650 |
| Additions | 49 |
| Disposals | (50) |
| At 31 December 2013 | 649 |

Five year financial summary of heritage asset transactions:

| | 2013 £'000 | 2012 £'000 | 2011 £'000 | 2010 £'000 | 2009 £'000 |
|----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Additions | 49 | 50 | - | 50 | 100 |
| Disposals – net book value | 50 | 12 | - | - | - |
| Disposals – proceeds | 85 | 12 | - | - | - |

12 Stocks

| | 2013 £'000 | 2012 £'000 |
|---------------|-----------------------|-----------------------|
| Raw materials | 1,285 | 1,891 |

13 Debtors

| | 2013 £'000 | 2012 £'000 |
|---|-----------------------|-----------------------|
| Trade debtors | 5,969 | 3,351 |
| Amounts owed by group undertakings | 3,191 | 175 |
| Amounts owed by group undertakings – cash pooling | - | 22,401 |
| Other debtors | - | 899 |
| Prepayments and accrued income | 12,402 | 8,319 |
| | 21,562 | 35,145 |

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

Mercedes-Benz Grand Prix Ltd

Notes to the financial statements for the year ended 31 December 2013 (continued)

14 Creditors – amounts falling due within one year

| | 2013 £'000 | 2012 £'000 |
|---|---------------|---------------|
| Bank overdraft | 6,315 | 2,473 |
| Trade creditors | 11,101 | 7,190 |
| Amounts owed to group undertakings | 1,103 | 136 |
| Amounts owed to group undertakings – cash pooling | 19,055 | - |
| Taxation and social security | 2,994 | 1,380 |
| Accruals and deferred income | 52,829 | 30,770 |
| | 93,397 | 41,949 |

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.

15 Provisions for liabilities

| | Property provision £'000 | Termination Provision £'000 | Sales tax provision £'000 | Total £'000 |
|--|--------------------------------|-----------------------------------|---------------------------------|----------------|
| At 1 January 2013 | 833 | 249 | 2,708 | 3,790 |
| Charged to the profit and loss account | 162 | - | 17 | 179 |
| Amounts utilised during the year | - | (249) | (2,568) | (2,817) |
| At 31 December 2013 | 995 | - | 157 | 1,152 |

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.

Mercedes-Benz Grand Prix Ltd

Notes to the financial statements for the year ended 31 December 2013 (continued)

16 Deferred tax

The unrecognised total potential deferred tax assets are as follows:

| | 2013 £'000 | 2012 £'000 |
|--------------------------------|-----------------|-----------------|
| Amount not recognised | | |
| Short term timing differences | (167) | (148) |
| Accelerated capital allowances | (709) | (899) |
| Losses | (26,657) | (25,957) |
| | (27,533) | (27,004) |

A deferred tax asset has not been recognised in the year as it is uncertain that the asset will crystallise in the foreseeable future.

17 Called up share capital

| | 2013 £ | 2012 £ |
|---|------------|------------|
| Allotted and fully paid | | |
| 1,000,000 ordinary shares of £0.0002 each | 200 | 200 |

18 Reserves

| | Share premium account £'000 | Profit and loss account £'000 |
|-----------------------------|--------------------------------------|--|
| At 1 January 2013 | 44 | 40,894 |
| Loss for the financial year | - | (51,099) |
| At 31 December 2013 | 44 | (10,205) |

Mercedes-Benz Grand Prix Ltd

Notes to the financial statements for the year ended 31 December 2013 (continued)

19 Reconciliation of movements in shareholders' funds

| | 2013 £'000 | 2012 £'000 |
|------------------------------------|-----------------|---------------|
| Loss for the financial year | (51,099) | (31,580) |
| Opening shareholders' funds | 40,938 | 72,518 |
| Closing shareholders' funds | (10,161) | 40,938 |

20 Analysis of net debt

| | 2012 £'000 | Cash flow £'000 | 2013 £'000 |
|------------------------------------|----------------|--------------------|----------------|
| Cash at bank and in hand | 906 | 1,238 | 2,144 |
| Bank overdraft | (2,473) | (3,842) | (6,315) |
| Net funds as at 31 December | (1,567) | (2,604) | (4,171) |

21 Financial commitments

At 31 December 2013 there were annual commitments under non-cancellable operating leases expiring as follows:

| | Land and buildings 2013 £'000 | Other 2013 £'000 | Land and buildings 2012 £'000 | Other 2012 £'000 |
|---------------------------|--|------------------------|--|------------------------|
| Within one year | - | 6,670 | - | 4,897 |
| Within two and five years | - | 42 | - | 6,565 |
| After five years | 1,332 | - | 1,332 | - |
| | 1,332 | 6,712 | 1,332 | 11,462 |

22 Capital commitments

The company had capital commitments of £2,025,000 at 31 December 2013 (2012: £847,000).

Mercedes-Benz Grand Prix Ltd

Notes to the financial statements for the year ended 31 December 2013 (continued)

23 Related party transactions

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

| Name | Sales £'000 | Purchases £'000 | Amounts owed to | Amounts owed by |
|---|----------------|--------------------|--------------------|--------------------|
| | | | £'000 | £'000 |
| Daimler AG | 3,118 | 15,785 | 19,999 | 2,644 |
| Daimler Insurance Services UK Limited | - | 200 | - | - |
| Daimler South East Asia Pte. Ltd. | 42 | - | - | - |
| Mercedes-Benz do Brasil Ltda. | - | 162 | 4 | - |
| Mercedes-Benz Canada Inc. | 7 | - | - | - |
| Mercedes-AMG GmbH | 79 | - | - | - |
| Mercedes AMG High Performance Powertrains Limited | 1,346 | 167 | 112 | 545 |
| Mercedes-Benz Financial Services UK Limited | - | 114 | - | - |
| Mercedes-Benz Japan Co. Ltd. | - | 19 | 18 | - |
| Mercedes-Benz Malaysia Sdn Bhd | - | 16 | 16 | - |
| Mercedes-Benz Nederland B.V. | 2 | - | - | - |
| Mercedes-Benz UK Limited | 123 | 221 | 9 | 2 |
| R.T.C. Management Company Limited | - | 15 | - | - |
| | 4,717 | 16,699 | 20,158 | 3,191 |

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 services between the parties associated with the company's principal activity.

24 Ultimate parent company and controlling party

At 31 December 2013 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 2013 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.