

Registered number 00787446

**Mercedes-Benz Grand Prix Ltd**  
Annual report  
for the year ended 31 December 2018

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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 2018

### Principal Activities and business review

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 Mercedes-AMG Petronas Motorsport, which is an entrant to the FIA Formula One World Championship. The company seeks to maximise success in the Drivers' and Constructors' 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. 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 enjoyed another incredibly successful season in 2018, winning both the Constructors' and the Drivers' Formula One World Championships for the fifth consecutive year.

The team achieved 11 race wins, four one-two finishes and 25 podiums. Reliability was outstanding, with the team's cars completing 2457 of the 2528 racing laps during the season and registering three DNFs from 42 starts. The team won the 2018 Constructors' Championship with a total of 655 points.

This exceptional on-track performance reflected into media coverage of the team. Mercedes-AMG Petronas Motorsport enjoyed a 24% share of television coverage during the season and generated a cumulative television Advertising Value Equivalent (AVE) of \$3.795 billion for its commercial partners.

In parallel to the team's success in recent seasons, the Mercedes-Benz brand has grown in value from \$31.9 billion in 2013 to \$48.6 billion in 2018 (as measured by Interbrand), with Formula One making an important contribution to the brand's status as the eighth most valuable in the world.

Turnover was £338.4 million (2017: £337.2 million) which resulted primarily from higher sponsorship and marketing revenue. The company made a profit after taxation of £12.7 million (2017: £13.3 million).

Mercedes-Benz Grand Prix Limited will continue with its principal activities to operate and manage a Formula One racing team, including the design, development, manufacture, testing and racing of Formula One motor racing cars in 2019, and aspires to win both championships for the sixth consecutive season, notwithstanding the changes in technical regulations for the new season.

# Mercedes-Benz Grand Prix Ltd

## Strategic report for the year ended 31 December 2018 (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 a highly competitive 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.

#### *Brexit*

The team is monitoring and taking preparatory steps towards mitigating the potential risks and impact caused by the uncertainty surrounding the ultimate form and timing of a future Brexit.

# Mercedes-Benz Grand Prix Ltd

## Strategic report for the year ended 31 December 2018 (continued)

### Future outlook

The Directors are proud and enthusiastic to be competing in the 2019 season and are committed to maintaining the impressive record of achievement since 2014. As a high-technology business, the team can adapt competitively and commercially to changes in its operating environment and will continue to invest in its capability and culture to ensure medium and long-term success both on and off track. The company would like to thank Mercedes-Benz, PETRONAS and our other partners for their continuing support.

By order of the board



**T Wolff**  
Director

Operation Centre  
Brackley  
Northants  
NN13 7BD

Date: 14th May 2019

# **Mercedes-Benz Grand Prix Ltd**

## **Directors' report for the year ended 31 December 2018**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2018.

### **Dividends**

The directors do not recommend payment of a dividend (2017: £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 Wolff  
R Berger  
S Kallenius  
B Seeger  
B Uebber

### **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 2018 (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

Operation Centre  
Brackley  
Northants  
NN13 7BD

Date: 14th May 2019

## **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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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



# **Mercedes-Benz Grand Prix Ltd**

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

### **Opinion**

We have audited the financial statements of Mercedes-Benz Grand Prix ("the company") for the year ended 31 December 2018 which comprise the Profit and Loss Account and Other Comprehensive Income, Statement of Changes in Equity, Balance Sheet and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **The impact of uncertainties due to the UK exiting the European Union on our audit**

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. These depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

# **Mercedes-Benz Grand Prix Ltd**

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

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using 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.

### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

# **Mercedes-Benz Grand Prix Ltd**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities)

### **The purpose of our audit work and to whom we owe our responsibilities**

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.



**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: 17 May, 2019.

## Mercedes-Benz Grand Prix Ltd

### Profit and loss account and other comprehensive income for the year ended 31 December 2018

Profit and loss account	Note	2018 £'000	2017 £'000
<b>Turnover</b>	2	<b>338,380</b>	337,162
<b>Cost of sales</b>		<b>(311,458)</b>	(309,704)
Gross profit		<b>26,922</b>	27,458
Administrative expenses		<b>(10,011)</b>	(10,873)
Other income	3	-	68
Other expenses	3	<b>(206)</b>	-
<b>Operating profit</b>		<b>16,705</b>	16,653
Interest receivable and similar income	6	-	1
Interest payable and similar expenses	7	<b>(1,244)</b>	(1,658)
<b>Profit before taxation</b>		<b>15,461</b>	14,996
Tax on profit	8	<b>(2,777)</b>	(1,721)
<b>Total comprehensive profit for the financial year</b>	17	<b>12,684</b>	13,275
<b>Other comprehensive income</b>			
Other comprehensive income for the year net of income tax		-	-
<b>Total comprehensive profit for the financial year</b>	17	<b>12,684</b>	13,275

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

The notes on pages 15 to 29 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 2018

	Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Total Equity £'000
Balance at 1 January 2017	-	44	(113,136)	(113,092)
Total comprehensive profit for the year	-	-	13,275	13,275
Issue of shares	130,000	-	-	130,000
Balance at 31 December 2017	130,000	44	(99,861)	30,183
Total comprehensive profit for the year	-	-	12,684	12,684
<b>Balance at 31 December 2018</b>	<b>130,000</b>	<b>44</b>	<b>(87,177)</b>	<b>42,867</b>

# Mercedes-Benz Grand Prix Ltd

## Balance sheet as at 31 December 2018

	Note	2018 £'000	2017 £'000
<b>Fixed assets</b>			
Tangible assets	9	65,748	50,443
Heritage assets	10	3,451	3,406
		<b>69,199</b>	<b>53,849</b>
<b>Current assets</b>			
Stocks	11	2,019	2,050
Race car development		46,645	42,909
Debtors	12	95,911	90,252
Cash at bank and in hand		7,591	14,628
		<b>152,166</b>	<b>149,839</b>
<b>Creditors – amounts falling due within one year</b>	13	<b>(175,569)</b>	<b>(170,683)</b>
<b>Net current liabilities</b>		<b>(23,403)</b>	<b>(20,844)</b>
<b>Total assets less current liabilities</b>		<b>45,796</b>	<b>33,005</b>
<b>Provisions for liabilities</b>	14	<b>(2,929)</b>	<b>(2,822)</b>
<b>Net assets</b>		<b>42,867</b>	<b>30,183</b>
<b>Capital and reserves</b>			
Called-up share capital	16	130,000	130,000
Share premium account	17	44	44
Profit and loss account	17	(87,177)	(99,861)
<b>Total shareholders' funds</b>	18	<b>42,867</b>	<b>30,183</b>

The notes on pages 15 to 29 form part of these financial statements.

The financial statements were approved by the board of directors on 14th May 2019 and signed on its behalf by:

T Wolff  
Director

Company registered number: 00787446

# Mercedes-Benz Grand Prix Ltd

## Notes to the financial statements for the year ended 31 December 2018

### 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

Notwithstanding net current liabilities of £23.4m as at 31 December 2018, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons. 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 2018 are disclosed in these financial statements as 'Amounts owed to group undertakings – cash pooling'. The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of the financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through the cash pooling arrangement and funding from its ultimate parent company, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Daimler AG not seeking repayment of the amounts currently due to the Group and providing additional financial support during that period. Daimler AG has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

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

# Mercedes-Benz Grand Prix Ltd

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 1 Principal accounting policies (continued)

#### 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.

#### 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, or over the lease term 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.



# **Mercedes-Benz Grand Prix Ltd**

## **Notes to the financial statements for the year ended 31 December 2018 (continued)**

### **1 Principal accounting policies (continued)**

#### **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.

Assets are valued by independent valuers in their first year of recognition as a heritage asset and every 5 years subsequent. The directors value the remaining portfolio every year. The last external valuation for all existing assets was carried out on 9<sup>th</sup> August 2017 and the valuation of all newly recognised assets was carried out on 1<sup>st</sup> December 2018.

#### **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.

#### **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.

# Mercedes-Benz Grand Prix Ltd

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 2 Turnover

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

### 3 Profit on ordinary activities before taxation

	2018	2017
	£'000	£'000
Depreciation of tangible fixed assets - owned assets	12,234	10,305
Profit on disposal of fixed assets	145	(161)
Loss/ (profit) on disposal of heritage assets	206	(68)
Rental of plant and machinery	34	29
Operating lease charges		
- other assets	17,520	21,162
Foreign exchange (loss) / gain	(1,056)	1,365

	2018	2017
Auditor's remuneration:	£'000	£'000
Remuneration receivable by the company's auditors for the auditing of the annual financial statements	45	45
- other assurance services	-	11
- other taxation services	1	1

### 4 Remuneration of directors

	2018	2017
	£'000	£'000
Aggregate emoluments	7,135	8,437
Payments for loss of office	-	89
Company contributions to personal pension plan	-	-
	7,135	8,526

  

	2018	2017
Highest paid director:	£'000	£'000
Aggregate emoluments	7,135	7,063
Company contributions to personal pension plan	-	-
	7,135	7,063

# Mercedes-Benz Grand Prix Ltd

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 4 Remuneration of directors (continued)

The remaining Board members are employed and remunerated by other Group entities. The Company considers that there is no practicable method to accurately allocate a portion of the emoluments the Directors receive from their respective Group company employer to the qualifying services they provide to the Company and the Company is also of the opinion any allocation would be immaterial. Therefore the above disclosures exclude any allocation of remuneration to the Company in respect of these Directors.

### 5 Employee information

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

<b>By activity</b>	<b>2018 Number</b>	<b>2017 Number</b>
Design, manufacturing and engineering	837	799
Administration	131	113
	<b>968</b>	<b>912</b>

<b>Staff costs</b>	<b>2018 £'000</b>	<b>2017 £'000</b>
Wages and salaries	83,377	77,705
Social security costs	9,740	9,176
Company contributions to personal pension plan	603	338
	<b>93,720</b>	<b>87,219</b>

### 6 Interest receivable and similar income

	<b>2018 £'000</b>	<b>2017 £'000</b>
Bank interest receivable	-	1

### 7 Interest payable and similar charges

	<b>2018 £'000</b>	<b>2017 £'000</b>
Cash pooling interest payable	1,244	1,658

# Mercedes-Benz Grand Prix Ltd

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 8 Tax on result on ordinary activities

The company has estimated taxation losses available to be carried forward of approximately £71 million (2017: £83 million).

	2018 £'000	2017 £'000
<b>Current tax:</b>		
United Kingdom corporation tax on result of the year	2,464	2,284
Adjustment in respect of previous years	(30)	353
<b>Deferred tax (See note 15):</b>	343	(916)
<b>Total tax</b>	<b>2,777</b>	<b>1,721</b>

The tax assessed for the year is lower than (2017: lower than) the standard effective rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are explained below:

	2018 £'000	2017 £'000
Profit on ordinary activities before taxation	15,461	14,996
Tax using the UK corporation tax rate of 19% (2017: 19.25%)	2,938	2,887
Effects of:		
Non-deductible expenses	149	489
Difference between depreciation and capital allowances	167	36
Other timing differences	264	(110)
WHT offset	(193)	-
Tax restriction on R&D expenditure credit (RDEC)	2,464	2,284
Carried forward tax losses	(2,235)	(2,422)
Utilisation of R&D expenditure credit (RDEC) to offset tax liability	(1,090)	(880)
Movement / recognition of deferred tax asset	343	(916)
Adjustment in respect of previous years	(30)	353
<b>Total tax result included in profit or loss</b>	<b>2,777</b>	<b>1,721</b>

# **Mercedes-Benz Grand Prix Ltd**

## **Notes to the financial statements for the year ended 31 December 2018 (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 2018 has been calculated based on these rates.

The Directors continue to review the taxation requirements of the company and are confident they are adequately fulfilled.

## Mercedes-Benz Grand Prix Ltd

### Notes to the financial statements for the year ended 31 December 2018 (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 2018	28,525	62,612	9,844	17,915	6,414	11,077	136,387
Additions	3,116	2,744	3,140	3,640	-	15,141	27,781
Transfers	301	9,312	415	136	-	(10,164)	-
Disposals	-	(3,495)	(106)	(5,629)	-	-	(9,230)
<b>At 31 December 2018</b>	<b>31,942</b>	<b>71,173</b>	<b>13,293</b>	<b>16,062</b>	<b>6,414</b>	<b>16,054</b>	<b>154,938</b>
<b>Accumulated depreciation</b>							
At 1 January 2018	(23,044)	(40,822)	(4,330)	(11,449)	(6,299)	-	(85,944)
Charge for the year	(2,590)	(5,662)	(804)	(3,146)	(32)	-	(12,234)
Disposals	-	3,410	106	5,472	-	-	8,988
<b>At 31 December 2018</b>	<b>(25,634)</b>	<b>(43,074)</b>	<b>(5,028)</b>	<b>(9,123)</b>	<b>(6,331)</b>	<b>-</b>	<b>(89,190)</b>
<b>Net book value</b>							
<b>At 31 December 2018</b>	<b>6,308</b>	<b>28,099</b>	<b>8,265</b>	<b>6,939</b>	<b>83</b>	<b>16,054</b>	<b>65,748</b>
At 31 December 2017	5,481	21,790	5,514	6,466	115	11,077	50,443

# Mercedes-Benz Grand Prix Ltd

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 10 Heritage assets

	Historic cars and related assets
Cost and net book value	£'000
At 1 January 2018	3,406
Additions	1,374
Disposals	(1,329)
<b>At 31 December 2018</b>	<b>3,451</b>

Five year financial summary of heritage asset transactions:

	2018 £'000	2017 £'000	2016 £'000	2015 £'000	2014 £'000
Additions	1,374	1,582	730	2,066	254
Disposals – net book value	1,329	700	1,125	50	-
(Loss) / profit on disposal	(206)	68	44	1,700	-

### 11 Stocks

	2018 £'000	2017 £'000
Raw materials	2,019	2,050

### 12 Debtors

	2018 £'000	2017 £'000
Trade debtors	39,689	28,817
Amounts owed by group undertakings	1,469	3,008
Other debtors	2,870	12,647
Deferred tax asset (see note 15)	8,572	8,915
Prepayments and accrued income	43,311	36,865
	<b>95,911</b>	<b>90,252</b>

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 2018 (continued)

### 13 Creditors – amounts falling due within one year

	2018 £'000	2017 £'000
Trade creditors	15,078	13,675
Amounts owed to group undertakings	9,399	1,757
Amounts owed to group undertakings – cash pooling	64,667	78,557
Taxation and social security	3,101	2,985
Accruals and deferred income	83,324	73,709
	175,569	170,683

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	Other provision £'000	Total £'000
At 1 January 2018	2,280	542	-	2,822
Charged / (credited) to the profit and loss account	147	(103)	63	107
<b>At 31 December 2018</b>	<b>2,427</b>	<b>439</b>	<b>63</b>	<b>2,929</b>

#### Property provision

This relates to an estimate for dilapidations and reinstatement costs in relation to the facility at Reynard Park, Brackley, which are estimated to crystallise in the next three years.

#### Sales tax provision

This relates to potential sales tax liabilities, it is unknown as to when they may crystallise.



# Mercedes-Benz Grand Prix Ltd

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 15 Deferred tax assets

Deferred tax assets are attributable to the following:

	2018	2017
<b>Amount recognised</b>	<b>£'000</b>	<b>£'000</b>
Accelerated capital allowances	1,151	4
Unused tax losses	7,223	8,695
Other – timing differences	198	216
<b>Net tax assets</b>	<b>8,572</b>	<b>8,915</b>

In addition to the deferred tax asset above, Mercedes-Benz Grand Prix Ltd has additional unrecognised gross tax losses of £29,988,000 (2017: £34,861,000) to be carried forward to future periods.

### 16 Called up share capital

	2018	2017
	£	£
<b>Allotted and fully paid</b>		
1,000,000 ordinary shares of £0.0002 each	200	200
13 preference shares of £10,000,000.00 each	130,000,000	130,000,000
87 redeemable deferred shares of £0.0002 each	-	-

# Mercedes-Benz Grand Prix Ltd

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 17 Reserves

	Share premium account £'000	Profit and loss account £'000
At 1 January 2018	44	(99,861)
Profit for the financial year	-	12,684
<b>At 31 December 2018</b>	<b>44</b>	<b>(87,177)</b>

### 18 Reconciliation of movements in shareholders' funds

	2018 £'000	2017 £'000
Profit for the financial year	12,684	13,275
Shares allotted	-	130,000
Opening shareholders' funds	30,183	(113,092)
<b>Closing shareholders' funds</b>	<b>42,867</b>	<b>30,183</b>

# Mercedes-Benz Grand Prix Ltd

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 19 Operating Leases

Non-cancellable operating lease rentals are payable as follows:

	Land and buildings 2018 £'000	Other 2018 £'000	Land and buildings 2017 £'000	Other 2017 £'000
Within one year	1,854	16,186	1,766	16,000
Within two and five years	3,285	16,159	4,653	31,988
After five years	964	-	1,177	-
	<b>6,103</b>	<b>32,345</b>	<b>7,596</b>	<b>47,988</b>

During the year £17,520,000 was recognised as an expense in the profit and loss account in respect of operating leases (2017 : £21,162,000).

### 20 Capital commitments

The company had capital commitments of £9,345,000 at 31 December 2018 (2017: £8,515,000).

# Mercedes-Benz Grand Prix Ltd

## Notes to the financial statements for the year ended 31 December 2018 (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	64,336	25,320	73,655	16
Daimler Insurance Services UK Limited	5	447	-	5
Daimler South East Asia Pte. Ltd.	-	2	-	-
Mercedes-Benz Australia / Pacific Pty Ltd	11	114	-	-
Mercedes AMG High Performance Powertrains Limited	6,846	1,563	95	1,383
Mercedes-Benz do Brasil Ltda	-	32	18	-
Mercedes-AMG GmbH	20	414	90	11
Mercedes-Benz Canada Inc.	41	-	-	-
Mercedes-Benz Espana S.A.	-	2	2	-
Mercedes-Benz Financial Services UK Limited	-	358	30	-
Mercedes-Benz France S.A.S.	48	-	-	48
Mercedes-Benz Italia SPA	17	35	-	-
Mercedes-Benz Japan Co. Ltd.	25	-	-	2
Mercedes-Benz Malaysia Sdn Bhd	-	43	31	-
Mercedes-Benz Mexico	-	-	-	-
Mercedes-Benz Österreich GmbH	1	20	2	-
Mercedes-Benz Polska Sp. z o.o	-	-	-	-
Mercedes-Benz Russia AO	-	-	-	-
Mercedes-Benz Schweiz AG	-	46	6	-
Mercedes-Benz Trucks Espana S.L.U.	1	-	-	-
Mercedes-Benz Trucks USA	14	-	-	-
Mercedes-Benz UK Limited	127	349	3	3
Mercedes-Benz USA, LLC	-	137	133	-
Mercedes-Benz Vans UK Ltd	1	-	-	-
Mercedes-Benz Vertrieb PKW GmbH	1	-	-	-
Motorsports Invest Limited	1,497	-	-	-
R.T.C. Management Company Limited	-	4	-	-
	<b>72,991</b>	<b>28,886</b>	<b>74,065</b>	<b>1,468</b>

Mercedes-Benz Grand Prix Limited holds an 88.9% shareholding in R.T.C. Management Company Limited, registered address being Charter Court, 49 Castle Street, Banbury, Oxfordshire, OX16 5NU.

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.

During the year, heritage assets were purchased by MIL Ltd, a company controlled by Toto Wolff.

# **Mercedes-Benz Grand Prix Ltd**

## **Notes to the financial statements for the year ended 31 December 2018 (continued)**

### **22 Ultimate parent company and controlling party**

At 31 December 2018 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 2018 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.