

Registered number: 00787446

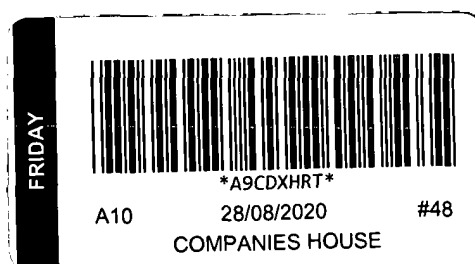
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**MERCEDES-BENZ GRAND PRIX LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2019**



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## MERCEDES-BENZ GRAND PRIX LIMITED

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### COMPANY INFORMATION

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<b>Directors</b>	Rene Berger Markus Schäfer (appointed 11 March 2019) Britta Seeger Toto Wolff Alex Nediger (appointed 29 June 2020)
<b>Registered number</b>	00787446
<b>Registered office</b>	Operations Centre Brackley Northamptonshire NN13 7BD
<b>Independent auditors</b>	KPMG LLP The Pinnacle 170 Midsummer Boulevard Milton Keynes MK9 1BP

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**MERCEDES-BENZ GRAND PRIX LIMITED**

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## MERCEDES-BENZ GRAND PRIX LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 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 enjoyed another incredibly successful season in 2019, winning both the Constructors' and the Drivers' Formula One World Championships for the sixth consecutive year.

The team achieved 15 race wins, nine one-two finishes and 32 podiums. Reliability was outstanding, with the team's cars completing 2495 of the 2524 racing laps during the season and registering two DNFs from 42 starts. The team won the 2019 Constructors' Championship with a total of 739 points.

This exceptional on-track performance reflected into media coverage of the team. Mercedes-AMG Petronas Motorsport enjoyed a 23.6% share of television coverage during the season and generated a cumulative television Advertising Value Equivalent (AVE) of \$5.406 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 \$50.8 billion in 2019 (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 £363.6 million (2018: £338.4 million) which resulted primarily from higher sponsorship and marketing revenue. The company made a profit after taxation of £14.7 million (2018: £12.7 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 2020, and aspires to win both championships for the seventh consecutive season, while preparing the company to deliver maximum competitiveness under the new Financial Regulations that will be introduced from 2021.

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## MERCEDES-BENZ GRAND PRIX LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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#### Stakeholder engagement

The directors are aware of their duty under s.172 of the Companies Act 2006 to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regards (amongst other matters) to:

- the likely consequences of any decision in the long term,
- the interests of the company's employees,
- the need to foster the company's business relationships with suppliers, customers and others,
- the impact of the company's operations on the community and the environment,
- the desirability of the company maintaining a reputation for high standards of business conduct, and
- the need to act fairly as between members of the company

The director's strategy is to pursue both the Drivers' and Constructors' Formula One Championship 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 team's values of Passion, Respect, Innovation, Determination and Excellence are at the heart of all interactions with its stakeholders. Employee involvement is detailed within the Directors' report.

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## MERCEDES-BENZ GRAND PRIX LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 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

On the 31 January 2020 the UK left the European Union, the UK then entered a transition period until the end of 2020. This transition period has resulted in no current change to the way the team operates however there is a high level of uncertainty around the UK's future relationship with Europe. The team is monitoring and taking preparatory steps towards mitigating the potential risks and impact caused by Brexit after the transition period has finished.

##### COVID-19

The company has assessed and continues to monitor the potential impact of COVID-19 very carefully and is taking all necessary precautions to protect the workforce in line with Government advice. Despite the 2020 known adverse Prize Money financial impact driven by the effect on Formula One calendar, the company is able to maintain profitability and to meet all financial obligations. The company will continue to review the possible impacts on the business and will refine its contingency plans to mitigate the effects of the virus on the business.

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**MERCEDES-BENZ GRAND PRIX LIMITED**

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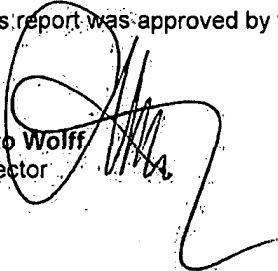
**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Future outlook**

The Directors are proud and enthusiastic to be competing in the 2020 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.

This report was approved by the board on *15th August 2020* and signed on its behalf:

  
**Toto Wolff**  
Director

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## MERCEDES-BENZ GRAND PRIX LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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The directors present their report and the financial statements for the year ended 31 December 2019.

#### Dividends

The directors do not recommend payment of a dividend (2018: £nil).

#### Directors

The directors who served during the year and up to the date of signing were:

Rene Berger

Markus Schäfer (appointed 11 March 2019)

Britta Seeger

Frank Markus Weber (appointed 24 July 2019, resigned 29 June 2020)

Toto Wolff

Ola Källenius (resigned 22 May 2019)

Nikolaus Lauda (resigned 20 May 2019)

Bodo Uebber (resigned 22 May 2019)

#### Employee involvement

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.

#### Political contributions

The Company made no political donations or incurred any political expenditure during the year.

#### Research and development activities

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.



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## MERCEDES-BENZ GRAND PRIX LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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#### **Directors' responsibilities statement**

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 judgments and accounting 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.

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**MERCEDES-BENZ GRAND PRIX LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**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.

This report was approved by the board on 15th AUGUST 2020 and signed on its behalf.

Toto Wolff  
Director



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**MERCEDES-BENZ GRAND PRIX LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MERCEDES-BENZ GRAND PRIX LIMITED**

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**Opinion**

We have audited the financial statements of Mercedes-Benz Grand Prix Limited ("the company") for the year ended 31 December 2019 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity 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 2019 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.

**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 a year 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 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.

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

<b>MERCEDES-BENZ GRAND PRIX LIMITED</b>
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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MERCEDES-BENZ GRAND PRIX LIMITED**

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•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 6, 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. 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**

The Pinnacle  
170 Midsummer Boulevard  
Milton Keynes  
MK9 1BP  
Date: 24 AUGUST 2020

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**MERCEDES-BENZ GRAND PRIX LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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	Note	2019 £000	2018 £000
Turnover	2	363,627	338,380
Cost of sales		(333,290)	(311,458)
<b>Gross profit</b>		<b>30,337</b>	<b>26,922</b>
Administrative expenses		(12,223)	(10,011)
Other expenses		-	(206)
<b>Operating profit</b>		<b>18,114</b>	<b>16,705</b>
Interest payable and expenses	7	(968)	(1,244)
<b>Profit before tax</b>		<b>17,146</b>	<b>15,461</b>
Tax on profit	8	(2,434)	(2,777)
<b>Profit for the financial year</b>		<b>14,712</b>	<b>12,684</b>
<b>Other comprehensive income for the year</b>			
<b>Total comprehensive income for the year</b>		<b>14,712</b>	<b>12,684</b>

The notes on pages 13 to 30 form part of these financial statements.

**MERCEDES-BENZ GRAND PRIX LIMITED**  
**REGISTERED NUMBER: 00787446**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2019**

	Note	2019 £000	2018 £000
<b>Fixed assets</b>			
Tangible assets	9	72,433	65,748
Heritage assets	10	5,336	3,451
		<u>77,769</u>	<u>69,199</u>
<b>Current assets</b>			
Race car development		42,441	46,645
Stocks	11	1,801	2,019
Debtors: amounts falling due within one year	12	117,180	95,911
Cash at bank and in hand		7,228	7,591
		<u>168,650</u>	<u>152,166</u>
Creditors: amounts falling due within one year	13	(186,564)	(175,569)
<b>Net current liabilities</b>		<u>(17,914)</u>	<u>(23,403)</u>
<b>Total assets less current liabilities</b>		<u>59,855</u>	<u>45,796</u>
<b>Provisions for liabilities</b>			
Other provisions	15	(2,276)	(2,929)
		<u>(2,276)</u>	<u>(2,929)</u>
<b>Net assets</b>		<u>57,579</u>	<u>42,867</u>
<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	(72,465)	(87,177)
<b>Shareholders' funds</b>		<u>57,579</u>	<u>42,867</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

15th AUGUST 2020

  
Toto Wolff  
Director

The notes on pages 13 to 30 form part of these financial statements.

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**MERCEDES-BENZ GRAND PRIX LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
At 1 January 2018	130,000	44	(99,861)	30,183
Comprehensive income for the year				
Profit for the year	-	-	12,684	12,684
At 1 January 2019	130,000	44	(87,177)	42,867
Comprehensive income for the year				
Profit for the year	-	-	14,712	14,712
At 31 December 2019	130,000	44	(72,465)	57,579

The notes on pages 13 to 30 form part of these financial statements.

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## MERCEDES-BENZ GRAND PRIX LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 1. Accounting policies

##### 1.1 Basis of preparation of financial statements

Mercedes-Benz Grand Prix Limited (the "Company") is a private Company incorporated, domiciled and registered in England in the UK. The registered number is 00787446 and the registered address is Operations Centre, Brackley, Northamptonshire, NN13 7BD.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

The Company is exempt by virtue of s405 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

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 the International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from Mercedesstrasse 137, 70327 Stuttgart, Germany. 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 Statements and related notes; and
- Key Management Personnel compensation

As the consolidated financial statements of Daimler AG include disclosures equivalent to those required by FRS 102, the Company has also taken the exemptions available in respect of the following disclosures:

- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The following principal accounting policies have been applied:



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## MERCEDES-BENZ GRAND PRIX LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 1. Accounting policies (continued)

##### 1.2 Going concern

Notwithstanding net current liabilities of £17.9m as at 31 December 2019, 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 2019 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 in particular reflecting the possible financial impact of a severely reduced 2020 race calendar, 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.

The cash pooling agreement with Daimler AG expires on 25 June 2021. Preceding the expiry of the cash pooling agreement Mercedes-Benz Grand Prix are able to continue to follow the standard Daimler AG funding procedures and apply for a 12 month renewal if required. This funding is available to all Group Companies to ensure they have access to funds sufficient to meet their payment obligations as per the Daimler AG Capital Structure Policy. All funding for the Company is internal and is available pursuant to the terms of the Capital Structure Policy as long as Daimler AG remains in control of the Company.

Cash flow forecasts covering up to the date of signing and the 12 months following were amended to consider a number of alternative scenarios impacting the 2020 financial year. At the time of preparation, this included a scenario with no races conducted in the 2020 calendar as a result of the COVID-19 pandemic. These forecasts along with the approach taken by the directors were shared with the Group who were satisfied with the approach taken by the directors with the conclusion that the entity has sufficient funding within the existing cash pooling agreement and funding from its ultimate parent company to meet its cash flow requirements for the period.

The conclusion of the directors with regard to the going concern basis of preparation is dependent on Daimler AG renewing the existing group cash pooling facility as described above in June 2021. 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. In forming their conclusion, the directors have made appropriate inquiries of the parent company and have not identified any matters which impact its conclusions regarding the ability of the company to continue as a going concern.

Consequently, the directors are confident that the company has 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.

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## MERCEDES-BENZ GRAND PRIX LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 1. Accounting policies (continued)

##### 1.3 Foreign currency translation

###### Functional and presentation currency

The Company's functional currency and presentational currency is GBP. All amounts in the financial statements have been rounded to the nearest £1,000.

###### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

##### 1.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

The company principally earns revenue through sponsorship income, prize money, sale of goods and rendering of services. Revenue in relation to sponsorship deals where there are a number of deliverables, is recognised by attributing the revenue to each deliverable using the fair value approach and the revenue is then recognised once we are satisfied the relevant recognition criteria has been met.

Where sponsorship deals are satisfied in payment other than cash, revenue is recognised on the fair value of the goods or services received. Prize money is received in relation to performance in the FIA Formula One World Championships and is based on reliable estimates of the expected prize money available.

If no reliable measurement can be made for any revenue estimates, the revenue is not recognised.

##### 1.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

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## MERCEDES-BENZ GRAND PRIX LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 1. Accounting policies (continued)

##### 1.6 Pensions

###### Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

##### 1.7 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

*Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:*

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

##### 1.8 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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## MERCEDES-BENZ GRAND PRIX LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 1. Accounting policies (continued)

##### 1.8 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold land and buildings	- 5% - 20 %
Plant and machinery	- 10% - 40%
Motor vehicles	- 10% - 20%
Fixtures and fittings	- 10% - 50%
Computer equipment	- 10% - 50%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

##### 1.9 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 9th August 2017 and the valuation of all newly recognised assets was conducted on the basis of recent valuations of equivalent assets.

##### 1.10 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.

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## MERCEDES-BENZ GRAND PRIX LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 1. Accounting policies (continued)

##### 1.11 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

##### 1.12 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.

#### 2. Turnover

An analysis of turnover by class of business is as follows:

	2019 £000	2018 £000
Rendering of services	353,737	329,466
Sale of goods	9,891	8,915
	<u>363,628</u>	<u>338,381</u>

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

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**MERCEDES-BENZ GRAND PRIX LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**3. Profit on ordinary activities before taxation**

The profit on ordinary activities before taxation is stated after charging:

	2019 £000	2018 £000
Exchange differences	(1,093)	(1,056)
Other operating lease rentals	17,682	17,520
Rental of plant and machinery	33	34
Other operating charges	-	206
Depreciation of tangible fixed assets	17,478	12,234
Profit on disposal of fixed assets	123	145
	<u>123</u>	<u>145</u>

**4. Auditors' remuneration**

**Fees payable to the Company's auditor and its associates in respect of:**

Audit-related assurance services	50	45
Other services relating to taxation	-	1
	<u>50</u>	<u>46</u>

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**MERCEDES-BENZ GRAND PRIX LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**5. Employees**

Staff costs, including directors' remuneration, were as follows:

	2019 £000	2018 £000
Wages and salaries	83,999	83,377
Social security costs	10,279	9,740
Contributions made to defined contribution plans	1,024	603
	<u>95,302</u>	<u>93,720</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2019 No.	2018 No.
Design, manufacturing and engineering	872	837
Administration	144	131
	<u>1,016</u>	<u>968</u>

**6. Directors' remuneration**

	2019 £000	2018 £000
Directors' emoluments	6,945	7,135
	<u>6,945</u>	<u>7,135</u>

The highest paid director received remuneration of £6,945 thousand (2018 - £7,135 thousand).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2018 - £nil).

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.

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**MERCEDES-BENZ GRAND PRIX LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**7. Interest payable and similar expenses**

	2019 £000	2018 £000
Cash pooling interest payable	968	1,244
	<u>968</u>	<u>1,244</u>

**8. Taxation**

	2019 £000	2018 £000
<b>Corporation tax</b>		
Current tax on profits for the year	2,716	2,464
Adjustments in respect of previous periods	522	(30)
	<u>3,238</u>	<u>2,434</u>
<b>Total current tax</b>	<u>3,238</u>	<u>2,434</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(804)	343
<b>Total deferred tax</b>	<u>(804)</u>	<u>343</u>
<b>Taxation on profit on ordinary activities</b>	<u>2,434</u>	<u>2,777</u>



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MERCEDES-BENZ GRAND PRIX LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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8. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £000	2018 £000
Profit on ordinary activities before tax	17,146	15,461
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	3,258	2,938
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	309	149
Differences between depreciation and capital allowances	443	167
Adjustments to tax charge in respect of prior periods	522	(30)
Other timing differences leading to an increase (decrease) in taxation	45	264
Tax restriction on research and development tax credit	2,717	2,464
Utilisation of unrelieved tax losses brought forward	(1,349)	(1,090)
Unrelieved tax losses carried forward	(2,506)	(2,235)
Movement in deferred tax asset	(804)	343
WHT offset	(201)	(193)
Total tax charge for the year	2,434	2,777

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015, and to 17% (effective 1 April 2020) was substantively enacted on 15 September 2016. The deferred tax asset at 31 December 2019 has been calculated based on these rates.

The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. This will increase the company's future current tax charge accordingly and had it been substantively enacted at the balance sheet date would have increased the deferred tax asset by £1,022,000.

MERCEDES-BENZ GRAND PRIX LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

9. Tangible fixed assets

	Long-term leasehold property £000	Plant and machinery £000	Motor vehicles £000	Fixtures and fittings £000	Computer equipment £000	Assets Under Construction £000	Total £000
<b>Cost</b>							
At 1 January 2019	31,942	71,173	6,414	13,293	16,062	16,054	154,938
Additions	-	-	-	-	-	24,867	24,867
Disposals	(1,456)	(2,018)	-	(356)	(1,933)	-	(5,763)
Transfers between classes	120	13,034	120	6,831	10,356	(30,524)	(63)
At 31 December 2019	30,606	82,189	6,534	19,768	24,485	10,397	173,979
<b>Depreciation</b>							
At 1 January 2019	25,634	43,074	6,331	5,028	9,123	-	89,190
Charge for the year on owned assets	3,352	7,230	32	1,588	5,276	-	17,478
Disposals	(1,339)	(1,541)	-	(309)	(1,933)	-	(5,122)
Transfers between classes	-	1,526	120	(1,646)	-	-	-
At 31 December 2019	27,647	50,289	6,483	4,661	12,466	-	101,546
<b>Net book value</b>							
At 31 December 2019	2,959	31,900	51	15,107	12,019	10,397	72,433
At 31 December 2018	6,308	28,099	83	8,265	6,939	16,054	65,748

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**MERCEDES-BENZ GRAND PRIX LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**10. Heritage assets**

	Historic cars and related assets £000
<b>Cost and net book value</b>	
At 1 January 2019	3,451
Additions	1,885
At 31 December 2019	<u>5,336</u>

Five year financial summary of heritage asset transactions:

	2019 £000	2018 £000	2017 £000	2016 £000	2015 £000
Additions	1,885	1,374	1,582	730	2,066
Disposals - net book value	-	1,329	700	1,125	50
(Loss)/profit on disposal	-	(206)	68	44	1,700

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**MERCEDES-BENZ GRAND PRIX LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**11. Stocks**

	2019 £000	2018 £000
Raw materials and consumables	1,801	2,019
	<u>1,801</u>	<u>2,019</u>

**12. Debtors**

	2019 £000	2018 £000
Trade debtors	39,006	39,689
Amounts owed by group undertakings	945	1,469
Other debtors	15,257	2,870
Deferred taxation	9,376	8,572
Prepayments and accrued income	52,596	43,311
	<u>117,180</u>	<u>95,911</u>

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

**13. Creditors: Amounts falling due within one year**

	2019 £000	2018 £000
Trade creditors	14,805	15,078
Amounts owed to group companies	7,875	9,399
Amounts owed to group undertakings - cash pooling	74,386	64,667
Other taxation and social security	3,036	3,101
Accruals and deferred income	86,462	83,324
	<u>186,564</u>	<u>175,569</u>

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 and expires 25 June 2021, this can be extended by 12 months at a time if required.

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**MERCEDES-BENZ GRAND PRIX LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**14. Deferred taxation**

	2019 £000
At beginning of year	8,572
Charged to profit or loss	804
<b>At end of year</b>	<b>9,376</b>

The deferred tax asset is made up as follows:

	2019 £000	2018 £000
Accelerated capital allowances	19	1,151
Tax losses carried forward	9,234	7,223
Other - timing differences	123	198
	<b>9,376</b>	<b>8,572</b>

In addition to the deferred tax asset above, Mercedes-Benz Grand Prix Ltd has additional unrecognised gross tax losses of £3,090,000 (2018: £29,988,000) to be carried forward to future periods.

**15. Provisions**

	Property provision £000	Sales tax provision £000	Other provision £000	Total £000
At 1 January 2019	2,427	439	63	2,929
Credited to profit or loss	(151)	(439)	(63)	(653)
<b>At 31 December 2019</b>	<b>2,276</b>	<b>-</b>	<b>-</b>	<b>2,276</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.

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## MERCEDES-BENZ GRAND PRIX LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 16. Share capital

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
1,000,000 (2018 - 1,000,000) Ordinary shares of £0.0002 each	200	200
13 (2018 - 13) Preference shares of £10,000,000 each	130,000,000	130,000,000
87 (2018 - 87 ) Redeemable deferred shares of £0.0002 each		
	<u>130,000,200</u>	<u>130,000,200</u>

In 2019 (2018: nil) no dividends were declared or paid.

#### 17. Reserves

##### Share premium account

This reserve records the amount above the nominal value received for shares.

##### Profit and loss account

This reserve includes all the current and prior period retained profits and losses.

#### 18. Capital commitments

The company had capital commitments of £2,222,000 at 31 December 2019 (2018: £9,345,000)..

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**MERCEDES-BENZ GRAND PRIX LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**19. Commitments under operating leases**

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £000	2018 £000
<b>Land and Buildings</b>		
Within one year	2,056	1,854
Within two and five years	1,969	3,285
After five years	834	964
	<u>4,859</u>	<u>6,103</u>
	2019 £000	2018 £000
<b>Other</b>		
Within one year	15,319	16,186
Within two and five years	-	16,159
	<u>15,319</u>	<u>32,345</u>

During the year £17,682,000 was recognised as an expense in the profit and loss account in respect of operating leases (2018 : £17,520,000).

## MERCEDES-BENZ GRAND PRIX LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 20. Related party transactions

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

	Sales £000	Purchases £000	Amounts owed to group £000	Amounts owed by group £000
Daimler AG	186	1,267	74,386	63
Daimler Insurance Services UK Limited	-	324	2	-
Daimler South East Asia Pte. Limited	-	4	-	-
Mercedes-Benz Australia / Pacific Pty Limited	-	183	-	-
Mercedes AMG High Performance Powertrains Limited	7,135	1,427	16	644
Mercedes-Benz do Brasil Ltda	-	6	6	-
Mercedes-AMG GmbH	17	-	-	1
Mercedes-Benz AG	44,421	16,024	7,491	158
Mercedes-Benz Accessories GmbH	-	214	213	-
Mercedes-Benz Espana S.A.	-	1	-	-
Mercedes-Benz Financial Services UK Limited	8	387	8	-
Mercedes-Benz Formula E Limited	1,879	-	-	27
Mercedes-Benz France S.A.S.	48	-	-	-
Mercedes-Benz Italia SPA	-	16	-	-
Mercedes-Benz Japan Co. Ltd.	29	15	-	9
Mercedes-Benz Malaysia Sdn Bhd	-	92	-	-
Mercedes-Benz Österreich GmbH	-	21	-	-
Mercedes-Benz Schweiz AG	-	32	2	-
Mercedes-Benz UK Limited	81	427	68	42
Mercedes-Benz USA, LLC	-	14	-	-
Mercedes-Benz Canada Inc.	-	107	69	-

Mercedes-Benz Grand Prix Limited holds an 88.9% ordinary shareholding in R.T.C Management Company Limited, registered address being Charter Court, 49 Castle Street, Banbury, Oxfordshire, OX16 5NU. The profit recognised for the period was £678 and the aggregate share capital and reserves was £9,559.

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.

#### 21. Post balance sheet events

Since the balance sheet date, the 2020 Formula One calendar was postponed due to the COVID-19 pandemic, the race season eventually commenced on 3 July 2020. It is anticipated the number of races in the 2020 FIA Formula One World Championship will be adjusted. Currently 13 races have been officially confirmed and the FIA's current intention is to hold between 16 and 18 races. The reduced race calendar is expected to lead to reduced prize money receivable for the 2020 season.

Given the effect COVID-19 has had globally on the economic environment and the future uncertainties, a more prudent approach has been taken in relation to bad debt provisions and revenue recognition.



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**MERCEDES-BENZ GRAND PRIX LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**22. Controlling party**

The company is a subsidiary undertaking of Daimler UK Limited, a company incorporated in the United Kingdom, which is the immediate parent company.

The ultimate controlling party is Daimler AG, a company incorporated in Germany.

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.