

Registered number 00787446

**Mercedes-Benz Grand Prix Ltd**  
Annual report  
for the year ended 31 December 2017

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# **Mercedes-Benz Grand Prix Ltd**

## **Contents page**

	<b>Page</b>
Strategic report	<b>3</b>
Directors' report	<b>5</b>
Statement of Directors' responsibilities in respect of the Strategic report and the Directors' report and the financial statements	<b>7</b>
Independent auditor's report to the members of Mercedes-Benz Grand Prix Ltd	<b>8</b>
Profit and Loss Account and Other Comprehensive Income	<b>11</b>
Statement of changes in Equity	<b>12</b>
Balance sheet	<b>13</b>
Notes to the financial statements	<b>14</b>

# **Mercedes-Benz Grand Prix Ltd**

## **Strategic report for the year ended 31 December 2017**

### **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 2017, winning both the Constructors' and the Drivers' Formula One World Championships for the fourth consecutive year, and became the first team to win back-to-back titles across a major change in technical regulations.

The team achieved 12 race wins, four one-two finishes and 26 podiums. Reliability was outstanding, with the team's cars completing 2363 of the 2392 racing laps during the season and registering a single DNF from 40 starts. The team won the 2017 Constructors' Championship with a total of 668 points.

This exceptional on-track performance reflected into media coverage of the team. Mercedes-AMG Petronas Motorsport enjoyed 24.7% share of television coverage during the season and generated a cumulative television Advertising Value Equivalent (AVE) of \$3.436 billion for its commercial partners. In parallel, the team's ultimate parent company, Daimler AG, enjoyed 9% growth in unit sales and 24% growth in net profit versus 2016.

Turnover was £337.2 million (2016: £289.4 million) which resulted primarily from higher sponsorship and marketing revenue and the benefit of a foreign exchange gain. Since 2012, this represents a growth in revenue of 194% through improved on-track and commercial performance.

The company made a profit after taxation of £13.3 million (2016: £3.8 million loss).

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 2018, and aspires to win both championships for the fifth consecutive season.

# Mercedes-Benz Grand Prix Ltd

## Strategic report for the year ended 31 December 2017 (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.

### Future outlook

The Directors are proud and enthusiastic to be competing in the 2018 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

6 April 2018

Operations Centre  
Brackley  
Northants  
NN13 7BD

# **Mercedes-Benz Grand Prix Ltd**

## **Directors' report for the year ended 31 December 2017**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2017.

### **Dividends**

The directors do not recommend payment of a dividend (2016: £nil).

### **Directors**

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

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

### **Employees**

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

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

### **Research and development**

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

### **Disclosure of information to auditors**

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

## **Mercedes-Benz Grand Prix Ltd**

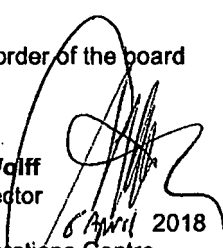
### **Directors' report for the year ended 31 December 2017 (continued)**

#### **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

  
6 April 2018  
Operations Centre  
Brackley  
Northants  
NN13 7BD

## **Mercedes-Benz Grand Prix Ltd**

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

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 2017 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 2017 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**

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. We have nothing to report in these respects.

#### **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.



# **Mercedes-Benz Grand Prix Ltd**

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

### **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 7, 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).

## **Mercedes-Benz Grand Prix Ltd**

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

#### **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:

13 April, 2018

## Mercedes-Benz Grand Prix Ltd

### Profit and loss account and other comprehensive income for the year ended 31 December 2017

Profit and loss account		2017	2016
	Note	£'000	£'000
Turnover	2	337,162	289,421
Cost of sales		(309,704)	(263,894)
Gross profit		27,458	25,527
Administrative expenses		(10,873)	(10,987)
Other income	3	68	-
Other expenses	3	-	(206)
Operating profit		16,653	14,334
Interest receivable and similar income	6	1	-
Interest payable and similar expenses	7	(1,658)	(2,163)
Profit before taxation		14,996	12,171
Tax on profit	8	(1,721)	(15,925)
Total comprehensive profit / (loss) for the financial year	17	13,275	(3,754)
<b>Other comprehensive income</b>			
Other comprehensive income for the year net of income tax		-	-
Total comprehensive profit / (loss) for the financial year	17	13,275	(3,754)

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

The notes on pages 14 to 28 form part of these financial statements.

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

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

## Mercedes-Benz Grand Prix Ltd

### Statement of changes in equity for the year ended 31 December 2017

	Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Total Equity £'000
Balance at 1 January 2016	-	44	(109,382)	(109,338)
Total comprehensive loss for the year	-	-	(3,754)	(3,754)
Balance at 31 December 2016	-	44	(113,136)	(113,092)
Issue of shares	130,000	-	-	130,000
Total comprehensive profit for the year	-	-	13,275	13,275
<b>Balance at 31 December 2017</b>	<b>130,000</b>	<b>44</b>	<b>(99,861)</b>	<b>30,183</b>

# Mercedes-Benz Grand Prix Ltd

## Balance sheet as at 31 December 2017

	Note	2017 £'000	2016 £'000
<b>Fixed assets</b>			
Tangible assets	9	50,443	41,741
Heritage assets	10	3,406	2,524
		<b>53,849</b>	<b>44,265</b>
<b>Current assets</b>			
Stocks	11	2,050	2,126
Race car development		42,909	43,300
Debtors	12	90,252	122,486
Cash at bank and in hand		14,628	6,469
		<b>149,839</b>	<b>174,381</b>
<b>Creditors – amounts falling due within one year</b>	13	<b>(170,683)</b>	<b>(304,968)</b>
<b>Net current liabilities</b>		<b>(20,844)</b>	<b>(130,587)</b>
<b>Total assets less current liabilities</b>		<b>33,005</b>	<b>(86,322)</b>
<b>Provisions for liabilities</b>	14	<b>(2,822)</b>	<b>(26,770)</b>
<b>Net assets / liabilities</b>		<b>30,183</b>	<b>(113,092)</b>
<b>Capital and reserves</b>			
Called-up share capital	16	130,000	-
Share premium account	17	44	44
Profit and loss account	17	(99,861)	(113,136)
<b>Total shareholders' funds</b>	18	<b>30,183</b>	<b>(113,092)</b>

The notes on pages 14 to 28 form part of these financial statements.

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

6 April 2018

T Wolff  
Director

Company registered number: 00787446

# **Mercedes-Benz Grand Prix Ltd**

## **Notes to the financial statements for the year ended 31 December 2017**

### **1 Principal accounting policies**

#### **Accounting policies**

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

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

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

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

#### **Going concern**

The company has a group cash pooling agreement with its ultimate parent undertaking Daimler AG. The balances which form part of this arrangement as at 31 December 2017 are disclosed in these financial statements as 'Amounts owed to group undertakings – cash pooling'. In addition, the company's ultimate parent undertaking, Daimler AG, has indicated to the company that for at least 12 months from the date of approval of these financial statements it intends to, if required, make available financial support to assist the company in meeting its financial liabilities as and when they fall due. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and therefore they continue to adopt the going concern principle in the financial statements.

#### **Turnover**

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

#### **Foreign currencies**

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

# **Mercedes-Benz Grand Prix Ltd**

## **Notes to the financial statements for the year ended 31 December 2017 (continued)**

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

#### **Operating leases**

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

#### **Intangible assets**

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

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

#### **Tangible fixed assets**

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

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

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

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

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

#### **Heritage assets**

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

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

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

#### **Stocks**

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

# Mercedes-Benz Grand Prix Ltd

## Notes to the financial statements for the year ended 31 December 2017 (continued)

### 1 Principal accounting policies (continued)

#### Race car development

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

#### Provisions

##### (a) Provisions

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

##### (b) Deferred taxation

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

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

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

### 2 Turnover

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

### 3 Profit on ordinary activities before taxation

	2017	2016
	£'000	£'000
Depreciation of tangible fixed assets - owned assets	10,305	8,911
Profit on disposal of fixed assets	(161)	(199)
(Profit) / loss on disposal of heritage assets	(68)	206
Operating lease charges		
- plant and machinery	29	10
- other assets	21,162	19,324
Foreign exchange (loss) / gain	1,365	(614)



# Mercedes-Benz Grand Prix Ltd

## Notes to the financial statements for the year ended 31 December 2017 (continued)

### 3 Profit on ordinary activities before taxation (continued)

	2017 £'000	2016 £'000
<b>Auditors' remuneration:</b>		
Remuneration receivable by the company's auditors for the auditing of the annual financial statements	45	41
- other assurance services	11	69
- other taxation services	1	1

### 4 Remuneration of directors

	2017 £'000	2016 £'000
Aggregate emoluments	8,437	11,196
Payments for loss of office	89	-
Company contributions to personal pension plan	-	-
	<b>8,526</b>	<b>11,196</b>

	2017 £'000	2016 £'000
<b>Highest paid director:</b>		
Aggregate emoluments	7,063	6,881
Company contributions to personal pension plan	-	-
	<b>7,063</b>	<b>6,881</b>

## Mercedes-Benz Grand Prix Ltd

### Notes to the financial statements for the year ended 31 December 2017 (continued)

#### 5 Employee information

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

	2017	2016
By activity	Number	Number
Design, manufacturing and engineering	799	742
Administration	113	107
	912	849

	2017	2016
Staff costs	£'000	£'000
Wages and salaries	77,705	73,880
Social security costs	9,176	8,678
Company contributions to personal pension plan	338	266
	87,219	82,824

#### 6 Interest receivable and similar income

	2017	2016
	£'000	£'000
Bank interest receivable	1	-

#### 7 Interest payable and similar charges

	2017	2016
	£'000	£'000
Cash pooling interest payable	1,658	2,163

# Mercedes-Benz Grand Prix Ltd

## Notes to the financial statements for the year ended 31 December 2017 (continued)

### 8 Tax on result on ordinary activities

The company has estimated taxation losses available to be carried forward of approximately £83 million (2016: £96 million).

	2017 £'000	2016 £'000
<b>Current tax:</b>		
United Kingdom corporation tax on result of the year	2,284	2,185
Adjustment in respect of previous years	353	21,739
<b>Deferred tax (See note 15):</b>	<b>(916)</b>	<b>(7,999)</b>
<b>Total tax</b>	<b>1,721</b>	<b>15,925</b>

The tax assessed for the year is lower than (2016: higher than) the standard effective rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are explained below:

	2017 £'000	2016 £'000
Profit on ordinary activities before taxation	14,996	12,171
Tax using the UK corporation tax rate of 19.25% (2016: 20%)	2,887	2,434
Effects of:		
Non-deductible expenses	489	568
Difference between depreciation and capital allowances	36	149
Other timing differences	(110)	4
Tax restriction on R&D expenditure credit (RDEC)	2,284	2,185
Carried forward tax losses	(2,422)	(3,155)
Utilisation of R&D expenditure credit (RDEC) to offset tax liability	(880)	-
Movement / recognition of deferred tax asset	(916)	(7,999)
Adjustment in respect of previous years	353	21,739
<b>Total tax result included in profit or loss</b>	<b>1,721</b>	<b>15,925</b>

## **Mercedes-Benz Grand Prix Ltd**

### **Notes to the financial statements for the year ended 31 December 2017 (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 2017 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 2017 (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 2017	28,009	59,380	6,587	14,226	6,414	5,158	119,774
Additions	516	4,097	2,761	2,733	-	8,923	19,030
Transfers	-	1,546	502	956	-	(3,004)	-
Disposals	-	(2,411)	(6)	-	-	-	(2,417)
<b>At 31 December 2017</b>	<b>28,525</b>	<b>62,612</b>	<b>9,844</b>	<b>17,915</b>	<b>6,414</b>	<b>11,077</b>	<b>136,387</b>
Accumulated depreciation							
At 1 January 2017	(21,568)	(37,999)	(3,890)	(8,939)	(5,637)	-	(78,033)
Charge for the year	(1,476)	(5,214)	(443)	(2,510)	(662)	-	(10,305)
Disposals	-	2,391	3	-	-	-	2,394
<b>At 31 December 2017</b>	<b>(23,044)</b>	<b>(40,822)</b>	<b>(4,330)</b>	<b>(11,449)</b>	<b>(6,299)</b>	<b>-</b>	<b>(85,944)</b>
Net book value							
<b>At 31 December 2017</b>	<b>5,481</b>	<b>21,790</b>	<b>5,514</b>	<b>6,466</b>	<b>115</b>	<b>11,077</b>	<b>50,443</b>
At 31 December 2016	6,441	21,381	2,697	5,287	777	5,158	41,741

# Mercedes-Benz Grand Prix Ltd

## Notes to the financial statements for the year ended 31 December 2017 (continued)

### 10 Heritage assets

Cost and net book value	Historic cars and related assets £'000
At 1 January 2017	2,524
Additions	1,582
Disposals	(700)
<b>At 31 December 2017</b>	<b>3,406</b>

Five year financial summary of heritage asset transactions:

	2017 £'000	2016 £'000	2015 £'000	2014 £'000	2013 £'000
Additions	1,582	730	2,066	254	49
Disposals – net book value	700	1,125	50	-	50
Profit / loss on disposal	68	44	1,700	-	85

### 11 Stocks

	2017 £'000	2016 £'000
Raw materials	2,050	2,126

### 12 Debtors

	2017 £'000	2016 £'000
Trade debtors	28,817	30,701
Amounts owed by group undertakings	3,008	1,481
Other debtors	12,647	12,000
Deferred tax asset (see note 15)	8,915	7,999
Prepayments and accrued income	36,865	70,305
	<b>90,252</b>	<b>122,486</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 2017 (continued)

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

	2017 £'000	2016 £'000
Trade creditors	13,675	19,264
Amounts owed to group undertakings	1,757	1,053
Amounts owed to group undertakings – cash pooling	78,557	208,118
Taxation and social security	2,985	3,195
Other creditors	-	-
Accruals and deferred income	73,709	73,338
	<b>170,683</b>	<b>304,968</b>

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

#### 14 Provisions for liabilities

	Property provision £'000	Sales tax provision £'000	Tax provision £'000	Total £'000
At 1 January 2017	2,770	259	23,741	26,770
(Credited) / charged to the profit and loss account	(490)	283	(23,741)	(23,948)
<b>At 31 December 2017</b>	<b>2,280</b>	<b>542</b>	<b>-</b>	<b>2,822</b>

##### Property provision

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

##### Sales tax provision

This relates to potential sales tax liabilities.

##### Tax provision

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

## Mercedes-Benz Grand Prix Ltd

### Notes to the financial statements for the year ended 31 December 2017 (continued)

#### 15 Deferred tax assets

Deferred tax assets are attributable to the following:

	2017	2016
Amount recognised	£'000	£'000
Accelerated capital allowances	4	564
Unused tax losses	8,695	7,281
Other – timing differences	216	154
<b>Net tax assets</b>	<b>8,915</b>	<b>7,999</b>

In addition to the deferred tax asset above, Mercedes-Benz Grand Prix Ltd has additional unrecognised gross tax losses of £34,861,000 (2016: £57,051,000) to be carried forward to future periods.

#### 16 Called up share capital

	2017	2016
	£	£
<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	-
87 redeemable deferred shares of £0.0002 each	-	-

During the year the company issued 13 preference shares for a cash consideration of £130,000,000.00, the holders of preference shares are not entitled to vote at meetings of the Company, and the shares are redeemable at the option of the Company.

The Company also issued 87 redeemable deferred shares in the period for a cash consideration of £0.03; these shares carry no voting rights, and are redeemable at the option of the Company.



## Mercedes-Benz Grand Prix Ltd

### Notes to the financial statements for the year ended 31 December 2017 (continued)

#### 17 Reserves

	Share premium account £'000	Profit and loss account £'000
At 1 January 2017	44	(113,136)
Profit for the financial year	-	13,275
<b>At 31 December 2017</b>	<b>44</b>	<b>(99,861)</b>

#### 18 Reconciliation of movements in shareholders' funds

	2017 £'000	2016 £'000
Profit / (loss) for the financial year	13,275	(3,754)
Shares allotted	130,000	-
Opening shareholders' funds	(113,092)	(109,338)
<b>Closing shareholders' funds</b>	<b>30,183</b>	<b>(113,092)</b>

## **Mercedes-Benz Grand Prix Ltd**

### **Notes to the financial statements for the year ended 31 December 2017 (continued)**

#### **19 Operating Leases**

Non-cancellable operating lease rentals are payable as follows:

	Land and buildings 2017 £'000	Other 2017 £'000	Land and buildings 2016 £'000	Other 2016 £'000
Within one year	1,766	16,000	1,521	18,008
Within two and five years	4,653	31,988	5,200	53,993
After five years	1,177	-	-	-
	<b>7,596</b>	<b>47,988</b>	<b>6,721</b>	<b>72,001</b>

During the year £21,162,000 was recognised as an expense in the profit and loss account in respect of operating leases (2016 : £19,334,000).

#### **20 Capital commitments**

The company had capital commitments of £8,515,000 at 31 December 2017 (2016: £4,873,000).

## Mercedes-Benz Grand Prix Ltd

### Notes to the financial statements for the year ended 31 December 2017 (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	90,808	19,954	79,711	554
Daimler Insurance Services UK Limited	-	380	-	-
Daimler South East Asia Pte. Ltd.	102	2	-	-
Daimler Trucks North America LLC	75	-	-	-
Mercedes-Benz Australia / Pacific Pty Ltd	10	15	-	-
Mercedes AMG High Performance Powertrains Limited	5,761	611	81	2,265
Mercedes-Benz Belgium Luxembourg S.A.	47	-	-	-
Mercedes-AMG GmbH	82	297	-	44
Mercedes-Benz Canada Inc.	-	38	34	-
Mercedes-Benz Espana S.A.	103	-	-	-
Mercedes-Benz Financial Services UK Limited	-	98	65	-
Mercedes-Benz Japan Co. Ltd.	229	12	-	-
Mercedes-Benz Luxembourg S.A	1	-	-	-
Mercedes-Benz Malaysia Sdn Bhd	-	380	380	-
Mercedes-Benz Mexico	-	17	17	-
Mercedes-Benz Österreich GmbH	116	3	3	-
Mercedes-Benz Polska Sp. z o.o	93	-	-	86
Mercedes-Benz Russia AO	143	-	-	-
Mercedes-Benz Schweiz AG	-	24	3	-
Mercedes-Benz Trucks Espana S.L.U.	8	-	-	-
Mercedes-Benz UK Limited	209	446	20	59
Mercedes-Benz USA, LLC	52	-	-	-
R.T.C. Management Company Limited	-	12	-	-
	<b>97,839</b>	<b>22,289</b>	<b>80,314</b>	<b>3,008</b>

During the year Patrick Lowe, a Director of Mercedes-Benz Grand Prix Limited, purchased marketing assets on an arm's length basis to the value of £35k.

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

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

## **Mercedes-Benz Grand Prix Ltd**

### **Notes to the financial statements for the year ended 31 December 2017 (continued)**

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

At 31 December 2017 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 2017 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.