

Financial statements Williams Grand Prix Engineering Limited

For the year ended 31 December 2012



Company No. 01297497

Company information

Company registration number	01297497
Registered office	Grove Wantage Oxfordshire OX12 0DQ
Directors	Sir FOG Williams CBE M Biddle AM Burns LM Evans CV Williams
Secretary	M Biddle
Bankers	Barclays Bank plc PO Box 42 Abingdon Oxfordshire OX14 1GU
Auditor	Grant Thornton UK LLP Chartered Accountants Statutory Auditor 3140 Rowan Place, John Smith Drive Oxford Business Park South Oxford OX4 2WB

Index

Report of the Directors	4 - 6
Report of the independent auditor	7 - 8
Principal accounting policies	9 - 12
Profit and loss account	13
Balance sheet	14
Notes to the financial statements	15 - 22

Report of the Directors

The Directors present their report and the financial statements of the company for the year ended 31 December 2012

Principal activities and business review

The principal activities of the company remained the design and construction of racing cars, competition in motor racing events throughout the world, engineering consultancy and the supply of precision engineered components to third parties

Results and dividends

The loss for the year amounted to £2,441,953 (2011 profit £9,473,132) The Directors have not recommended a dividend (2011 £nil)

Principal risks and uncertainties

The key risks to the company continue to be revenue generation, expenditure control and cash management

Revenue depends largely on income from sponsorship and commercial rights The company actively seeks the best commercial return from its competition in the sport The company maintains and develops links with potential sponsors, and retains its commitment to diversification in order to exploit its brand and intellectual property

Costs incurred on research, development, materials and production activity are monitored against budgets and forecasts and significant variances reviewed In addition the company's expenditure against the Resource Restriction Agreement cap is monitored

At the time of approval of the financial statements the company has a strong cash position and uses various financial instruments to raise finance for the company's ongoing operations The use of such instruments exposes the company to translation and transaction exchange risk, liquidity risk, interest rate risk and credit risk

The company adopts appropriate measures to mitigate these risks Translation and transaction exchange risk can be mitigated through currency matching and derivative contracts Liquidity risk is mitigated through management's close involvement in business decisions in order to ensure sufficient liquidity is maintained Interest rate risk can be mitigated through the use of interest rate swap agreements Credit risk is mitigated through assessing the credit quality of each commercial partner

These risks will continue to be monitored by the company in 2013 and beyond

Creditors' payments terms

The company's policy is to pay suppliers 30 days following the end of the month in which an invoice is received Actual creditor days in 2012 were, on average, 23 days (2011 37 days)

Research and development

The company has sought to manage expenditure wherever possible but continues to invest in developing its people and in specifically identified research and development programmes in order to be competitive in the future

The total charge in the profit and loss account for research and development expenditure during the year was £47.5 million (2011 £45.0 million)

Directors

The Directors who served the company during the period were as follows

Sir FOG Williams	
M Biddle	
AM Burns	
LM Evans	
AS Parr	(resigned 31 March 2012)
CV Williams	(appointed 30 July 2012)
TC Wolff	(resigned 21 January 2013)

Fixed assets

In the opinion of the Directors the market value of the freehold properties is in excess of the current carrying amount

Insurance

The company purchases liability insurance covering its Directors and officers

Directors' responsibilities

The Directors are responsible for preparing the Report of the Directors 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 the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). 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 and profit or loss of the company for that period. In preparing those 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

Directors' responsibilities (continued)

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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that

- in so far as each Director is aware there is no relevant audit information of which the company's auditor is unaware, and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Donations

The company made charitable donations in the year of £6,687 (2011 £2,250) and no political contributions (2011 £nil).

Disabled employees

It is the company's policy to offer equal opportunities to all persons, including disabled persons, applying for vacancies having regard to their aptitudes and abilities in relation to the jobs for which they apply.

Employee involvement

The company's policy is to consult and discuss with employees, through meetings, on matters likely to affect employees' interests.

Information on matters of concern to employees is given through a staff forum, information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act unless the company receives notice under section 488(1) of the Companies Act 2006.

ON BEHALF OF THE BOARD



Alex Burns
Director



Report of the independent auditor to the members of Williams Grand Prix Engineering Limited

We have audited the financial statements of Williams Grand Prix Engineering Limited for the year ended 31 December 2012 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 5 and 6, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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



Report of the independent auditor to the members of Williams Grand Prix Engineering Limited

Matters on which we are required to report by exception

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

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

A handwritten signature in black ink, appearing to read "Perry Burton".

Perry Burton
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Oxford

26/4/13

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

The Directors believe that the company retains its position as a leader in high performance engineering. The company's global profile, together with its ability to innovate and diversify, provide it with firm foundations for ongoing success, even in an adverse economic climate

The company's revenue from its Formula One activities is derived from sponsorship and commercial rights income. It has a strong contracted position for the 2013 season and continues to engage with potential new partners for 2013 and beyond. The Board believes that the expansion of Formula One into new markets, such as India in 2011 and its return to the USA in 2012, offers opportunities for further revenue growth. At the time of approving the financial statements the company has sufficient contracted income to meet its expenditure and debt service commitments for the foreseeable future

The company continues to diversify its commercial activities in order to realise value from its intellectual property. The company enters 2013 having established successful relationships with a number of third parties, while continuing to maintain a controllable cost base. The Directors intend to develop such activities and are actively identifying future opportunities

At the time of approval of the accounts, the company has a strong cash position and maintains sufficient short term borrowing facilities to meet its fluctuating working capital requirements. The Directors have also considered the company's ability to provide ongoing support to those subsidiary undertakings which may require it and have concluded that the company has sufficient resources to provide the support required

The Directors review the company's performance against budgets and forecasts on a regular basis and are satisfied that the company is performing as expected

The Directors have determined that it is appropriate for the financial statements to be prepared on the going concern basis

The principal accounting policies of the company are set out below

Consolidation

The company is a wholly owned subsidiary of Williams Grand Prix Holdings PLC following a group reorganisation. Williams Grand Prix Holdings PLC is incorporated in England & Wales (Company Registration Number 07475805). The company has taken advantage of the exemption under Section 400 of the Companies Act 2006 not to produce consolidated financial statements. Accordingly, these financial statements present information about the company as an individual undertaking and not as a group

Turnover

Turnover represents the best estimate of the amount receivable from sponsorship income and for the value of goods and services sold, the amount receivable with respect to prize monies, commercial rights income and the commission receivable from sponsors on media deals negotiated on their behalf. Turnover from the sale of goods is recognised on despatch and turnover from services is recognised in the period to which it relates. All turnover excludes value added tax

Turnover (continued)

Where sponsorship is paid by the provision of goods and services, turnover and costs are recognised in the financial statements where the market value of the goods or services may be readily ascertained. Where a value cannot be readily ascertained, neither turnover nor costs are recognised.

During April 2012, the company entered into an agreement with Formula One World Championship Limited and SLEC Holdings Limited to compete in Formula One for the period 2013 to 2020. The company received £9.4 million, payable on signature of the agreement.

The Directors have considered the accounting treatment for this revenue under FRS 5 *Accounting for the Substance of Transactions*. In their opinion this agreement is substantially in line with previous bilateral agreements entered into with the commercial rights holder under which similar payments were recognised upon receipt. Following substantial discussions about a range of possible accounting treatments for the receipt, the company has adopted an interpretation of FRS 5 *Reporting the Substance of Transactions*, application note G, under which the receipt is deferred into the future.

Grant income

Grant income is recognised when receivable and included within other operating income.

Research and development

The company is heavily committed to research and development activities so as to maintain its position as a world leader in motorsport and high-performance engineering. All expenditure on research and development is written off to the profit and loss account as incurred.

Fixed assets and depreciation

All fixed assets are initially recorded at cost. Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & machinery	- 20% reducing balance
Wind tunnels	- 8 years straight line
Leasehold property	- 6 years straight line
Fixtures, fittings & equipment	- 20% reducing balance
Vehicles & pit equipment	- 20-25% straight line

Assets classified as plant & machinery, wind tunnel and vehicles & pit equipment are presented as plant & machinery assets in the notes to the accounts. A nil depreciation rate is provided in respect of the freehold property, which is shown at cost, on the basis that the residual value of the freehold property would render any annual and accumulated charge immaterial.

Finance costs on fixed asset additions are capitalised during the period of construction and written off as part of the total cost. No depreciation is charged during the period of construction.

Stocks and work in progress

Stock is valued at the lower of cost and net realisable value. Work in progress comprises costs incurred for goods which were not ready for despatch at the balance sheet date.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the exception that deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange prevailing at the transaction date. All profits and losses on exchange are dealt with in the profit and loss account.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual agreements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to the reserves.

The company has not adopted FRS 26 *Financial Instruments: recognition and measurement* and therefore the disclosure requirements of FRS 29 *Financial Instruments: disclosures* are not applicable. The disclosure requirements of FRS 13 *Derivatives and other financial instruments* have been applied.

Derivatives

The company uses derivative financial instruments, primarily to manage exposures to fluctuations in foreign currency exchange rates and interest rates. Interest rate swaps and foreign exchange contracts entered into are not revalued to fair value or recognised in the balance sheet at the year end, as they are not designated as hedging instruments and are not held for trading purposes.

Investments

Investments are recorded at cost less amounts written off

Pension costs

The company operates a defined contribution pension scheme. The pension costs charged in the financial statements represent the contributions payable by the company during the period. The company does not operate any defined benefit retirement arrangements.

Profit and loss account

		Year to 31 Dec 2012	Year to 31 Dec 2011
	Note	£	£
Turnover	1	125,033,360	103,287,270
Cost of sales		(51,578,075)	(31,209,236)
Gross profit		73,455,285	72,078,034
Other operating income	2	996,295	2,261,185
Other operating charges	2	(76,846,367)	(64,655,089)
Operating (loss) / profit	3	(2,394,787)	9,684,130
Net interest receivable	6	107,577	(210,998)
(Loss) / profit on ordinary activities before taxation		(2,287,210)	9,473,132
Tax on profit on ordinary activities	7	(154,743)	-
(Loss) / profit for the financial period		(2,441,953)	9,473,132

All of the activities of the Group are classed as continuing

The Group has no recognised gains or losses other than the results for the period as set out above

Balance sheet

	Note	31 Dec 2012 £	31 Dec 2011 £
Fixed assets			
Tangible assets	8	38,854,214	36,456,355
Investments	9	1,580,301	1,580,201
		<u>40,434,515</u>	<u>38,036,556</u>
Current assets			
Stocks	10	374,034	421,730
Debtors	11	57,326,014	49,454,160
Cash at bank and in hand		3,516,839	4,394,921
		<u>61,216,887</u>	<u>54,270,811</u>
Creditors' amounts falling due within one year	12	<u>(55,778,479)</u>	<u>(42,280,343)</u>
Net current assets		<u>5,438,408</u>	<u>11,990,468</u>
Total assets less current liabilities		<u>45,872,923</u>	<u>50,027,024</u>
Creditors' amounts falling due after more than one year	13	<u>(3,148,198)</u>	<u>(4,860,346)</u>
		<u>42,724,725</u>	<u>45,166,678</u>
Capital and reserves			
Called-up equity share capital	19	100,000	100,000
Profit and loss account		42,624,725	45,066,678
Shareholders' funds	20	<u>42,724,725</u>	<u>45,166,678</u>

These financial statements were approved by the Directors and authorised for issue on 26 April 2013, and are signed on their behalf by



Alex Burns
Director

Company Registration Number 01297497

The accompanying accounting policies and notes form part of these financial statements.

Notes to the Financial Statements

1 Turnover

The activities of the company relate principally to motorsport and high performance engineering activities

The Directors have presented a segmental analysis of turnover in the accounts of the company's parent, Williams Grand Prix Holdings PLC

2 Other operating income and charges

	Year ended 31 Dec 2012	Year ended 31 Dec 2011
	£	£
Grant income in respect of Williams Technology Centre, Qatar	996,295	2,261,185
Total other income	<u>996,295</u>	<u>2,261,185</u>

	Year ended 31 Dec 2012	Year ended 31 Dec 2011
	£	£
Distribution costs	58,434,665	49,722,175
Administrative expenses	18,411,702	14,932,914
Total other operating charges	<u>76,846,367</u>	<u>64,655,089</u>

3 Operating (loss) / profit

Operating (loss) / profit is stated after charging /(crediting)

	Year ended 31 Dec 2012	Year ended 31 Dec 2011
	£	£
Depreciation of owned fixed assets	2,895,011	2,498,020
Loss /(profit) on disposal of fixed assets	60,735	(18,244)
Operating lease costs		
- Plant and equipment	667,752	659,473
Net profit on foreign currency translation	(89,929)	(277,971)
Auditor's remuneration - audit of company financial statements	36,000	35,000
Auditor's remuneration - other fees	86,785	201,043

3 Operating (loss) / profit (continued)

	Year ended 31 Dec 2012	Year ended 31 Dec 2011
	£	£
Auditor's remuneration - other fees		
- Taxation services	34,575	27,253
- VAT advice	35,300	54,450
- Other assurance services	16,500	6,500
- Other advice	-	112,840
	<u>86,375</u>	<u>201,043</u>

4 Particulars of Directors and employees

The average number of staff employed by the company during the financial year amounted to

	Year ended 31 Dec 2012	Year ended 31 Dec 2011
	No	No
Number of management and administrative staff	73	69
Number of research & production staff	495	409
Number of marketing staff	18	15
	<u>586</u>	<u>493</u>

The aggregate payroll costs of the above were

	Year ended 31 Dec 2012	Year ended 31 Dec 2011
	£	£
Wages and salaries	30,286,138	25,347,455
Social security costs	3,513,031	2,927,948
Other pension costs	1,324,317	1,143,068
	<u>35,123,486</u>	<u>29,418,471</u>

The company operates a defined contribution pension scheme. The assets of the scheme are held separately to those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds.

5 Directors

Remuneration in respect of Directors was as follows

	Year ended 31 Dec 2012	Year ended 31 Dec 2011
	£	£
Emoluments receivable	1,568,660	1,142,556
Value of company pension contributions to money purchase schemes	43,714	32,533
	<u>1,612,374</u>	<u>1,174,909</u>

5 Directors (continued)

Emoluments of highest paid Director

	Year ended 31 Dec 2012	Year ended 31 Dec 2011
	£	£
Total emoluments (excluding pension contributions)	779,426	248,063
Value of company pension contributions to money purchase schemes	-	14,567
	<u>779,426</u>	<u>262,630</u>

During the year, four Directors (2011 four) participated in money purchase pension schemes

6 Interest

	Year ended 31 Dec 2012	Year ended 31 Dec 2011
	£	£
Interest receivable	70,872	41,329
Interest payable on bank borrowing	(180,541)	(143,172)
Other interest paid	-	(20,823)
Foreign exchange gain / (loss) on borrowing	217,246	(88,332)
	<u>107,577</u>	<u>(210,998)</u>

7 Taxation on ordinary activities

The company has estimated losses of approximately £99,612,170 (2011 £83,801,752) available to carry forward against future trading profits

	Year ended 31 Dec 2012	Year ended 31 Dec 2011
	£	£
(Loss) / profit on ordinary activities before taxation	<u>(2,287,210)</u>	<u>9,473,132</u>
(Loss)/profit on ordinary activities by rate of tax at 24.5% (2011 26.5%)	(560,366)	2,510,380
Expenditure not deductible for tax purposes	28,433	53,218
Depreciation in excess of capital allowances	321,664	77,778
Research and development adjustment	(3,663,283)	(3,578,317)
Tax losses carried forward	3,873,552	936,941
Irrecoverable Spanish withholding tax	154,743	-
Total current tax	<u>154,743</u>	<u>-</u>

As the company expects to be able to benefit from research and development tax credits for the foreseeable future no deferred tax asset has been recognised in respect of the available losses

8 Tangible fixed assets

	Freehold property £	Assets under construction £	Leasehold Property £	Plant & machinery £	Fixtures, fittings & equipment £	Total £
Cost						
At 31 December 2011	21,271,633	-	334,937	51,315,995	4,993,454	77,916,019
Additions	777,818	443,290	-	3,477,343	723,369	5,421,820
Disposals	-	-	-	(1,366,426)	-	(1,366,426)
At 31 December 2012	<u>22,049,451</u>	<u>443,290</u>	<u>334,937</u>	<u>53,426,912</u>	<u>5,716,823</u>	<u>81,971,413</u>
Depreciation						
At 31 December 2011	-	-	73,099	36,982,041	4,404,524	41,459,664
Charge for the period	-	-	55,600	2,656,428	182,983	2,895,011
On disposals	-	-	-	(1,237,476)	-	(1,237,476)
At 31 December 2012	<u>-</u>	<u>-</u>	<u>128,699</u>	<u>38,400,993</u>	<u>4,587,507</u>	<u>43,117,199</u>
Net book value						
At 31 December 2012	<u>22,049,451</u>	<u>443,290</u>	<u>206,238</u>	<u>15,025,919</u>	<u>1,129,316</u>	<u>38,854,214</u>
At 31 December 2011	<u>21,271,633</u>	<u>-</u>	<u>261,838</u>	<u>14,333,954</u>	<u>588,930</u>	<u>36,456,355</u>

A nil depreciation rate is provided in respect of assets under construction. Upon completion of construction, such assets will be transferred to appropriate asset categories and depreciated accordingly. Finance costs of £63,941 arose in the year to 31 December 2012 in respect of the borrowings facilities provided to finance the construction of a new building (2011 £nil). These costs have been fully capitalised under assets under construction.

9 Investments

	2012 £	2011 £
Cost and net book value at 31 December	<u>1,580,301</u>	<u>1,580,201</u>

The company owns 78% of the ordinary share capital of Williams Hybrid Power Limited, a company incorporated in England and Wales. Williams Hybrid Power Limited recognised a loss for the year of £2,569,279 (2011 £1,929,247) and its reserves at 31 December 2012 were £(4,435,675) (2011 £(1,866,396)).

The company owns 100% of the ordinary share capital of Engineering Designs Limited ("EDL"), a company incorporated in England and Wales. This company was dormant throughout the period and up to the date the accounts were approved. The total share capital and reserves of EDL at 31 December 2012 were £1 (2011 £1).

During the year the company acquired 100% of the ordinary share capital of Williams Advanced Engineering Ltd ("WAE"), a company incorporated in England and Wales on 29 March 2012. This company was dormant throughout the period since its incorporation and up to the date the accounts were approved. The total share capital and reserves of WAE at 31 December 2012 were £100.

10 Stocks

	2012	2011
	£	£
Team merchandise	14,166	459
Work in progress	359,868	421,271
	<u>374,034</u>	<u>421,730</u>

11 Debtors

	2012	2011
	£	£
Trade debtors	39,837,383	32,868,430
Amounts owed by group undertakings	5,078,445	2,540,479
Other debtors	129,308	153,142
Prepayments and accrued income	12,280,878	13,892,109
	<u>57,326,014</u>	<u>49,454,160</u>

Trade receivables are stated net of allowances for irrecoverable amounts

The amount owed by group undertakings falling due within one year is £117,884 (2011 £75,282) The amount falling due in more than one year is £4,960,561 (2011 £2,465,197)

12 Creditors: amounts falling due within one year

	2012	2011
	£	£
Bank loans	1,547,700	-
Trade creditors	5,596,587	6,309,467
Social security and other taxes	1,151,656	969,484
Other creditors	4,014	4,823
Accruals and deferred income	47,478,163	34,996,569
Amounts due to group undertakings	359	-
	<u>55,778,479</u>	<u>42,280,343</u>

13 Creditors: amounts falling due after more than one year

	2012	2011
	£	£
Bank loans	<u>3,148,198</u>	<u>4,860,346</u>

All bank loans are secured by a legal charge over the freehold property owned by the company A fixed and floating charge in favour of the bank is held over all assets, present and future

14 Bank borrowings

Bank borrowings are repayable as follows

	2012 £	2011 £
Amounts repayable		
In less than one year	1,547,700	-
In more than one year but not more than two years	1,600,498	1,620,115
In more than two years but not more than five years	1,547,700	3,240,231
	<u>4,695,898</u>	<u>4,860,346</u>

15 Financial Instruments

Objectives, policies and strategies for managing risks relating to financial instruments are disclosed within the Report of the Directors

The fair value of cash is considered to be equal to its book value. The fair value of bank borrowings is equal to its book value. The fair value is calculated by discounting future cash flows using a rate based on the borrowing rate.

The Group's bank borrowings comprise USD and GBP term loan facilities and an overdraft facility.

The USD loan facility of USD 7.50 million (2011: USD 7.50 million) was agreed in August 2010 and is repayable in three instalments of USD 2.50 million in each of June 2013, June 2014 and June 2015. This facility carries interest at 3.5% over US LIBOR. Accrued interest on the loan is recognised in liabilities.

The GBP loan facility of £8.00 million was agreed in August 2012. The final date for drawing on this facility is 30 June 2013 and, if drawn in full, is repayable in 14 instalments of £0.34 million commencing in December 2013 followed by a final instalment of £3.30 million in March 2017. This facility carries interest at 3.1% over LIBOR. Accrued interest on the loan is recognised in liabilities.

The Group has an overdraft facility of £3.50 million. This facility carries interest at 2.5% over LIBOR. Accrued interest on the facility is recognised in liabilities.

16 Commitments under operating leases

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as set out below:

	2012 £	2011 £
Assets other than land and buildings		
Within 1 year	349,584	478,018
Within 2 to 5 years	170,504	345,129
	<u>520,088</u>	<u>823,147</u>

17 Contingencies

The company had no contingent liabilities as at 31 December 2012 or as at 31 December 2011.

The Group is in discussions with HM Revenue and Customs about the VAT treatment of certain receipts. The discussions are at a preliminary stage so the Group is unable to reach a conclusion on the likely outcome.

18 Related party transactions

With 78% of its issued shares held by the company, Williams Hybrid Power Limited ("WHP") is a related party of the company. During the year ended 31 December 2012 the company made purchases of £231,874 (2011 £7,450) from WHP and sales of £288,251 (2011 £847,824) to WHP. At 31 December 2012 there was a balance owed to the company by WHP of £117,884 (2011 £75,282) included in debtors, and a balance owed by the company to WHP of £359 (2011 £nil) included in creditors.

During the year ended 31 December 2012 the company made a loan of £2,495,364 to WHP (2011 £2,369,775). At 31 December 2012 the outstanding loan due to the company was £4,960,561 (2011 £2,465,197). No provision or write offs have been made against this loan during the year or after the balance sheet date.

Directors of WHP, who were also Directors of the company during the year ended 31 December 2012, did not receive remuneration from WHP.

AS Parr, for himself personally and as trustee for a group of investors including a former Director of the company is an investor in Ingenie Limited. Ingenie is a company that is developing an insurance product aimed at encouraging young drivers to drive more safely and thereby to reduce their costs of insurance. Ingenie has a three-year marketing agreement with the Williams F1 Team, running until 31 December 2013, under which Ingenie may inter alia describe itself as a partner of the Williams F1 Team and has specified access to the team and its drivers for promotional activities.

Susie Wolff is the wife of TC Wolff, a Director of the company during 2012. During 2012 the Company paid £50,000 in fees to Susie Wolff in respect of her services as development driver for the Williams F1 Team (2011 £nil).

19 Share capital

Allotted, called up and fully paid share capital

	2012		2011	
	No	£	No	£
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

20 Reconciliation of movements in shareholders' funds

	2012	2011
	£	£
(Loss)/profit for the financial period	(2,441,953)	9,473,132
Opening shareholders' funds	<u>45,166,678</u>	<u>35,693,546</u>
Closing shareholders' funds	<u>42,724,725</u>	<u>45,166,678</u>

21 Capital commitments

The company had capital commitments at 31 December 2012 of £799,991 (2011 £438,500).

22 Post balance sheet event

On 21 January 2013 it was announced that TC Wolff would resign as a Director of the company with immediate effect in order to take up a new role with Mercedes-Benz Grand Prix Limited

23 Ultimate parent company

The immediate and ultimate controlling parent undertaking of the company is Williams Grand Prix Holdings PLC. Williams Grand Prix Holdings PLC is incorporated in England & Wales (company registration number 07475805)

The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by Williams Grand Prix Holdings PLC. These group accounts are available from the ultimate parent undertaking at Williams Grand Prix Holdings PLC, Grove, Wantage, Oxfordshire, OX12 0DQ

Sir FOG Williams is the company's controlling related party by virtue of his 51.75% beneficial interest in the ordinary share capital of Williams Grand Prix Holdings PLC