

Registration number: 01297497

Williams Grand Prix Engineering Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 December 2020



Williams Grand Prix Engineering Limited

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Williams Grand Prix Engineering Limited

Strategic Report

Principal activities and business review

The principal activity of the Company is to operate and manage a Formula One racing team, through the design and manufacture of racing cars for participation in the FIA Formula One World Championship.

For the year ended 31 December 2020 revenue was £48.6m (2019: £107.5m), a decline of £58.9m and the loss after tax was £58.5m (2019: profit of £18.0m).

2020 has been a transformative year for the Company with a change of ownership, agreement on significantly changed Formula One regulations effective from 2022 and a new Concorde agreement governing the sport's commercial arrangements from 2021, introducing more equitable distribution of revenues across the Formula One teams. 2021 will see the implementation of new financial regulations, which seek to promote the competitive balance and sporting fairness of the FIA Formula One World Championship and ensure the long-term financial stability and sustainability of the Formula One teams. The Directors believe these should offer the Company an opportunity to significantly improve its financial and sporting performance in the future.

The Covid-19 pandemic caused significant disruption to the 2020 season, with a reduced calendar of 17 races across the season and a subsequent loss of commercial rights income. The team reacted by reducing costs where possible whilst protecting as a priority the safety and well-being of its employees and other stakeholders. Whilst some disruption to the 2021 season is envisaged, a full season of events is planned and with the return of live spectators to the race tracks, commercial rights revenue is expected to return to more normal levels.

On track performance in the 2020 season left Williams with no Championship points and a finishing place of 10th in the Constructors' Championship. However, there continued to be signs of recovery with the car regularly reaching Q2 and some competitive racing, missing out on a final points position by just one place on four occasions. The team continue to develop the car and we expect improved performance in 2021.

At the start of 2020, the Company terminated its agreements with ROKiT and ROK Drinks, title partner and sponsor respectively, resulting in a significant reduction in 2020 revenue. We continue to seek new partners to replace these sponsors in a challenging but improving market, and offer a strong commercial proposition to potential partners at all levels. This is demonstrated by our renewed deals with both Acronis and the Financial Times, as well as new partnerships with OMP Racing, B&R, Zeiss, Nexa3D, Bremont Watches and Umbro alongside existing partnerships with Sofina Foods, Lavazza and Ponos.

During 2020 the Company undertook a strategic review, in order to ensure the team was well placed and suitably resourced to take advantage of the new commercial rights agreements and upcoming regulation changes. This process concluded in August with the sale of 100% of the Company's share capital to BCE LLC ("BCE"). BCE are committed owners, injecting significant capital into the Company to both clear the Company's outstanding debt and invest in a significant capital expenditure programme. This has positioned the Company with a strong balance sheet with net assets as at 31 December 2020 of £75.1m (2019: £69.7m) and no external debt. BCE have also funded the ongoing operations of the business in the face of the temporary revenue shortfalls and will continue to do so for the foreseeable future as required, placing the business on firm foundations going forward.

The sale of the team has ended the Williams family's involvement with the team. We thank them for their contribution to the team and wish them well. We also recognise Sir Frank Williams' enormous contribution to both Williams and the sport of Formula One over almost 50 years. Our new owners are committed to honouring Sir Frank's legacy and returning the team to true competitiveness.

Directors' section 172 statement

The Directors act to promote the overall success of the Company and maintain high standards of business conduct across all areas of the Company. Stakeholder engagement is monitored continuously, and the long-term impact of key decisions is considered by the Directors. Key stakeholders are identified as suppliers, customers, employees and shareholders.

Williams Grand Prix Engineering Limited

Strategic Report (continued)

The Company enjoys long established and strong relationships with each of our main suppliers, having invested over the long term. The centralised Procurement department helps the Company to establish certainty of quality, supply and cost of materials and provides our suppliers with certainty of volume and revenues. Local suppliers benefit from the Company providing consistent order volumes to sustain their business and strengthen our supply chain.

Stakeholders are considered in all principal decisions of the Company. Principal decisions are defined as both those that are material to the Company, but also those that are material to any of our key stakeholder groups. Where there are conflicting priorities from different stakeholders, the Directors acts for the overall best outcome of the Company.

Identification and management of risks

The Directors of Williams, which have overall responsibility for risk management and internal control, identify key risks and put in place appropriate internal controls. The Directors provide strategic direction on risk related decision making to ensure that appropriate policies are adopted within the Company.

Senior managers have responsibility for identifying and evaluating risks relating to their areas of responsibility. They are also responsible for implementing and monitoring effective controls to manage these risks. Where necessary they will bring in expertise from outside the Company to ensure matters are addressed appropriately.

The key risks to the Company continue to be revenue generation, expenditure control, cash management and the recruitment, retention and development of talented people. Furthermore, the Company faces transitory risks associated with the political, economic and social frameworks in which it operates which may exaggerate the continuing risks faced by the Company.

Covid-19

Whilst our primary focus at all times is the health and wellbeing of our people, there are a number of other considerations for the Company. Races may be cancelled or postponed at short notice leading to extra costs to repatriate staff, alter travel arrangements and manage freight shipments. Cancellation of races could result in a loss of commercial rights income.

Further costs have been incurred in maintaining the Company's ability to operate during the pandemic; testing and social distancing protocols for both travelling and factory-based staff have been implemented to minimise infections. Staff who are able to have worked, and continue to work, from home in line with government guidance.

Brexit

Williams is a UK headquartered company and derives revenue internationally. Around 13% of Company purchases originate from suppliers that are based in the European Union. The Trade and Cooperation Agreement implemented from 1 January 2021 has not significantly affected the Company either financially or operationally. The Company continues to monitor the situation as we progress through the year, and especially during the European leg of the season.

Financial risk

The Company is exposed to foreign exchange risk, liquidity risk, interest rate risk and credit risk and adopts the following measures to mitigate these risks.

- Foreign exchange risk can be mitigated through using currency forwards and other derivative products to fix the future values of inflows and outflows.
- Liquidity risk is mitigated through constant monitoring and a regular and robust review and forecast process around future cashflows, on both a short term (within 3 months) and long term (up to 2 years) basis.

Williams Grand Prix Engineering Limited

Strategic Report (continued)

- Credit risk is mitigated through assessing the credit quality of each commercial partner.
- The Company does not currently take steps to mitigate interest rate risks as rate volatility is low and the overall value of interest paid is not significant to the Company.

These risks will continue to be monitored by the Company in 2021 and beyond.



Matthew Savage
Director
29 March 2021

Williams Grand Prix Engineering Limited

Directors' Report

The Directors present their report and the financial statements for the year ended 31 December 2020.

Directors of the Company

The Directors who held office during the year and to the date of issuing this report were:

M Biddle	Company Secretary and Director (resigned 21 August 2020)
D Lafferty	(resigned 21 August 2020)
M O'Driscoll	(resigned 21 August 2020)
C Williams	(resigned 3 September 2020)
F Williams	(resigned 3 September 2020)
D Fultz	(appointed 21 August 2020)
J Matthews	(appointed 21 August 2020)
M Savage	(appointed 21 August 2020)
S Dattilo	Company Secretary (appointed 25 September 2020)

Provision of information to the auditor

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.

Insurance

All Directors of the Company are indemnified out of the Company's own funds against any liability incurred while conducting their role in the Company, unless such a liability is to the Company or an associated company. The Company has appropriate directors' and officers' liability insurance cover in place in respect of any legal action against, among others, the Directors of the Company.

Political contributions

The Company made no political contributions in the year (2019: £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, an intranet site, team briefings and internal publications which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Company's performance.

Greenhouse gas emissions, energy consumption and energy efficiency

The Company presents its data on greenhouse gas emissions and energy consumption.

	2020
Emissions from:	Tonnes CO₂
Electricity and gas purchased for business use	3,682
Consumption of fuel for the purchase of transport	3

Williams Grand Prix Engineering Limited

Directors' Report (continued)

Energy consumed by:	2020 kWh
Electricity and gas purchased for business use	16,246,099
Consumption of fuel for the purchase of transport	12,311

Chosen Intensity Measurement	2020 Ratio
Total CO ₂ emissions reported above per headcount (Tonnes per employee)	5

Consumption data was determined from meter readings and estimated fuel usage based on expenditure. Emissions were determined by applying the UK government conversion factors to the energy consumption values and aggregating the total.

The Directors have chosen to adopt the intensity ratio of CO₂ per employee, which they consider to be appropriate for a business in the engineering sector.

The Directors are committed to identifying effective ways of working that reduce the Company's impact on the environment. These include:

- Investing in modern machinery to improve energy efficiency
- Selecting eco-friendly and sustainable suppliers across all business operations
- The planned introduction of an electric vehicle scheme for employees
- Reducing paper usage

Research and development activities

The activities of the Company are directed towards the design and development of a car for competition in the FIA Formula One World Championship. The Directors are committed to continuing this research and development activity.

Auditor

KPMG LLP have expressed their willingness to continue in office. In accordance with Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

ON BEHALF OF THE BOARD



Matthew Savage
Director
29 March 2021

**Independent Auditor's Report to the Members of
Williams Grand Prix Engineering Limited**

Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the Consolidated Financial Statements

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

Independent Auditor's Report to the Members of Williams Grand Prix Engineering Limited

Opinion

We have audited the financial statements of Williams Grand Prix Engineering Ltd ("the company") for the year ended 31 December 2020 which comprise the Consolidated Statement of Comprehensive Income, Group and Company Statement of Financial Position, Group and Company Statement of Changes in Equity, and Consolidated Statement of Cash Flows 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 group's and of the parent company's affairs as at 31 December 2020 and the group's loss 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 group 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.

Material uncertainty related to going concern

We draw attention to note 1 to the financial statements which indicates that the ability of the Group and Company to continue as a going concern is dependent on the continued financial support from its shareholder. These events and conditions, along with the other matters explained in note 1, constitute a material uncertainty that may cast significant doubt on the Group and Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Going concern basis of preparation

The directors have prepared the financial statements on the going concern basis. As stated above, they have concluded that a material uncertainty related to going concern exists.

Based on our financial statements audit work, we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Group's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for management and directors.
- Using our own forensic specialists to assist us in identifying fraud risks based on discussions of the circumstances of the Group and Company.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets / our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make

Independent Auditor's Report to the Members of Williams Grand Prix Engineering Limited

inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as going-concern assumptions. On this audit we do not believe there is a fraud risk related to revenue recognition because of the limited number of revenue streams, relative straightforward nature of the billing and payment structure and no complex contractual arrangements.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Group-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management, those posted to unusual accounts and journal entries containing key words
- Evaluated the business purpose of significant unusual transactions.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation, employment and social security legislation contract legislation and Formula One regulations and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, GDPR compliance, money laundering, foreign corrupt practices and environmental protection legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Independent Auditor's Report to the Members of Williams Grand Prix Engineering Limited

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 parent company 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 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.

**Independent Auditor's Report to the Members of
Williams Grand Prix Engineering Limited**

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.



James Ledward (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
2 Forbury Place
33 Forbury Rd
Reading
RG1 3AD

30 March 2021

Williams Grand Prix Engineering Limited
Consolidated Statement of Comprehensive Income for the
Year Ended 31 December 2020

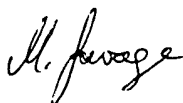
	Note	2020 £000	2019 £000
Revenue		48,648	107,517
Cost of sales		(40,664)	(42,160)
Gross profit		7,984	65,357
Other operating expenses		(78,133)	(90,136)
Other operating income		11,586	8,463
Exceptional profit on disposal of subsidiary		-	35,117
Group operating (loss)/profit	2	(58,563)	18,801
Share of profit in associate		452	-
Interest payable and similar expenses	7	(1,503)	(819)
Interest receivable and similar income	8	1,160	-
(Loss)/profit before taxation		(58,454)	17,982
Tax on (loss)/profit	9	-	-
(Loss)/profit after taxation		(58,454)	17,982
Total comprehensive (loss)/income for the year		(58,454)	17,982

Results for the year ended 31 December 2020 are derived entirely from continuing operations.

Williams Grand Prix Engineering Limited
Consolidated Statement of Financial Position as at 31 December 2020
(Registration number: 01297497)

	Note	2020 £000	2019 £000
Non-current assets			
Long-term financial asset	10	14,445	12,897
Investment in associate	11	-	20
Intangible assets	13	1,901	1,479
Heritage assets	14	20,840	21,040
Tangible assets	15	54,170	34,904
		<u>91,356</u>	<u>70,340</u>
Current assets			
Stocks	16	3,578	4,938
Debtors	17	22,909	35,060
Cash at bank and in hand		6,192	24,283
		<u>32,679</u>	<u>64,281</u>
Creditors: Amounts falling due within one year	18	(43,327)	(52,077)
Net current (liabilities)/assets		<u>(10,648)</u>	<u>12,204</u>
Total assets less current liabilities		80,708	82,544
Creditors: Amounts falling due after more than one year	19	(5,568)	(12,809)
Net assets		<u>75,140</u>	<u>69,735</u>
Capital and reserves			
Called up share capital	25	65,537	100
Revaluation reserve		19,940	19,927
Other reserves		-	1,665
Retained earnings		(10,337)	48,043
Total equity		<u>75,140</u>	<u>69,735</u>

Approved and authorised by the Board on 25 March 2021 and signed on its behalf by:



Matthew Savage
Director
29 March 2021

The notes on pages 17 to 32 form an integral part of these financial statements.

Williams Grand Prix Engineering Limited
Consolidated Statement of Changes in Equity
As at 31 December 2020

	Called up share capital £000	Revaluation reserve £000	Other reserves £000	Retained earnings £000	Total equity £000
Balance as at 1 January 2019	100	19,108	3,263	29,798	52,269
Total comprehensive income for the year	-	-	-	17,982	17,982
Share-based payment transactions	-	-	(1,598)	-	(1,598)
Realisation of profit on revalued assets	-	(263)	-	263	-
Revaluation of heritage assets	-	1,082	-	-	1,082
Balance as at 31 December 2019	100	19,927	1,665	48,043	69,735
Balance as at 1 January 2020	100	19,927	1,665	48,043	69,735
Total comprehensive income for the year	-	-	-	(58,454)	(58,454)
Issuance of ordinary share capital	65,437	-	-	-	65,437
Share-based payment transactions	-	-	(1,665)	-	(1,665)
Realisation of profit on revalued assets	-	13	-	74	87
Balance as at 31 December 2020	65,537	19,940	-	(10,337)	75,140

The notes on pages 17 to 32 form an integral part of these financial statements.

Williams Grand Prix Engineering Limited
Consolidated Statement of Cash Flows
For the Year Ended 31 December 2020

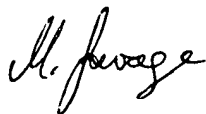
	Note	2020 £000	2019 £000
Net cash (outflow)/inflow from operating activities	26	(52,044)	(13,362)
Investing activities			
Payments to acquire fixed assets		(24,073)	(2,506)
Receipts from the sale of fixed assets		312	1,167
Receipts from the sale of subsidiary		-	44,055
Interest received		-	-
Acquisition of an associate		-	(20)
Net cash flow from investing activities		(23,761)	42,696
Financing activities			
Interest paid		(1,260)	(819)
Proceeds from new loans obtained during the period		36,569	-
Repayment of loans and borrowings		(42,423)	(12,231)
Repayment of capital element of finance leases and HP contracts		(189)	(362)
Proceeds from the issue of share capital		65,017	-
Net cash flow from financing activities		57,714	(13,412)
(Decrease)/increase in cash and cash equivalents		(18,091)	15,922
Cash and cash equivalents at 1 January		24,283	8,361
Cash and cash equivalents at 31 December		6,192	24,283
Cash and cash equivalents consist of:			
Cash at bank and in hand		6,192	24,283
Cash and cash equivalents		6,192	24,283

The notes on pages 17 to 32 form an integral part of these financial statements.

Williams Grand Prix Engineering Limited
Company Statement of Financial Position
For the Year Ended 31 December 2020
(Registration number: 01297497)

	2020	2019
	£000	£000
Non-current assets		
Long-term financial asset	14,445	12,897
Investment in associate	20	20
Intangible assets	1,901	1,479
Heritage assets	20,840	21,040
Tangible assets	54,170	34,904
	<u>91,376</u>	<u>70,340</u>
Current assets		
Stocks	3,578	4,938
Debtors	22,909	35,060
Cash at bank and in hand	6,192	24,283
	<u>32,679</u>	<u>64,281</u>
Creditors: Amounts falling due within one year	<u>(43,327)</u>	<u>(52,077)</u>
Net current (liabilities)/assets	<u>(10,648)</u>	<u>12,204</u>
Total assets less current liabilities	80,728	82,544
Creditors: Amounts falling due after more than one year	<u>(5,568)</u>	<u>(12,809)</u>
Net assets	<u>75,160</u>	<u>69,735</u>
Capital and reserves		
Called up share capital	65,537	100
Revaluation reserve	19,940	19,927
Other reserves	-	1,665
Retained earnings	<u>(10,317)</u>	<u>48,043</u>
Total equity	<u>75,160</u>	<u>69,735</u>

Approved and authorised by the Board on 25 March 2021 and signed on its behalf by:



Matthew Savage
Director
29 March 2021

Williams Grand Prix Engineering Limited
Company Statement of Changes in Equity
For the Year Ended 31 December 2020

	Called up share capital £000	Revaluation reserve £000	Other reserves £000	Retained earnings £000	Total equity £000
Balance as at 1 January 2019	100	19,108	3,263	29,798	52,269
Total comprehensive income for the year	-	-	-	17,982	17,982
Share-based payment transactions	-	-	(1,598)	-	(1,598)
Realisation of profit on revalued assets	-	(263)	-	263	-
Revaluation of heritage assets	-	1,082	-	-	1,082
Balance as at 31 December 2019	100	19,927	1,665	48,043	69,735
Balance as at 1 January 2020	100	19,927	1,665	48,043	69,735
Total comprehensive income for the year	-	-	-	(58,434)	(58,434)
Issuance of ordinary share capital	65,437	-	-	-	65,437
Share-based payment transactions	-	-	(1,665)	-	(1,665)
Realisation of profit on revalued assets	-	13	-	74	87
Balance as at 31 December 2020	65,537	19,940	-	(10,317)	75,160

The notes on pages 17 to 32 form an integral part of these financial statements.

Williams Grand Prix Engineering Limited

Notes to the Consolidated Financial Statements

1 Basis of preparation

Williams Grand Prix Engineering Limited (the “Company”) is a private company limited by shares incorporated, domiciled and registered in England in the UK. The registered number is 01297497 and the registered address is Grove, Wantage, Oxfordshire, OX12 0DQ.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (“FRS 102”). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

Consolidation and intra Group transactions

The parent company is included in the consolidated financial statements and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- No separate parent company Cash Flow Statement with related notes is included;
- Key Management Personnel compensation has not been included a second time; and
- Certain disclosures required by FRS 102.26 Share Based Payments

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

Going concern

The financial statements are prepared on a going concern basis notwithstanding that the Group has reported a loss before tax of £58.5m (2019: profit of £18.0m), net current liabilities of £10.6m (2019: net current assets £12.2m) and operating cash outflow of £52.0m (2019: outflow £13.4m).

The Directors believe that the Group is well placed to succeed in the medium and longer term as both a successful racing team and global sports brand. Additional funding is required in the shorter term as described below.

The Group’s revenue from its Formula One activities is principally derived from sponsorship and commercial rights income. After a significantly disrupted 2020 season which resulted in reduced commercial rights income, it is expected that 2021 will represent a return to normal conditions. Therefore, current revenue estimates are based on a full season of racing.

The market for sponsorship is improving, however it remains challenging due to both the impact of Covid-19 on the wider economic environment in general and Williams’ recent on track performance in particular. For the purposes of the going concern assessment, current revenue estimates assume prudent levels of sponsorship revenue for the 2021 season.

The Group has received significant shareholder support since it was sold in August of last year which has supported its ongoing operations in both 2020 and 2021 to date.

The Directors have prepared cash flow forecasts for a period of twelve months from the date of approval of these financial statements and also considered whether significant events or conditions are expected to arise thereafter. These forecasts include contracted and uncontracted sponsorship revenue, estimates of other income and expected expenses. The base case forecasts indicate that, without additional shareholder support, by May 2021 the Group and Company may not have sufficient funds to meet its liabilities as they fall due. Any operational shortfall from the base case cash flow forecasts will increase the amount of additional funding required and the Directors’ severe but plausible downside forecasts indicate that significant additional funding would be required in the period covered by the forecasts.

In order to meet the shortfall, the Directors will initially seek additional shareholder support from the Company’s owners who have indicated they will continue to be supportive. Other income may be secured through incremental sponsorship, disposal of assets, including the heritage collection, land and buildings, and obtaining finance, potentially secured against its assets.

Williams Grand Prix Engineering Limited
Notes to the Consolidated Financial Statements (continued)

1 Basis of preparation (continued)

Going concern (continued)

The Group continues to closely manage its working capital and explore various options for cost deferral should the need arise. Whilst there will always be a degree of uncertainty around such measures, the Directors have reason to be confident that any such required mitigation could be managed to meet the cash flow needs of the business through the forecast period.

Based on the above, the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, the shareholder support required is extensive and these circumstances represent a material uncertainty that may cast significant doubt on the Group and Company's ability to continue as a going concern and, therefore, to continue realising their assets and discharging their liabilities in the normal course of business. The financial statements do not include any adjustments that would result from this basis of preparation being inappropriate.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2020. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

An associate is an entity in which the Group has significant influence, but not control, over the operating and financial policies of the entity. Significant influence is presumed to exist when the investor holds between 20% and 50% of the equity voting rights.

A joint venture is a contractual arrangement undertaken in which the Group exercises joint control over the operating and financial policies of the entity. Where the joint venture is carried out through an entity, it is treated as a jointly controlled entity. The Group's share of the profits less losses of associates and of jointly controlled entities is included in the consolidated profit and loss account and its interest in their net assets is recorded on the balance sheet using the equity method. Transactions with an associate are eliminated to the extent of the Group's interest in the associate.

Where a group company is party to a joint venture, the company accounts directly for its part of the income and expenditure, assets, liabilities and cash flows. Such arrangements are reported in the consolidated financial statements on the same basis.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in associates are carried at cost less impairment.

Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates. The following have had the most significant effect on the amounts recognised in the financial statements.

Heritage assets

Heritage assets are externally revalued every five years. Valuations are performed by a specialist looking at the cars individually, considering the value inherent in the provenance attached, as well as looking at sales values for similar vehicles where possible. Changes in market conditions could result in a revision to the values that can be attributed to these assets. In 2019, a specialist estimated the sale value of the collection at up to £32.8m and book value at £20.8m. Management have used the prudent estimate in the accounting records.

The notes on pages 17 to 32 form an integral part of these financial statements.

Williams Grand Prix Engineering Limited

Notes to the Consolidated Financial Statements (continued)

1 Basis of preparation (continued)

Judgements and key sources of estimation uncertainty (continued)

Taxation

The Company claims Research and Development Expenditure Credits ("RDEC") in respect of its research and development expenditure. The Company recognises the value of the RDEC net of tax as other operating income in the year in which the underlying research and development expenditure was incurred based on an estimate of the expected recovery. The 2020 estimated claim is £5.2m for the Company.

Significant accounting policies

Revenue

The Company principally earns revenue through sponsorship, commercial rights and engineering services. Where sponsorship arrangements provide the sponsor with multiple deliverables, contractual revenues are allocated to each deliverable based on the relative fair value of the separate components. The majority of sponsorship revenue is recognised evenly over the course of the year. Where sponsors make payment other than in cash, revenue is recognised based on the fair value of the goods or services received or the fair value of the services provided. Where these amounts cannot be reliably estimated, no revenue is recognised. Commercial rights revenues in relation to performance in the Constructors' Championship are based on performance in the preceding season. This revenue is recognised across the period of the Constructors' Championship. Revenue from long-term services provided to Williams Advanced Engineering is recognised evenly over the period the services relate to.

Government grants

Grant income is recognised using the accrual model and included within other operating income. In 2020, the Company recognised £3.8m other operating income in relation to the Coronavirus Job Retention Scheme. This was recognised using the accrual model. There are no unfulfilled conditions of the scheme.

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. All expenditure on research and development is expensed as incurred. The Company claims RDEC in respect of its research and development expenditure. The Company recognises the value of the RDEC net of tax as other operating income in the year in which the underlying research and development expenditure was incurred. The net RDEC receivable is recognised within debtors.

Investments

Investments in subsidiary companies are held at cost less accumulated impairment losses. Investments in associate companies are held at cost less accumulated impairment losses.

Heritage assets

The Company maintains a collection of historic Formula One cars and other vehicles of significance to the Company. These assets are held on the balance sheet at valuation. The valuation has been performed by a specialist looking at the cars individually, considering the value inherent in the provenance attached (e.g. championship winning cars), as well as looking at sales values for similar vehicles where possible. Assets are revalued every five years and gains and losses are recognised in other comprehensive income. Formula One racing cars and other vehicles retained at the end of each year are initially recorded as heritage assets with a value of £50,000 up until a revaluation takes place.

Property, plant and equipment

All property, plant and equipment are initially recorded at cost. Depreciation is calculated so as to write off the cost of an asset, over the useful economic life of that asset as shown below.

The notes on pages 17 to 32 form an integral part of these financial statements.

Williams Grand Prix Engineering Limited

Notes to the Consolidated Financial Statements (continued)

1 Basis of preparation (continued)

Significant accounting policies (continued)

Property, plant and equipment (continued)

Assets classified as plant, wind tunnel, pit & motor vehicles and computer hardware are presented as plant and machinery assets in the notes to the accounts. A nil depreciation rate is provided in respect of freehold land. No depreciation is charged during the period of construction. Assets in the course of construction are stated at cost and are not depreciated until they are available for use. Upon completion of construction, such assets will be transferred to appropriate asset categories and depreciated accordingly.

Asset class	Depreciation method and rate
Freehold buildings	50 years straight-line
Plant	6 years straight-line
Wind tunnel	Between 8 and 25 years straight-line
Pit & motor vehicles	3 years straight-line
Computer hardware	3 years straight-line

Intangible assets

Intangible assets comprise software which is initially recognised at cost. Amortisation is calculated so as to write off the cost of an asset over a useful economic life of three years.

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs. Cost includes all direct costs and other costs incurred in bringing inventories to their present location and condition.

Equity-based compensation

Up to 21 August 2020, the Company's ultimate parent company was Williams Grand Prix Holdings PLC, which had previously issued equity-settled share-based payments to certain employees of the Company. Equity-settled share-based payments are measured at fair value at the date of grant, using observable market data. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of the shares that will eventually vest, with a corresponding entry in equity. Cash-settled share-based payments are measured at fair value at the balance sheet date. The Company recognises a liability at the balance sheet date based on these fair values, taking into account the estimated number of options that will actually vest and the current proportion of the vesting period. Changes in the fair value of the liability are recognised in the income statement. All equity-based compensation schemes have been settled in the year.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Company, and hire purchase contracts are capitalised in the balance sheet and depreciated over the shorter of the lease term and asset's useful lives. A corresponding liability is recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments in the balance sheet. Lease payments are apportioned between the reduction of the lease liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability.

Rentals payable under operating leases are recognised as an expense on a straight-line basis over the lease term.

The notes on pages 17 to 32 form an integral part of these financial statements.

Williams Grand Prix Engineering Limited
Notes to the Consolidated Financial Statements (continued)

1 Basis of preparation (continued)

Significant accounting policies (continued)

Derivative financial instruments

The Company uses forward foreign currency contracts to reduce exposure to foreign exchange rates. Derivative financial instruments are initially measured at fair value on the date at which the derivative contract is entered into and are subsequently measured at fair value through profit or loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The fair value of the forward contracts is calculated by reference to current forward exchange contracts with similar maturity profiles.

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Trade payables and receivables

Trade payables and trade receivables are not interest bearing and are payable or receivable within one year. They are recorded at their nominal value less any allowance for estimated irrecoverable amounts. Any losses arising from impairment are recognised in the income statement.

Bank borrowings and overdrafts

Interest bearing loans and overdrafts are initially measured at fair value (which is equal to cost at inception), and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds net of transaction costs and the amount due on settlement of borrowings is recognised over the term of the borrowing.

Foreign currency

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 approximate rate of exchange prevailing at the transaction date. All profits and losses on exchange are recognised within the statement of comprehensive income.

Pensions

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.

Williams Grand Prix Engineering Limited
Notes to the Consolidated Financial Statements (continued)

1 Basis of preparation (continued)

Significant accounting policies (continued)

Treasury shares

Treasury shares held by the Employee Benefit Trust are classified in capital and reserves and recognised at cost. Consideration received for the sale of such shares is also recognised in equity, with any difference between the proceeds from sale and the original cost taken to the profit and loss reserve. No gain or loss is recognised on the purchase, sale, issue or cancellation of equity shares. All treasury shares held by the Employee Benefit Trust were issued to employees in the year.

2 Operating profit

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

	2020	2019
	£000	£000
Operating leases – plant and machinery	692	644
Foreign exchange (profits)/losses	(2,438)	1,116
Profit on sale of tangible fixed assets	(112)	(513)
Exceptional profit on sale of subsidiary	-	(35,117)
Depreciation of tangible fixed assets	3,333	4,083
Amortisation of intangible fixed assets	1,052	1,026
Auditor's remuneration for these financial statements	132	80
Research and development	49,087	66,605
Research and Development Expenditure Credit	(5,169)	(6,474)

3 Auditor's remuneration

	2020	2019
	£000	£000
Audit of these financial statements	132	80

4 Particulars of employees

The average number of persons employed by the Company (including Directors) during the year, analysed by category was as follows:

	2020	2019
	No.	No.
Administration and support	114	116
Research and development	526	486
Marketing	35	42
	675	644

The notes on pages 17 to 32 form an integral part of these financial statements.

Williams Grand Prix Engineering Limited
Notes to the Consolidated Financial Statements (continued)

4 Particulars of employees (continued)

The aggregate payroll costs were as follows:

	2020	2019
	£000	£000
Wages and salaries	40,308	45,345
Social security costs	5,391	4,863
Other pension schemes	1,934	1,917
	47,633	52,125

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

The Directors' remuneration for the year was as follows:

	2020	2019
	£000	£000
Remuneration	3,504	4,870
Contributions paid to money purchase schemes	12	53
	3,516	4,923

During the year the number of Directors who were receiving benefits and share incentives was as follows:

	2020	2019
	No.	No.
Accruing benefits under money purchase pension schemes	3	3
Accruing benefits under long term incentive schemes	4	4

In respect of the highest paid Director:	2020	2019
	£000	£000
Remuneration	1,058	2,577
Company contributions to money purchase pension schemes	1	-
	1,059	2,577

The notes on pages 17 to 32 form an integral part of these financial statements.

Williams Grand Prix Engineering Limited
Notes to the Consolidated Financial Statements (continued)

6 Share-based payments

During 2015 and 2017, certain employees were granted options over the shares in Williams Grand Prix Holdings PLC. The options were granted with a zero exercise price and a vesting period of three years, subject to continued employment within the Company. Details of the share options outstanding during the year are as follows:

	2020	Weighted		2019	Weighted
	Share	d		Share	average
	options	average		options	exercise
	No.	exercise		No.	price £
		price £			
Outstanding at 1 January	150,000	-		375,000	-
Exercised during the year	(150,000)	-		-	-
Lapsed during the year	-	-		(225,000)	-
Outstanding at 31 December	-	-		150,000	-
Exercisable at 31 December	-	-		140,000	-

The Company recognised a total credit of £1,901,000 in relation to equity-settled share-based payment transactions in the year (2019: £1,507,000), comprising share-based payment credit of £1,665,000 (2019: £1,324,000) and £236,000 in relation to associated payroll taxes (2019: £183,000). The share-based payment credit for each option was calculated using the market share price of the Company as at the grant date and spread evenly over the vesting period.

7 Interest payable and similar expenses

	2020	2019
	£000	£000
Interest on bank borrowings	91	646
Interest on other loans	1,167	158
Interest payable on finance leases and hire purchase agreements	3	15
Unwind of discount on deferred lease income	242	-
	1,503	819

8 Interest receivable and similar income

	2020	2019
	£000	£000
Interest on preference shares	1,160	-
	1,160	-

Williams Grand Prix Engineering Limited
Notes to the Consolidated Financial Statements (continued)

9 Taxation

Tax on loss on ordinary activities

	2020	2019
	£000	£000
Current tax		
Corporation tax charge	-	-
	-	-

The Company has estimated losses of approximately £171.7m (2019: £110.3m) available to carry forward against future trading profits and deferred tax asset of £31.1m (2019: £17.4m). No deferred tax asset has been recognised in respect of these losses due to the uncertainty of the period over which they will be offset against taxable profits.

Factors affecting tax charge for the year

The tax on profit on ordinary activities for the year is lower (2019: lower) than the standard rate of corporation tax in the UK of 19% (2019: 19%).

The differences are reconciled below:

	2020	2019
	£000	£000
(Loss)/profit on ordinary activities before tax	(58,454)	17,982
Corporation tax at standard rate	(11,106)	3,417
Permanent fixed asset differences	116	221
Other permanent difference	(607)	-
Expenses not deductible for tax purposes	956	1,260
Income not taxable for tax purposes	(360)	(8,150)
Adjustment in research and development tax credit	287	209
Chargeable gains	-	30
Unrelieved tax losses utilised	(10,714)	3013
Total tax charge	-	-

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.

10 Long term financial asset

	2020	2019
	£000	£000
At 1 January	12,897	-
Addition	-	12,897
Interest	1,548	-
At 31 December	14,445	12,897

The notes on pages 17 to 32 form an integral part of these financial statements.

Williams Grand Prix Engineering Limited
Notes to the Consolidated Financial Statements (continued)

11 Investments in associate

	2020	2019
	£000	£000
At 1 January	20	-
Addition	-	20
Share of loss in associate	(20)	-
At 31 December	-	20

On 31 December 2019, the Company acquired a 25% minority shareholding in Joule Jersey Topco Limited, a company registered in Jersey (company number 130560).

12 Investment in subsidiary undertakings

	2020	2019
	£000	£000
Cost and net book value as at 31 December	-	-
	-	-

The Company owns 100% of the ordinary share capital of Williams F1 Limited ("WF1"), 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 WF1 at 31 December 2020 were £1 (2019: £1).

The Company is the parent company of The Williams F1 Team Foundation, a company limited by guarantee and incorporated in England and Wales. This company was dormant throughout the period and up to the date the accounts were approved.

The registered office address for all of the Company's subsidiaries is Grove, Wantage, Oxfordshire, OX12 0DQ.

13 Intangible fixed assets

	Software	Total
	£000	£000
Cost		
At 1 January 2020	4,002	4,002
Additions	1,474	1,474
Transfers	-	-
At 31 December 2020	5,476	5,476
Amortisation		
At 1 January 2020	2,523	2,523
Charge for the year	1,052	1,052
Transfers	-	-
At 31 December 2020	3,575	3,575
Net book value		
At 31 December 2020	1,901	1,901
At 31 December 2019	1,479	1,479

The notes on pages 17 to 32 form an integral part of these financial statements.

Williams Grand Prix Engineering Limited
Notes to the Consolidated Financial Statements (continued)

14 Heritage assets

Valuation	£000
At 1 January 2020	21,040
Additions	-
Disposals	(200)
Revaluation	-
At 31 December 2020	20,840

Five year financial summary of heritage asset transactions:

	2020	2019	2018	2017	2016
	£000	£000	£000	£000	£000
Additions	-	150	200	200	200
Disposals – carrying value	200	312	1,925	225	838
Disposals – sale proceeds	305	750	3,902	450	1,171
Impairment	-	-	-	-	-

No cars were capitalised in the period. The last valuation of heritage assets was carried out in September 2019 by Girardo & Co, a specialist in high performance road and racing cars. The valuation was performed by looking at the cars individually, considering the value inherent in the provenance attached (e.g. championship winning cars), as well as looking at sales values for similar vehicles where possible. So far as the Directors are aware, there are no indicators of impairment that would affect the valuation as at the statement of financial position date.

15 Tangible fixed assets

	Freehold land and buildings £000	Plant and machinery £000	Fixtures and fittings £000	Total £000
Cost				
At 1 January 2020	31,119	55,284	2,554	88,957
Additions	322	21,946	331	22,599
Transfers	(378)	-	378	-
Disposals	-	(115)	-	(115)
At 31 December 2020	31,063	77,115	3,263	111,441
Depreciation				
At 1 January 2020	1,740	50,664	1,649	54,053
Charge for the year	360	2,585	388	3,333
Disposals	-	(115)	-	(115)
At 31 December 2020	2,100	53,134	2,037	57,271
Net book value				
At 31 December 2020	28,963	23,981	1,226	54,170
At 31 December 2019	29,379	4,620	905	34,904

The notes on pages 17 to 32 form an integral part of these financial statements.

Williams Grand Prix Engineering Limited
Notes to the Consolidated Financial Statements (continued)

16 Stocks

	2020	2019
	£000	£000
Raw materials	2,373	2,465
Work in progress	1,205	2,473
	<u>3,578</u>	<u>4,938</u>

17 Debtors

	2020	2019
	£000	£000
Trade debtors	5,834	14,907
Prepayments and accrued income	6,911	8,752
Research and development credit receivable	5,169	6,529
Other debtors	4,933	3,958
Derivative financial asset	62	914
	<u>22,909</u>	<u>35,060</u>

18 Creditors: amounts falling due within one year

	2020	2019
	£000	£000
Bank loans and overdrafts	-	1,635
Obligations under finance lease and hire purchase contracts	-	189
Trade creditors	15,538	2,008
Other taxes and social security	3,112	1,439
Accruals	10,605	16,452
Amounts due to group undertakings	2,000	-
Deferred income	12,003	30,013
Other creditors	69	341
	<u>43,327</u>	<u>52,077</u>

19 Creditors: amounts falling due after more than one year

	2020	2019
	£000	£000
Bank loans and overdrafts	-	7,000
Deferred income	5,568	5,809
	<u>5,568</u>	<u>12,809</u>

Within deferred income is £5.6m rental income deferred over 19 years.

The notes on pages 17 to 32 form an integral part of these financial statements.

Williams Grand Prix Engineering Limited
Notes to the Consolidated Financial Statements (continued)

20 Bank borrowings

	2020	2019
	£000	£000
Amounts repayable:		
In less than one year	-	1,635
In more than one year but less than two years	-	7,000
In more than two years but not more than five years	-	-
	<u>-</u>	<u>8,635</u>

21 Financial instruments

The Company has the following financial instruments:

	2020	2019
	£000	£000
Financial assets measured at amortised cost		
Trade and other debtors	<u>15,936</u>	25,394
	<u>15,936</u>	<u>25,394</u>
Financial assets measured at fair value through profit or loss		
Derivative financial instruments	<u>62</u>	914
	<u>62</u>	<u>914</u>
Financial liabilities measured at amortised cost		
Bank loans and overdrafts	-	(8,635)
Obligations under finance lease and hire purchase contracts	-	(189)
Trade and other creditors	<u>(15,607)</u>	(2,349)
	<u>(15,607)</u>	<u>(11,173)</u>

Objectives, policies and strategies for managing risks relating to financial instruments are disclosed within the Strategic Report on page 2.

Derivative financial instruments

The Company enters into forward foreign currency contracts to reduce exposure to foreign exchange rates. The forward foreign currency contracts have fixed maturities and exchange rates and the principal amount is also fixed. At 31 December 2020 the fair value of these contracts has been calculated by a third party and is an asset of £62,000 (2019: £914,000).

Williams Grand Prix Engineering Limited
Notes to the Consolidated Financial Statements (continued)

22 Obligations under leases and hire purchase contracts

Amounts repayable under finance leases and hire purchase contracts:

	2020	2019
	£000	£000
Within one year	-	189
In two to five years	-	-
	<u>-</u>	<u>189</u>
Less finance charges allocated to future periods	-	-
	<u>-</u>	<u>189</u>

As at 31 December 2020 the Company had the following future minimum lease payments under non-cancellable operating leases, for each of the following periods:

	2020	2019
	£000	£000
Within one year	667	640
Within two to five years	456	1,403
In more than five years	-	-
	<u>1,123</u>	<u>2,043</u>

23 Contingent liabilities

The Company had no contingent liabilities as at 31 December 2020 or as at 31 December 2019.

24 Related party transactions

Sir Frank Williams was the Company's controlling party up to 21 August 2020 by virtue of his 52.25% beneficial interest in the ordinary share capital of Williams Grand Prix Holdings PLC. In his role as Team Principal during the year, Sir Frank Williams received remuneration of £355,000 (2019: £550,000) from the Company.

The Company has an agreement with Marc Harris Sports Management Limited to provide certain services in association with the identification and management of drivers. Marc Harris Sports Management Limited is controlled by Marc Harris who is married to Claire Williams, a Director of the Company until 3 September 2020. During the year, a total of £362,000 (2019: £197,000) was due to Marc Harris Sports Management Limited for services provided. The amount outstanding to Marc Harris Sports Management Limited as at 31 December 2020 was £69,000 (2019: £25,000).

The Company has a number of agreements in place with Williams Advanced Engineering ("WAE"), a subsidiary of Joule Jersey Topco Limited, to provide property rental, technical and support services to the company under its new ownership from 1 January 2020. Areas covered by the agreements are principally IT, engineering and component manufacturing services. These services have been provided on an arm's length basis apart from rental of premises for which the value of a market rent has been deferred from the consideration received from the sale of WAE. The total value of these services for the year ended 31 December 2020 was £4,034,000.

During the year, the Company entered into a sponsorship agreement with Versa Integrity Group, Inc, a group under common control. The total revenue for the year ended 31 December 2020 was £435,000, with a further £1,065,000 deferred on the balance sheet.

At the balance sheet date, the Company had an intercompany balance of £2.0m payable to BCE LLC. This is repayable on demand and is not interest bearing.

The notes on pages 17 to 32 form an integral part of these financial statements.

Williams Grand Prix Engineering Limited
Notes to the Consolidated Financial Statements (continued)

25 Share capital and other reserves

Allotted, called up and fully paid shares

	2020		2019	
	No.	£000	No.	£000
Ordinary shares of £1 each	65,537,102	65,537	100,000	100

There is a single class of ordinary shares which carry no right to fixed income. 65,437,102 ordinary shares were issued in the year for \$56.0m and £23.0m, equivalent to £65.0m.

Other reserves

The revaluation reserve represents the cumulative effect of revaluations of heritage assets. Other reserves represent share-based payment entries, which were fully settled in December 2020.

26 Notes to the Statement of Cash Flows

Reconciliation of profit to net cashflow from operating activities

	Note	2020	2019
		£000	£000
(Loss)/profit for the period		(58,454)	17,982
Net finance costs/(income)		343	819
Share of profit in associate		(368)	-
Movement on derivative financial instruments at fair value through profit and loss		853	(1,475)
Foreign exchange gain on loans & capital		(2,401)	-
Gain on sale of fixed assets	2	(112)	(513)
Realisation of profit on heritage assets		87	-
Profit on disposal of subsidiary		-	(35,117)
Depreciation and amortisation	13, 15	4,385	5,109
Share-based payments	6	(1,665)	(1,507)
Decrease/(increase) in stocks		1,359	(4,918)
Decrease/(increase) in debtors		11,298	3,221
(Decrease)/increase in creditors		(7,369)	3,037
Net cash outflow from operating activities		(52,044)	(13,362)

The notes on pages 17 to 32 form an integral part of these financial statements.

Williams Grand Prix Engineering Limited
Notes to the Consolidated Financial Statements (continued)

26 Notes to the Statement of Cash Flows (continued)

Reconciliation of net cash flow to movement in net debt

	2020	2019
	£000	£000
(Decrease)/increase in cash in the year	(18,091)	15,922
Net cash outflow from bank loans	8,635	12,231
Change in net debt resulting from cash flows	(9,456)	28,153
Decrease in net debt from finance leases	189	362
Movement in net debt in the year	(9,267)	28,515
Net cash/(debt) at 1 January	15,459	(13,056)
Net cash at 31 December	6,192	15,459

27 Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £970,000 (2019: £237,000).

28 Control

The immediate parent undertaking of the Company is BCE LLC. BCE LLC is incorporated in the Marshall Islands, and is registered at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Republic of the Marshall Islands, MH 96960.

The largest and smallest company of undertakings for which Company accounts have been drawn up is Williams Grand Prix Engineering Ltd.

The ultimate controlling party is NWCA8429 Ltd.

29 Events after the balance sheet date

On 22 January, the Company issued £15.0m ordinary share capital to BCE LLC in exchange for cash. On 18 February, the Company issued a further £20.0m ordinary share capital to BCE LLC in exchange for cash.

Williams Grand Prix Engineering Limited
Company information

Directors M Biddle (resigned 21 August 2020)
D Lafferty (resigned 21 August 2020)
M O'Driscoll (resigned 21 August 2020)
C Williams (resigned 3 September 2020)
F Williams (resigned 3 September 2020)
D Fultz (appointed 21 August 2020)
J Matthews (appointed 21 August 2020)
M Savage (appointed 21 August 2020)

Company secretary M Biddle (resigned 21 August 2020)
S Dattilo (appointed 25 September 2020)

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