



RED BULL RACING LIMITED

REPORT AND FINANCIAL STATEMENTS

31ST DECEMBER 2013

Company No. 03120645

WEDNESDAY



\*A3IJ4TZD\*

A15

15/10/2014

#18

COMPANIES HOUSE

**Directors**

H Marko  
D Mateschitz  
C E J Horner

**Secretary**

Laytons Secretaries Limited  
2 More London Riverside  
London SE1 2AP

**Auditors**

Ernst & Young LLP  
1 More London Place  
London SE1 2AF

**Bankers**

HSBC  
City Corporate Banking Centre  
60 Victoria Street  
London EC4N 4TR

**Registered Office**

Building 2  
Bradbourne Drive  
Tilbrook  
Milton Keynes MK7 8AT

Company No. 03120645

## Strategic Review

### Review of the business

The principal activity of the company during the year was the management of a Formula One motor racing team

The directors consider race performance, championship performance and cost base to be the principal Key Performance Indicators to assess progress towards strategic goals.

The 2013 season started very well with the team announcing a new title partnership with "Infiniti". The recent successes of the team and underlying strength have seen new, renewed and extended partnerships with sponsors including Renault; Total; Rauch; Pepe Jeans; Casio; Geox; Singha Beer, and indeed with Red Bull as the brand supports an agreement with the commercial rights holder to continue to participate until at least the 2020 season. These developments have led to increased revenues in 2013 with the company's turnover during the year under review increasing to £197,599,000 (2012 – £176,310,000).

On track, the 2013 season has been a remarkable record breaking year for Infiniti Red Bull Racing. The team has won its fourth consecutive double world championship, winning 13 Grand Prix – 9 of which in an unbroken run from Belgium to Brazil.

This achievement is testimony to the remarkable team spirit and extraordinary commitment and dedication of all our employees and contractors who have worked so hard throughout the year.

We would also like to thank our suppliers and partners for their contribution to the results in 2013.

The team maintains a robust budgetary control framework to ensure tight management of costs and restricted resources.

### Future developments

New technical regulations come into force in 2014, including significant changes to the power unit. These will undoubtedly prove challenging from both engineering and financial perspectives, however the directors feel that the team and its partners are well placed to meet the challenges.

### Principal risks and uncertainties

The company's principal risk is the level of financial contributions toward its racing programme it receives. Contributions are dependent upon the underlying performance of the company's racing activities which has been strong in recent years.

### Financial risk management

As part of the review, the directors have considered the exposure of the company to liquidity risk and foreign exchange risk, in order that an overall assessment can be made of the company's assets, liabilities, its financial position and its results for the year. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

### Liquidity risk

The company is funded through its retained profits and intercompany balances. The directors actively consider other sources of funding to ensure that the company has sufficient available funds for its operations.

## Strategic Review (continued)

### Foreign exchange risk

The company has foreign currency transactions denominated in Euro, USD and other currencies. The Board reviews and agrees policies for managing risks arising from the company's operations.

On behalf of the Board



C E J Horner  
Director

30 January 2014

## Directors' report

The directors present their report and financial statements for the year ended 31 December 2013.

### Results and dividends

The profit for the year after taxation amounted to £1,042,000 (2012 – profit of £700,000). The directors do not recommend a final dividend (2012– £nil).

### Going concern

The financial statements are prepared on a going concern basis as the Directors believe there will be sufficient cash available to meet liabilities as and when they fall due. The company's ultimate parent undertaking, Red Bull GmbH, confirmed to the Directors that it has no plans or intentions that would materially affect the ordinary operations of the company within the next 12 months or the carrying value or classification of its assets and liabilities at 31 December 2013 and has no plans or intentions to demand repayment of intercompany loans unless the company has the facilities to repay them.

### Directors

The directors who served the company during the year were as follows:

H Marko  
D Mateschitz  
C E J Horner

### Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board



C E J Horner  
Director

30 January 2014

## Statement of Directors' Responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

The directors are responsible for preparing the Strategic Report and the Directors' Report.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

# **Independent auditors' report**

**to the members of Red Bull Racing Limited**

We have audited the financial statements of Red Bull Racing Ltd for the year ended 2013 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 15. 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 page 5, 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 Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the financial statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## **Opinion on the 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 2013 and of its profit 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditors' report (continued)**

**to the members of Red Bull Racing 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.

*Ernst & Young LLP*

Julie Carlyle  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
30 January 2014



## Profit and loss account

for the year ended 31 December 2013

	Notes	2013 £000	2012 £000
<i>Turnover</i>	2	197,599	176,310
Cost of sales		<u>(190,672)</u>	<u>(170,317)</u>
<i>Gross profit</i>		6,927	5,993
Administrative costs		<u>(5,535)</u>	<u>(5,294)</u>
<i>Operating profit</i>	3	1,392	699
Interest receivable and similar income	6	<u>-</u>	<u>1</u>
<i>Profit on ordinary activities before taxation</i>		1,392	700
Tax	7	<u>(350)</u>	<u>-</u>
<i>Profit for the financial year</i>	12	<u>1,042</u>	<u>700</u>

The profit and loss account has been prepared on the basis that all operations are continuing.

The notes on pages 10 to 18 form part of these financial statements.

## Statement of Total Recognised Gains and Losses

for the year ended 31 December 2013

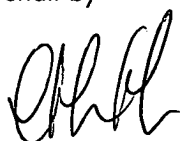
There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £1,042,000 in the year ended 31 December 2013 (2012 – profit £700,000)

## Balance Sheet

at 31 December 2013

	Notes	2013 £000	2012 £000
<b>Fixed assets</b>			
Tangible assets	8	9,221	8,248
<b>Current assets</b>			
Debtors	9	16,551	14,017
Cash at bank and in hand		187	144
		16,738	14,161
<b>Creditors: amounts falling due within one year</b>	10	(20,640)	(18,132)
<b>Net current liabilities</b>		(3,902)	(3,971)
<b>Total assets less current liabilities</b>		5,319	4,277
<b>Capital and reserves</b>			
Called up share capital	11	1,000	1,000
Revaluation reserve	12	1,100	1,100
Profit and loss account	12	3,219	2,177
<b>Shareholders' funds</b>	12	5,319	4,277

These financial statement were approved by the Board on 30 January 2014 and signed on its behalf by



C E J Horner  
Director

## Notes to the financial statements

at 31 December 2013

### 1. Accounting policies

#### *Basis of preparation*

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom and the Companies Act 2006.

#### *Going concern*

The financial statements are prepared on a going concern basis as the Directors believe there will be sufficient cash available to meet liabilities as and when they fall due. The company's ultimate parent undertaking, Red Bull GmbH, confirmed to the Directors that it has no plans or intentions that would materially affect the ordinary operations of the company within the next 12 months or the carrying value or classification of its assets and liabilities at 31 December 2013 and has no plans or intentions to demand repayment of intercompany loans unless the company has the facilities to repay them.

#### *Statement of cash flows*

The company has taken the exemption available under FRS 1 not to prepare a statement of cash flows as it is included in the publicly available group financial statements of its parent.

#### *Turnover*

Turnover represents sponsorship and promotional income, prize money, bonus payments and contributions towards the race programme received and receivable net of value added tax.

#### *Value in kind assets*

Value in kind assets are recognised in accordance with the revenue accounting policy. Initial revenue recognition is based on managements' judgement that all value in kind, as detailed within the sponsorship agreements, will be fully utilised within the terms of the agreement.

The fair value of the respective value in kind is determined as the price the company would have paid for comparable goods and services.

#### *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation.

Provision for depreciation of tangible fixed assets, other than assets in the course of construction, is made on the straight line basis at rates calculated to write off the cost of the assets, less their estimated residual values, over their expected useful economic lives, which are considered to be:

Motor vehicles	-	3 to 4 years
Office and workshop equipment	-	3 to 7 years
Freehold land and buildings	-	20 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### *Pensions*

The company contributes to a defined contribution scheme administered by an independent pension provider. Contributions are charged to the profit and loss in the period they arise.

## Notes to the financial statements

at 31 December 2013

### 1. Accounting policies (continued)

#### *Investments*

Investment properties are stated at their open market value.

The carrying values of tangible investment properties are reviewed for revaluation and impairment on a regular basis as deemed appropriate by the Directors as well as when events or changes in circumstances indicate the carrying value may not be recoverable.

A surplus or deficit on revaluation is transferred to the revaluation reserve unless a deficit below original cost, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year.

#### *Research and development*

Research and development expenditure is charged to the profit and loss account as incurred.

#### *Revenue recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes.

#### *Deferred taxation*

Deferred taxation 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 right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- 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 the rate of exchange ruling at the balance sheet date. Transactions denominated in foreign currencies are converted at the rate of exchange ruling at the date of the transaction. All translation differences are taken to the profit and loss account as they arise.

#### *Operating leases*

Payments under operating leases are charged to the profit and loss account on the straight line basis over the term of the lease.

## Notes to the financial statements

at 31 December 2013

### 2. Turnover

Turnover represents sponsorship and promotional income, prize money, bonus payments and contributions towards the race programme received and receivable net of value added tax.

Turnover is attributable to one continuing activity, the management of a Formula One motor racing team.

### 3. Operating profit

This is stated after charging/(crediting):

	2013 £000	2012 £000
Auditors' remuneration:		
– audit of the financial statements	–	–
– non-audit fees relating to taxation services	20	10
– non-audit fees – other	8	8
Depreciation on tangible fixed assets owned	763	778
Profit on disposal of fixed assets	(9)	(137)
Operating lease rentals – land and buildings	5	164
Net loss on foreign currency translation	375	86
Research and development	3,716	3,738
Above the line tax credit recognised in the year	(207)	–

Audit costs for the current year of 2013 were borne by the parent undertaking.

### 4. Directors' remuneration

	2013 £000	2012 £000
Remuneration	964	804

The amounts in respect of the highest paid director are as follows:

	2013 £000	2012 £000
Remuneration	964	804

In 2013 one of the directors was a member of personal pension plans which received company contributions of £22,000 (2012 – nil).

Certain directors are also directors of other undertakings within the Red Bull group, of which Red Bull Racing Limited is a subsidiary. The directors' remuneration for the year was paid by other group undertakings, of which the proportion allocated to the company is insignificant.

## Notes to the financial statements

at 31 December 2013

### Directors' remuneration (continued)

The amounts disclosed above represent the remuneration for the qualifying services of the Directors of the Company.

### 5. Staff costs

	2013 £000	2012 £000
Wages and salaries	6,510	6,213
Social security costs	843	765
Pension	125	—
	<u>7,478</u>	<u>6,978</u>

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

	No.	No.
Racing and production	55	53
Administration	2	2
	<u>57</u>	<u>55</u>

### 6. Interest receivable and similar income

	2013 £000	2012 £000
Bank account interest	<u>—</u>	<u>1</u>

### 7. Tax

#### (a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2013 £000	2012 £000
<i>Current tax:</i>		
UK corporation tax on the profit for the year	350	—
Total current tax (note 8(b))	<u>350</u>	<u>—</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences	—	—
Total deferred tax (note 8(c))	<u>—</u>	<u>—</u>
Tax on profit on ordinary activities	<u>350</u>	<u>—</u>

## Notes to the financial statements

at 31 December 2013

### Tax (continued)

#### (b) Factors affecting the current tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 23.25% (2012– 24.5%). The differences are explained below:

	2013 £000	2012 £000
Profit before tax on ordinary activities	<u>1,392</u>	<u>700</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012 – 24.5%)	324	171
<i>Effects of:</i>		
Items not deductible for tax (including impact of R&D enhanced deduction)	(16)	(131)
Depreciation in excess of capital allowances	27	11
Group relief received for nil payment	-	(51)
Other timing differences	15	-
Current tax for the year (note 7(a))	<u>350</u>	<u>-</u>

#### (c) Deferred tax

Deferred tax assets recognised and not recognised in the financial statements are as follows:

	2013		2012	
	Recognised	Not recognised	Recognised	Not recognised
	£000	£000	£000	£000
Depreciation in advance of capital allowances	-	852	-	938
Other	-	13	-	-
Deferred tax asset	<u>-</u>	<u>865</u>	<u>-</u>	<u>938</u>

The deferred tax asset has not been recognised as there is insufficient evidence that tax losses will be recoverable in the foreseeable future.

## Notes to the financial statements

at 31 December 2013

### Tax (continued)

#### (d) Factors that may affect future tax charges

Finance Act 2013 was enacted on 18 July 2013 and introduced a reduction in the headline rate of corporation tax to 21% from 1 April 2014 and to 20% from 1 April 2015. The impact of these future rate reductions has been reflected as they are substantively enacted.

No provision has been made for deferred tax on gains recognised on revaluing property to its market value. Such tax would become payable only if the property were sold without it being possible to claim rollover relief.

At present, it is not envisaged that any tax will become payable in the foreseeable future.

### 8. Tangible fixed assets

	<i>Assets in the course of construction</i>	<i>Motor vehicles</i>	<i>Office and workshop equipment</i>	<i>Freehold land and buildings</i>	<i>Total</i>
	£000	£000	£000	£000	£000
Cost:					
At 1 January 2013	-	729	3,129	13,242	17,100
Additions	772	-	964	-	1,736
Disposals	-	-	(3)	-	(3)
Transfers	-	(76)	76	-	-
At 31 December 2013	<u>772</u>	<u>653</u>	<u>4,166</u>	<u>13,242</u>	<u>18,833</u>
Depreciation:					
At 1 January 2013	-	457	2,584	5,811	8,852
Charge for the year	-	69	474	220	763
Disposals	-	-	(3)	-	(3)
At 31 December 2013	<u>-</u>	<u>526</u>	<u>3,055</u>	<u>6,031</u>	<u>9,612</u>
Net book value:					
At 31 December 2013	<u>772</u>	<u>127</u>	<u>1,111</u>	<u>7,211</u>	<u>9,221</u>
At 1 January 2013	<u>-</u>	<u>272</u>	<u>545</u>	<u>7,431</u>	<u>8,248</u>

#### Fixed asset note

The net book value of freehold land and buildings comprises Freehold Investment properties at valuation of £4,500,000. The investment property was valued by a member of The Royal Institution of Chartered Surveyors on the basis of open market value in December 2010. The historical cost of investment properties included at valuation was £3,676,000 (2012 - £3,676,000).



## Notes to the financial statements

at 31 December 2013

### 9. Debtors

	2013	2012
	£000	£000
Amounts falling due within one year:		
Trade debtors	5,358	2,217
Other debtors	60	-
Other taxes	333	100
Prepayments and accrued income	10,800	11,700
	<u>16,551</u>	<u>14,017</u>

### 10. Creditors: amounts falling due within one year

	2013	2012
	£000	£000
Trade creditors	901	684
Amounts owed to group undertakings	5,763	622
Other taxes and social security	271	223
Other creditors	27	229
Accruals and deferred income	13,678	16,374
	<u>20,640</u>	<u>18,132</u>

### 11. Issued share capital

		2013		2012
	No.	£000	No.	£000
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	1,000,000	<u>1,000</u>	1,000,000	<u>1,000</u>

## Notes to the financial statements

at 31 December 2013

### 12. Reconciliation of shareholders' funds and movements on reserves

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Revaluation reserve</i>	<i>Total share- holders' funds</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 1 January 2012	1,000	1,477	1,100	3,577
Profit for the year	–	700	–	700
At 31 December 2012	1,000	2,177	1,100	4,277
Profit for the year	–	1,042	–	1,042
At 31 December 2013	<u>1,000</u>	<u>3,219</u>	<u>1,100</u>	<u>5,319</u>

### 13. Capital commitments

	<i>2013</i>	<i>2012</i>
	<i>£000</i>	<i>£000</i>
Contracts placed for future capital expenditure not provided for in the financial statements	<u>276</u>	<u>101</u>

## Notes to the financial statements

at 31 December 2013

### 14. Related party transactions

The company has taken advantage of the exemption available to companies that are 100% owned and whose parent undertaking's group financial statements are publicly available not to disclose transactions with group companies under provisions of FRS 8. This exemption has been claimed for transactions with companies within the Red Bull Technology Limited group.

During the year the company entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into and trading balances outstanding at 31 December 2013 are as follows:

Name	Relationship	Sponsorship/ other income £000	Purchase of goods and services £000	Sales of goods and services £000	Recharged costs £000	Amounts owed from/(to) related party £000
Red Bull GmbH	Parent undertaking					
2013		12,643	-	-	-	-
2012		66,950	-	-	-	-
Scuderia Toro Rosso	Fellow subsidiary					
2013		-	-	872	79	-
2012		-	-	695	65	-
Other related parties*	Fellow subsidiary					
2013		651	4	-	-	-
2012		-	-	904	455	-

\* This relates to transactions with Red Bull Company Ltd, Red Bull Australia, Red Bull Asia FZE, Red Bull Japan Co. Ltd, Red Bull France, Red Bull Brazil, Red Bull Italy, Red Bull Hangar 7 and Red Bull Deutschland GmbH.

### 15. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Red Bull Technology Limited which prepares group financial statements, copies of which are available from Companies House.

In the opinion of the directors, the ultimate parent undertaking and controlling party for which group financial statements are drawn up and of which the company is a member is Red Bull GmbH, a company incorporated in Austria. Copies of financial statements can be obtained from Am Brunnen 1, 5330 Fuschl am See, Austria.