

Company Registration No. 03120645 (England and Wales)



**RED BULL RACING LTD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**RED BULL RACING LTD**

**COMPANY INFORMATION**

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<b>Directors</b>	H Marko C Homer D Mateschitz
<b>Company number</b>	03120645
<b>Registered office</b>	Building 2 Bradbourne Drive Tilbrook Milton Keynes Bucks United Kingdom MK7 8AT
<b>Auditor</b>	Ernst & Young LLP 1 More London Place London United Kingdom SE1 2AF
<b>Bankers</b>	HSBC City Corporate Banking Centre 60 Victoria Street London United Kingdom EC4N 4TR

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# RED BULL RACING LTD

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## **RED BULL RACING LTD**

### **STRATEGIC REPORT**

#### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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##### **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 a controlled cost base to be the principal Key Performance Indicators to assess progress towards strategic goals.

The COVID 19 pandemic has continued to pose challenges to the undertaking of a full F1 championship season. F1 entered into a 22-race season concluding in Abu Dhabi on the 12th of December.

It is testimony to the agility of the sport and the Commercial Rights Holder of F1 that 22 races were completed. In the second half of the year a return to spectator attended events was achieved.

With an uncertain calendar at inception, fans were entertained by races at returning and new venues including tracks such as Qatar and Saudi Arabia, in what became a highly contested season between Max Verstappen and Lewis Hamilton. TV broadcast and expanded media coverage has enabled the global audience to stay connected and even increase in number as the action unfolded.

On track, performance of the RB16b started strong, taking wins in 6 of the first 9 races. This performance continued with a win in Zandvoort, where Max's popularity as a driver was evident with the mass attendance of the orange army of supporters. In total the team achieved 23 podium finishes including 11 wins earning Max Verstappen's first Drivers World Championship and second place in the Constructors' Championship.

Since 2019 the Red Bull car has been powered by a Honda power unit, who bow out of the sport on a high, winning the Drivers' Championship for the first time since 1991. Following Honda's announcement to withdraw from the sport from the end of 2021, Red Bull have taken the decision to increase investment into Formula One and will supply power units to the Red Bull Group for the 2022 season onwards.

The Financial position of the company was carefully managed through the year. The imposition of Financial Regulations and the associated cap on relevant cost has necessitated cost saving initiatives across the business. The group have implemented a balanced cost reduction plan to ensure compliance with the new regulations for 2021. Increases in 'cost of sales' reflect performance payments attributable to on-track successes. Red Bull Racing continues to have a highly successful portfolio of partners who continue to support the team.

With continuity of management, drivers and in anticipation of a competitive power unit from Red Bull Powertrains in 2022, the team is excited and hopeful for the 2022 Formula One season.

Turnover for the year increased to £238,351,000 (2020 - £229,754,000).

## **RED BULL RACING LTD**

### **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **Principle risks and uncertainties**

##### **Competitive Risks**

The company's principal risk is the level of financial contributions toward its racing programme it receives. Contributions are dependent upon the number of races and the underlying performance of the company's racing activities which has been strong in recent years. Any risk is mitigated by entering into long and medium term contracts with our commercial partners and continuing to invest in research and development to ensure continued successful on track performance.

##### **Legislative Risks**

The group operates in the exciting, dynamic but challenging environment of Formula One. The principle rule maker in the sport is the FIA. Teams actively participate in regulatory discussions with new regulations being agreed with sufficient lead time for teams to make the necessary adaptations. Therefore the risk is minimised through involvement and timescale. For 2021, the FIA have introduced Financial Regulations capping the relevant spend within teams. Management carry out periodic assessments of cost against both the cap and forecasts to ensure compliance with the above.

##### **Financial Risk Management**

As part of the review, the directors have considered the exposure of the group to liquidity risk and foreign exchange risk, in order that an overall assessment can be made of the group's assets, liabilities, its financial position and its results for the year. The group treasury procedures mean that risks are managed accordingly and as a result there is not considered to be a material risk.

##### **Cyber Security**

Effective controls are in place to mitigate any risks and the IT infrastructure is constantly maintained and updated.

##### **Use of Derivatives**

The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

##### **Exposure to price, credit, liquidity and cash flow 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.

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.

## **RED BULL RACING LTD**

### **STRATEGIC REPORT (CONTINUED)**

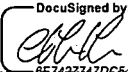
***FOR THE YEAR ENDED 31 DECEMBER 2021***

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#### **COVID 19**

The effects of the global pandemic continue to impact health and economies with far reaching implications. The specific implications for the sport of Formula One, including potential travel restrictions and local lockdowns mean that the race calendar may need to adapt. The team has adopted safe working practices to minimise risks and where possible establish contingencies for any changes in circumstance. The roll out of vaccines has proved successful and as always, the team will continue to be agile and adaptable.

On behalf of the board

DocuSigned by:  
  
657427747DC64AB..

**C Horner**  
**Director**

February 1, 2022

## **RED BULL RACING LTD**

### **DIRECTORS' REPORT**

#### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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The directors present their report and financial statements for the year ended 31 December 2021.

##### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

H Marko  
C Horner  
D Mateschitz

##### **Results and dividends**

The results for the year are set out on page 11.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

##### **Financial instruments**

Details of financial instruments are provided in the Strategic Report within the section of principal risks and uncertainties.

##### **Future developments**

Strong commercial and technical partnerships continue to be established and enhanced with both new and existing sponsors. The outlook for 2022 and beyond is extremely positive with an upward trajectory on group revenues.

Financial Regulations introduced from 1st January 2021 continue to evolve, with a tightening of the budget cap projected through the coming years, in an initiative to ensure the long-term financial stability and sustainability of all F1 Teams.

For 2022 the sport has introduced significant technical regulation changes, providing both opportunities and risks for the group to develop and manufacture a new contender under the above-mentioned financial constraints, whilst maintaining competitive on-track performance.

Following Honda's announcement of their intention to withdraw from supplying Power Units to F1 teams, including Red Bull Racing, at the end of 2021, the team has taken the decision to develop and manufacture power units in house with the incorporation of Red Bull Powertrains for 2022 onward.

##### **Auditor**

In accordance with s.487 of the Companies Act 2006, Ernst & Young LLP are deemed reappointed as auditor of the Company.

##### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

## RED BULL RACING LTD

### DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### 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 during the period of assessment to the beginning of February 2023. The company's ultimate parent undertaking, Red Bull GmbH, confirmed to the directors that it has no plans or intentions to discontinue the provision of sponsorship income within the next 12 months from the date of signing and will not request the repayment of intercompany loans unless the company has the facilities to repay them. The directors have examined the financial position of the parent undertaking and have satisfied themselves that this support would be available if required. Business and cashflow forecasts have been prepared to assess the financial position of the Group and the directors have reviewed the basis of these projections in arriving at the above conclusions in accordance with the requirements of ISA (UK) 570.

On behalf of the board

DocuSigned by:  
  
BE7327747DC54AB...  
C Horner  
Director

Date: February 1, 2022  
Date: .....



## **RED BULL RACING LTD**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

#### ***FOR THE YEAR ENDED 31 DECEMBER 2021***

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

Company law requires the directors to prepare financial statements for each financial year. Under that law 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 AUDITOR'S REPORT**

### **TO THE MEMBERS OF RED BULL RACING LTD**

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#### **Opinion**

We have audited the financial statements of Red Bull Racing Limited for the year ended 31 December 2021 which comprise Statement of Comprehensive income, the Company Balance Sheet, the Statement of Changes in Equity, and the related notes 1 to 20, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 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.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period 12 months until February 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF RED BULL RACING LTD**

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#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF RED BULL RACING LTD**

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Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are United Kingdom Accounting Standards, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", Companies Act 2006, Data Protection Act 1998, Health and Safety at Work Act 1974, the FIA Formula One Regulations (Sporting, Technical & Financial), Tax Law, Furlough law, Coronavirus Job Retention Scheme.
- We understood how Red Bull Racing Limited is complying with those frameworks by holding enquiries with those charged with governance. We understood the potential incentive and ability to override the controls. We considered management's attitude and tone from the top to embed a culture of honesty and ethical behaviour whereby a strong emphasis is placed on fraud prevention which may reduce opportunities for fraud to take place. We further understood the adoption of accounting standards and considered the compliance with the above laws.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by obtaining and reading internal policies, holding enquiries of management and those charged with governance and the in-house legal counsel as to any fraud risk framework within the entity.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved;
  - Enquiry of management and those charged with governance as to any fraud risk framework within the entity.
  - Enquiry of management, those charged with governance and in-house legal team around actual and potential litigation and claims.
  - Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.
  - We agreed the revenue recognised to contract, including sponsorship agreements, and vouched a sample of invoices through to cash receipt.
  - We understood the performance obligations detailed in the contracts and considered management's revenue recognition.
  - Evaluating the business rationale of significant transactions outside the normal course of business.
  - Challenging judgements made by management. This included corroborating the inputs and considering contradicting evidence.
  - Reading financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**  
**TO THE MEMBERS OF RED BULL RACING LTD**

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**Use of our report**

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.

*Ernst + Young LLP*

**Stuart Darrington (Senior Statutory Auditor)**  
**for and on behalf of Ernst & Young LLP**  
London

February 1, 2022

**RED BULL RACING LTD****INCOME STATEMENT****FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	2021 £000	2020 £000
<b>Turnover</b>	<b>3</b>	238,351	229,754
Cost of sales		(230,251)	(220,516)
<b>Gross profit</b>		8,100	9,238
Administrative expenses		(5,771)	(8,635)
Other operating (expenses)/ income		(758)	597
<b>Operating profit</b>	<b>4</b>	1,571	1,200
Interest receivable and similar income	<b>8</b>	1	4
Amounts written off fixed assets	<b>9</b>	80	16
<b>Profit before taxation</b>		1,652	1,220
Tax on profit	<b>10</b>	(296)	(497)
<b>Profit for the financial year</b>		1,356	723

The notes on pages 14 - 23 form part of these financial statements

The income statement has been prepared on the basis that all operations are continuing operations.

**RED BULL RACING LTD****STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2021**

	Notes	2021 £000	2020 £000	2020 £000
<b>Fixed assets</b>				
Tangible assets	12		10,290	10,465
<b>Current assets</b>				
Stocks	13	-	334	
Debtors	14	41,416	14,039	
Cash at bank and in hand		328	604	
		41,744	14,977	
<b>Creditors: amounts falling due within one year</b>	15	(43,455)	(18,219)	
<b>Net current liabilities</b>			(1,711)	(3,242)
<b>Total assets less current liabilities</b>			8,579	7,223
<b>Capital and reserves</b>				
Called up share capital	16		1,000	1,000
Revaluation reserve			3,100	3,100
Profit and loss reserves			4,479	3,123
<b>Total equity</b>			8,579	7,223

The financial statements were approved by the board of directors and authorised for issue on February 1, 2022 and are signed on its behalf by:

DocuSigned by:  
  
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 C Horner  
 Director

Company Registration No. 03120645

**RED BULL RACING LTD****STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Share capital	Revaluation reserve	Profit and loss reserves	Total
	£000	£000	£000	£000
<b>Balance at 1 January 2020</b>	1,000	3,100	2,400	6,500
<b>Year ended 31 December 2020:</b>				
Profit and total comprehensive income for the year	-	-	723	723
<b>Balance at 31 December 2020</b>	1,000	3,100	3,123	7,223
<b>Year ended 31 December 2021:</b>				
Profit and total comprehensive income for the year	-	-	1,356	1,356
<b>Balance at 31 December 2021</b>	1,000	3,100	4,479	8,579



# RED BULL RACING LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

#### Company information

Red Bull Racing Ltd is a private company limited by shares incorporated in England and Wales. The registered office is Building 2, Bradbourne Drive, Tilbrook, Milton Keynes, Bucks, United Kingdom, MK7 8AT.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;

The financial statements of the company are consolidated in the financial statements of Red Bull Technology Ltd. These consolidated financial statements are available from its registered office, Building 1, Bradbourne Drive, Tilbrook, Milton Keynes, MK7 8BJ.

#### 1.2 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 during the period of assessment to the beginning of February 2023. The company's ultimate parent undertaking, Red Bull GmbH, confirmed to the directors that it has no plans or intentions to discontinue the provision of sponsorship income within the next 12 months from the date of signing and will not request the repayment of intercompany loans unless the company has the facilities to repay them. The directors have examined the financial position of the parent undertaking and have satisfied themselves that this support would be available if required. Business and cashflow forecasts have been prepared to assess the financial position of the Group and the directors have reviewed the basis of these projections in arriving at the above conclusions in accordance with the requirements of ISA (UK) 570.

#### 1.3 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. In certain cases, the company enters into agreements with suppliers whereby goods and services are received in exchange for the provision of various sponsorship and marketing activities.

Turnover 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. Turnover is measured at the fair value of the consideration received, excluding discounts, rebate, VAT and other sales taxes.

# RED BULL RACING LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 1 Accounting policies

(Continued)

##### 1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold buildings	20-50 Years
Plant and equipment	3-10 Years
Motor vehicles	3-5 Years

The profit or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

##### 1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

##### 1.6 Stocks

Stocks are stated at the lower of cost and net realisable value. In respect of consumables, cost is defined as purchase price.

##### 1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

##### 1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### *Derecognition of financial liabilities*

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

##### 1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

##### 1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

# RED BULL RACING LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 1 Accounting policies

(Continued)

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.11 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.12 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### **1.13 Leases**

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

#### **1.14 Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

# RED BULL RACING LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 1 Accounting policies

(Continued)

##### 1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

##### 1.16 Research and development

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

##### 1.17 Operating leases

Receipts under operating leases are credited to the profit or loss account on the straight line basis over the term of the lease.

##### 1.18 Investment properties

Investment properties are stated at fair 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 gain or deficit on revaluation is recognised in the profit or loss account for the year and subsequently transferred to the non-distributable reserve.

The company engages with an independent valuation specialist to determine fair value at 31 December 2021 which we did not deem to be different to market value. The key assumptions used to determine the fair value of investment properties are further explained in note 12.

#### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### 3 Turnover and other revenue

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

In certain cases, the company enters into agreements with suppliers whereby goods and services are received in exchange for the provision of various sponsorship and marketing activities. In such cases, turnover is recorded at fair value of goods or services received,

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

**RED BULL RACING LTD****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****4 Operating profit**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	758	(13)
Research and development costs	10,422	10,755
Government grants	-	(251)
Depreciation of owned tangible fixed assets	1,038	1,018
Above the line credit recognised in the year	(1,240)	(1,362)
	<u>          </u>	<u>          </u>

**5 Auditor's remuneration**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Fees payable to the company's auditor and associates:		
Audit of the financial statements of the company	26	24
Non-audit fees relating to taxation services	6	5
	<u>      </u>	<u>      </u>
	<u>32</u>	<u>29</u>

**6 Employees**

The average monthly number of persons (including directors) employed by the company during the year was:

	<b>2021</b>	<b>2020</b>
	<b>Number</b>	<b>Number</b>
Racing and production	50	57
Administration	2	2
	<u>      </u>	<u>      </u>
Total	<u>52</u>	<u>59</u>

Their aggregate remuneration comprised:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	11,963	10,907
Social security costs	1,531	1,485
Pension costs	193	220
	<u>      </u>	<u>      </u>
	<u>13,687</u>	<u>12,612</u>

**RED BULL RACING LTD****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****7 Directors' remuneration**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Remuneration for qualifying services	2,373	2,105

Remuneration disclosed above include the following amounts paid to the highest paid director:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Remuneration for qualifying services	2,373	2,105
Company pension contributions to defined contribution schemes	1	2

Certain directors are also directors of other undertakings within the Red Bull group, of which Red Bull Racing 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.

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

**8 Interest receivable and similar income**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Interest income		
Interest on bank deposits	1	4

**9 Amounts written off fixed assets**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Gain on disposal of fixed assets	80	16

**10 Taxation**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Current tax</b>		
UK corporation tax on profits for the current period	319	437
Adjustments in respect of prior periods	(23)	60
Total current tax	296	497

**RED BULL RACING LTD****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****10 Taxation****(Continued)**

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Profit before taxation	1,652	1,220
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	314	232
Tax effect of expenses that are not deductible in determining taxable profit	67	46
Tax effect of income not taxable in determining taxable profit	(46)	-
Movement in unrecognised deferred tax assets	(20)	159
Adjustments in respect of prior years	(23)	60
Effect of change in corporation tax rate	4	-
Taxation charge for the year	296	497

On 24th May 2021 the increase in the main rate of corporation tax from 19% to 25% was substantively enacted from 1 April 2023. Deferred tax balances have therefore been calculated with reference to the rate substantively enacted at the balance sheet date, being 25%.

**11 Deferred tax**

Deferred tax unrecognised as at 1 January 2021 was £1,723,960. Amounts carried forward at 31 December 2021 are £2,248,378.

**RED BULL RACING LTD****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****12 Tangible fixed assets**

	Freehold buildings £000	Plant and equipment £000	Motor vehicles £000	Total £000
<b>Cost</b>				
At 1 January 2021	15,242	8,713	2,298	26,253
Additions	-	507	356	863
Disposals	-	(142)	(20)	(162)
At 31 December 2021	15,242	9,078	2,634	26,954
<b>Depreciation</b>				
At 1 January 2021	7,651	7,125	1,012	15,788
Depreciation charged in the year	217	486	335	1,038
Eliminated in respect of disposals	-	(142)	(20)	(162)
At 31 December 2021	7,868	7,469	1,327	16,664
<b>Carrying amount</b>				
At 31 December 2021	7,374	1,609	1,307	10,290
At 31 December 2020	7,591	1,588	1,286	10,465

The carrying value of land and buildings comprises:

	2021 £000	2020 £000
Freehold	7,374	7,591

The net book value of freehold land and buildings comprises Freehold Investment properties at a fair valuation of £6,500,000 (2020 - £6,500,000). The investment property was valued by an independent valuer who is a member of The Royal Institution of Chartered Surveyors, White Commercial Surveyors Limited, on the basis of fair value in December 2020. The historical cost of the investment properties included at valuation was £3,676,000 (2020 - £3,676,000). Red Bull Racing Limited has no land recognised in the year.

The critical assumption made relating to the valuations are set out below:

Yields:

2021: 5.00%  
2020: 5.00%



**RED BULL RACING LTD****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021**

<b>13 Stocks</b>	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Raw materials, consumables and racing spares	-	334
<b>14 Debtors</b>	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Amounts falling due within one year:</b>		
Trade debtors	24,282	9,259
Other debtors	1,135	1,458
Prepayments and accrued income	15,999	3,322
	<u>41,416</u>	<u>14,039</u>
<b>15 Creditors: amounts falling due within one year</b>	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	4,180	2,187
Amounts owed to group undertakings	4,445	3,643
Taxation and social security	547	-
Other creditors	663	1
Accruals and deferred income	33,620	12,388
	<u>43,455</u>	<u>18,219</u>
No dividends were paid or settled via intercompany (2020 - £Nil), Intercompany balances are interest free and payable if called upon.		
<b>16 Share capital</b>	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
1,000,000 Ordinary of £1 each	<u>1,000</u>	<u>1,000</u>

**17 Operating lease commitments****Lessor**

The company holds an investment property, which is let to third parties. At 31 December 2021 the company had annual receipts from non-cancellable operating leases as set out below:

**RED BULL RACING LTD****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021****17 Operating lease commitments****(Continued)**

At the reporting end date the company had contracted with tenants for the following minimum lease payments:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Within one year	280	333
Between two and five years	1,120	610
	<u>1,400</u>	<u>943</u>

Lease Income recognised in the period was £nil (2020 - £332,500)

**18 Capital commitments**

Amounts contracted for but not provided in the financial statements:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Acquisition of tangible fixed assets	<u>395</u>	<u>39</u>

**19 Related party transactions**

<b>Amounts due to related parties</b>	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Parent and Fellow Subsidiary Undertakings	<u>4,445</u>	<u>3,643</u>

The related party transactions attributable to the above outstanding balance are in relation to the provisions of goods and services between the entities, associated with the principle activities of those companies.

**20 Ultimate 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 the group financial statements are drawn up and of which the company is a member is Red Bull GmbH, a company incorporated in Austria.