

Registered number 00787446

Mercedes-Benz Grand Prix Ltd
Annual report
for the year ended 31 December 2012

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Mercedes-Benz Grand Prix Ltd

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Mercedes-Benz Grand Prix Ltd

Directors' report for the year ended 31 December 2012

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

Business review and principal activity

The principal activity of the company is the design, development, manufacture, testing and racing of Formula One motor racing cars

The team finished 5th in the 2012 FIA Formula One World Championship for constructors, which was below the performance expectations for the team

The financial results for the company show a loss after tax of £31.6 million (2011 loss of £10.9 million). As at 31 December 2012 the company had a net overdrawn position of £1.6m (2011 net cash of £0.8 million) with the principal liquid assets being held within the Daimler group

Business environment

The 2012 Formula One season comprised 20 races, which was the highest in F1 history, including a successful return to the USA with the first running of the United States Grand Prix in Austin. The Championship was contested by the same 12 constructors as the previous two seasons, but underlying this appearance of stability was the continuing challenge for teams to generate a sustainable level of commercial revenue. The attraction and retention of commercial sponsorship partners in light of continuing difficult economic conditions continues to be a key issue facing all of the F1 teams.

Further efforts were made to improve the governance and compliance mechanisms of the Resource Restriction Agreement, including an attempt to adopt the resource restrictions as part of the FIA Sporting Regulations. Despite a long term solution to the cost control issue having yet to be found, this remains a key imperative for the future health and success of the sport of F1 and its competitors.

Although a new Concorde Agreement was not signed before the expiry of the existing one in December 2012, many of the competing teams, including Mercedes-Benz Grand Prix Limited, signed bilateral commercial agreements with the Commercial Rights Holder thereby committing to their participation in F1 through to 2020.

Strategy

The company's principal objective is to win the FIA Formula One World Championship.

The company's strategy is to achieve this principal objective in a manner that best represents the Mercedes-Benz brand and the interests of other commercial partners and to provide its stakeholders with success in F1 at the best value for money.

During 2012 the team continued to build on the improvements to its design, engineering and manufacturing operations that had begun in the previous year. A particular emphasis has been placed on ensuring that the company has the capacity to handle multiple development programmes, which will be a critical success factor with the upcoming regulation changes for the 2014 season.

The company remains committed to cost reduction and resource restriction in F1 and will continue to work with the other competitor teams to achieve this objective in a fair and transparent way.

Research and development

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

Mercedes-Benz Grand Prix Ltd

Directors' report for the year ended 31 December 2012 (continued)

Future outlook

The restructuring of the functions of design, engineering and manufacturing operations that began in 2011 and has been consolidated throughout 2012, has provided the basis for a more competitive race car for 2013 and future seasons. With the recruitment of Lewis Hamilton and the retention of Nico Rosberg as the team's race drivers for the 2013 season, an improved sporting performance is expected.

The company is well equipped to meet the challenges of future regulatory changes, which it sees as a key opportunity to improve its competitive position in F1.

The relationship with Mercedes-Benz, combined with ongoing sponsorship from prestigious international companies like PETRONAS, has placed the company in a positive position to secure future commercial income in a challenging global economic environment.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks, which are reviewed by the board and appropriate processes put in place to monitor and mitigate them. The key business risks are as follows:

Competition

The company operates in the field of Formula One motor racing, which is acknowledged as the pinnacle of international motorsport and is naturally a highly competitive operating environment. This results not only in pressure to achieve the company's targets for sporting performance but also revenue generation from sponsorship and the Concorde Agreement. This risk is mitigated by the recruitment and retention of highly talented and experienced personnel, maintaining design, development and production facilities at the highest level within Formula One, securing the services of the best available race drivers and strong technical relationships with Mercedes-Benz, PETRONAS and other partners.

Interest and liquidity risk

The company's cash is managed on a group basis with cash balances held on intercompany accounts. These arrangements are managed on an arms length basis with the group central treasury department.

Credit risk

The company's exposure to credit risk is primarily through its sponsorship contracts and it has implemented policies that require appropriate credit checks on potential sponsors during the negotiation of new contracts. Any specific risks are brought to the attention of management and are reassessed regularly.

Foreign exchange risk

The company is exposed to movements in foreign exchange rates as a result of revenue receipts and operating costs in currencies other than sterling. These risks are now managed on a group basis.

Mercedes-Benz Grand Prix Ltd

Directors' report for the year ended 31 December 2012 (continued)

Dividends

The directors do not recommend payment of a dividend (2011 £nil)

Directors

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

T Weber	
N Haug	(resigned on 21 January 2013)
J Schmidt	(resigned on 23 October 2012 and appointed on 19 February 2013)
M Al-Husseiny	(resigned on 21 March 2012)
B Mowry	(appointed on 30 March 2012 and resigned on 1 August 2012)
A Iapachino	(appointed on 30 March 2012 and resigned on 1 August 2012)
K Mehairi	(appointed on 1 August 2012 and resigned on 27 December 2012)
J Sullivan	(appointed on 1 August 2012 and resigned on 27 December 2012)
A Lauda	(appointed 23 October 2012)
W Bernhard	(appointed 19 February 2013)

Employees

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

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

Creditor payment policy

For all trade creditors, it is the company's policy to

- agree the terms of payment at the start of business with that supplier
- ensure that the suppliers are aware of the terms of the payment
- pay in accordance with its contractual and other legal obligations

Trade creditor days for the year ended 31 December 2012 were 21 days (2011 8 days), based on the ratio of company trade creditors at the end of the year to the amounts invoiced by suppliers during the year.

Donations

During the year the company made charitable donations amounting to £11,453 (2011 £14,317)

Mercedes-Benz Grand Prix Ltd

Directors' report for the year ended 31 December 2012 (continued)

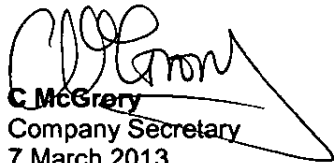
Disclosure of information to auditors

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

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office

By order of the board



C McGarry
Company Secretary
7 March 2013
Operations Centre
Brackley
Northants
NN13 7BD

Mercedes-Benz Grand Prix Ltd

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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, 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 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.



KPMG Audit Plc
Altius House
One North Fourth Street
Milton Keynes
MK9 1NE
United Kingdom

Independent auditors' report to the members of Mercedes-Benz Grand Prix Ltd

We have audited the financial statements of Mercedes-Benz Grand Prix Ltd for the year ended 31 December 2012 set out on pages 10 to 23. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with UK 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of Mercedes-Benz Grand Prix Ltd (continued)

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



Peter Selvey (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants
Altius House
One North Fourth Street
Milton Keynes
MK9 1NE

Date *8 March, 2013.*

Mercedes-Benz Grand Prix Ltd

Profit and loss account for the year ended 31 December 2012

		2012	2011
	Note	£'000	Restated (note 1) £'000
Turnover	2	114,853	114,853
Cost of sales		(145,098)	(120,505)
Gross loss		(30,245)	(5,652)
Administrative expenses		(5,967)	(5,454)
Operating loss		(36,212)	(11,106)
Interest receivable and similar income	6	54	250
Interest payable and similar charges	7	(68)	-
Loss on ordinary activities before taxation		(36,226)	(10,856)
Tax on result on ordinary activities	8	4,646	-
Loss for the financial year	18	(31,580)	(10,856)

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

The notes on pages 12 to 23 form part of these financial statements

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

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

Mercedes-Benz Grand Prix Ltd

Balance sheet as at 31 December 2012

		2012	2011 Restated (note 1)
	Note	£'000	£'000
Fixed assets			
Intangible assets	9	2,142	-
Tangible assets	10	26,521	24,994
Heritage assets	11	650	612
		29,313	25,606
Current assets			
Stocks	12	1,891	1,388
Race car development		19,422	21,129
Debtors	13	35,145	48,334
Cash at bank and in hand		906	810
		57,364	71,661
Creditors – amounts falling due within one year	14	(41,949)	(23,795)
Net current assets		15,415	47,866
Total assets less current liabilities		44,728	73,472
Provisions for liabilities	15	(3,790)	(954)
Net assets		40,938	72,518
Capital and reserves			
Called-up share capital	17	-	-
Share premium account	18	44	44
Profit and loss account	18	40,894	72,474
Total shareholders' funds	19	40,938	72,518

The notes on pages 12 to 23 form part of these financial statements

The financial statements were approved by the board of directors on 7 March 2013 and signed on its behalf by


A. Lauda
Director

Mercedes-Benz Grand Prix Ltd

Notes to the financial statements for the year ended 31 December 2012

1 Principal accounting policies

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Going concern

The company has entered into a group cash pooling agreement with its ultimate parent undertaking Daimler AG. The balances which form part of this arrangement as at 31 December 2012 are disclosed in these financial statements as Amounts owed from group undertakings – cash pooling. In addition, the company's ultimate parent undertaking, Daimler AG, has indicated to the company that for at least 12 months from the date of approval of these financial statements it intends to, if required, make available financial support to assist the company in meeting its financial liabilities as and when they fall due. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and therefore they continue to adopt the going concern principle in the financial statements.

Change in accounting policy – prior year restatement

From 1 January 2012 the Directors have capitalised research and development expenditure under FRS 10 Intangible assets and SSAP 13 Accounting for Research and Development. As a result of the change, research and development expenses relating to the following season's car are included within current assets. Those research and development expenses relating to cars beyond next season are included within intangible assets.

The change in accounting policy has been applied retrospectively. It increases the current assets and retained earnings at 1 January 2011 by £10,533,000 and by £10,245,000 for the year ended 31 December 2011. An amount of £10,498,000 was capitalised under current assets and £2,142,000 under intangible assets in the year ended 31 December 2012.

The current asset is categorised as 'race car development' in the financial statements.

Cash flow

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated accounts.

Turnover

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

Foreign currencies

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

Mercedes-Benz Grand Prix Ltd

Notes to the financial statements for the year ended 31 December 2012 (continued)

1 Principal accounting policies (continued)

Operating leases

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

Intangible assets

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

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

Tangible fixed assets

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

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

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

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

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

Heritage assets

The company's collection of historic cars is stated at historic purchase cost less a provision to recoverable amount. The historic cars have an indefinite life and therefore are not depreciated. The company maintains its collection of cars to an excellent condition and any maintenance costs are charged to the profit and loss account when incurred. Subject to management approval the company may dispose of any cars from the collection.

Stocks

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

Mercedes-Benz Grand Prix Ltd

Notes to the financial statements for the year ended 31 December 2012 (continued)

1 Principal accounting policies (continued)

Race car development

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

Provisions

(a) Provisions

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

(b) Deferred taxation

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

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

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

Related parties

As the Company is a wholly owned subsidiary of Daimler AG, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

2 Turnover

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

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Notes to the financial statements for the year ended 31 December 2012 (continued)

3 Loss on ordinary activities before taxation

	2012 £'000	2011 £'000
Depreciation of tangible fixed assets - owned assets	4,790	3,753
Gain on disposal of fixed assets	(62)	(179)
Operating lease charges		
- plant and machinery	40	30
- other assets	13,325	12,717
Foreign exchange gain	(363)	(2,293)

	2012 £'000	2011 £'000
Auditors' remuneration:		
Remuneration receivable by the company's auditors for the auditing of the annual financial statements	41	41
Fees payable to company's auditors and its associates for other services		
- other audit services	16	14

4 Remuneration of directors

	2012 £'000	2011 £'000
Aggregate emoluments	-	455
Company contributions to personal pension plan	-	-
	-	455
Highest paid director:		
Aggregate emoluments	-	455
Company contributions to personal pension plan	-	-
	-	455

The Directors' remuneration is now paid by another group company

Mercedes-Benz Grand Prix Ltd

Notes to the financial statements for the year ended 31 December 2012 (continued)

5 Employee information

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

By activity	2012 Number	2011 Number
Design, manufacturing and engineering	550	474
Administration	62	52
	612	526

Staff costs	2012 £'000	2011 £'000
Wages and salaries	36,790	31,026
Social security costs	4,274	3,618
	41,064	34,644

6 Interest receivable and similar income

	2012 £'000	2011 £'000
Bank interest receivable	-	197
Cash pooling interest receivable	54	53
	54	250

7 Interest payable and similar charges

	2012 £'000	2011 £'000
Cash pooling interest payable	68	-

Mercedes-Benz Grand Prix Ltd

Notes to the financial statements for the year ended 31 December 2012 (continued)

8 Tax on result on ordinary activities

The company has estimated taxation losses available to be carried forward of approximately £113 million (2011 £74 million) which will be available to reduce future taxable income

	2012 £'000	2011 £'000
Current tax:		
United Kingdom corporation tax on result of the year	-	-
Adjustment in respect of previous years	(4,646)	-
Total current tax	(4,646)	-

The tax assessed for the year is higher than (2011 higher than) the standard effective rate of corporation tax in the UK of 24.5% (2011 26.5%). The differences are explained below

	2012 £'000	2011 Restated £'000
Loss on ordinary activities before taxation	(36,226)	(10,856)
Result on ordinary activities multiplied by standard rate in the United Kingdom 24.5% (2011 26.5%)	(8,875)	(2,877)
Effects of		
Expenses not deductible for tax purposes	2,542	259
Difference between depreciation and capital allowances	(448)	995
Other timing differences	(35)	(207)
Research & development tax relief	(2,818)	(2,651)
Carried forward tax losses	9,634	4,481
Adjustment in respect of previous periods	4,646	-
Current tax for the year	(4,646)	-

The 2012 budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 25% to 24% (effective from 1 April 2012) was substantively enacted on 26 March 2012 and a further reduction to 23% (effective from 1 April 2013) was substantively enacted on 3 July 2012.

9 Intangible assets

	Development costs £'000
Cost and net book value	
At 1 January 2012	-
Additions	2,142
At 31 December 2012	2,142

Mercedes-Benz Grand Prix Ltd

Notes to the financial statements for the year ended 31 December 2012 (continued)

10 Tangible assets

Cost	Short leasehold land and buildings including tenants improvements £'000	Plant and machinery £'000	Fixtures and fittings £'000	Computer equipment £'000	Motor vehicles £'000	Assets under construction £'000	Total £'000
At 1 January 2012	25,305	36,706	4,079	9,047	4,807	2,321	82,265
Additions	38	4,451	311	1,257	41	282	6,380
Transfers	-	2,249	72	-	-	(2,321)	-
Disposals	-	(305)	-	-	(7)	-	(312)
At 31 December 2012	25,343	43,101	4,462	10,304	4,841	282	88,333
Accumulated depreciation							
At 1 January 2012	(16,897)	(25,477)	(3,375)	(8,455)	(3,067)	-	(57,271)
Charge for the year	(886)	(2,836)	(94)	(448)	(526)	-	(4,790)
Disposals	-	242	-	-	7	-	249
At 31 December 2012	(17,783)	(28,071)	(3,469)	(8,903)	(3,586)	-	(61,812)
Net book value							
At 31 December 2012	7,560	15,030	993	1,401	1,255	282	26,521
At 31 December 2011	8,408	11,229	704	592	1,740	2,321	24,994

Mercedes-Benz Grand Prix Ltd

Notes to the financial statements for the year ended 31 December 2012 (continued)

11 Heritage assets

Cost and net book value	Historic cars £'000
At 1 January 2012	612
Additions	50
Disposals	(12)
At 31 December 2012	650

Five year financial summary of heritage asset transactions

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Additions	50	-	50	100	100
Disposals – net book value	12	-	-	-	-
Disposals - proceeds	12	-	-	-	-

12 Stocks

	2012 £'000	2011 £'000
Raw materials	1,891	1,388

13 Debtors

	2012 £'000	2011 £'000
Trade debtors	3,351	12,123
Amounts owed by group undertakings	175	220
Amounts owed by group undertakings – cash pooling	22,401	26,544
Other debtors	899	937
Prepayments and accrued income	8,319	8,510
	35,145	48,334

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

Mercedes-Benz Grand Prix Ltd

Notes to the financial statements for the year ended 31 December 2012 (continued)

14 Creditors – amounts falling due within one year

	2012 £'000	2011 £'000
Bank overdraft	2,473	-
Trade creditors	7,190	2,523
Amounts owed to group undertakings	136	65
Taxation and social security	1,380	1,281
Accruals and deferred income	30,770	19,926
	41,949	23,795

Amounts owed to group undertakings are interest free, unsecured and have no fixed date of repayment

15 Provisions for liabilities

	Property provision £'000	Termination provision £'000	Sales tax provision £'000	Total £'000
At 1 January 2012	757	-	197	954
Charged to the profit and loss account	76	249	2,511	2,836
Amounts utilised during the year	-	-	-	-
At 31 December 2012	833	249	2,708	3,790

Property provision

This relates to an estimate for dilapidations and reinstatement costs in relation to the main site at Reynard Park Brackley

Termination provision

This relates to the employment termination costs associated with organisational restructuring

Sales tax provision

This relates to potential sales tax liabilities. Current case law does not prescribe exactly how sales tax should be treated in certain circumstances. The Directors have made adequate provision in relation to sales tax.

Mercedes-Benz Grand Prix Ltd

Notes to the financial statements for the year ended 31 December 2012 (continued)

16 Deferred tax

The unrecognised total potential deferred tax assets are as follows

	2012	2011
Amount not recognised	£'000	£'000
Short term timing differences	(148)	(157)
Accelerated capital allowances	(899)	(4,767)
Losses	(25,957)	(19,128)
	(27,004)	(24,052)

A deferred tax asset has not been recognised in the year as it is uncertain that the asset will crystallise in the foreseeable future

17 Called up share capital

	2012	2011
	£	£
Allotted and fully paid		
1,000,000 ordinary shares of £0.0002 each	200	200

18 Reserves

	Share premium account	Profit and loss account
	£'000	restated £'000
At 1 January 2012 as previously stated	44	62,229
Prior year adjustment	-	10,245
At 1 January 2012 as restated	44	72,474
Loss for the financial year	-	(31,580)
At 31 December 2012	44	40,894

Mercedes-Benz Grand Prix Ltd

Notes to the financial statements for the year ended 31 December 2012 (continued)

19 Reconciliation of movements in shareholders' funds

	Note	2012 £'000	2011 Restated £'000
Loss for the financial year		(31,580)	(10,856)
Opening shareholders' funds (originally £62,273,000 before the prior year adjustment of £10,245,000)		72,518	83,374
Closing shareholders' funds		40,938	72,518

20 Analysis of net funds

	2011 £'000	Cash flow £'000	2012 £'000
Cash at bank and in hand	810	96	906
Bank overdraft	-	(2,473)	(2,473)
Net funds as at 31 December	810	(2,377)	(1,567)

21 Financial commitments

At 31 December 2012 there were annual commitments under non-cancellable operating leases expiring as follows

	Land and buildings 2012 £'000	Other 2012 £'000	Land and buildings 2011 £'000	Other 2011 £'000
Within one year	-	4,897	-	-
Within two and five years	-	6,565	-	11,730
After five years	1,332	-	1,332	-
	1,332	11,462	1,332	11,730

22 Capital commitments

The company had capital commitments of £847,000 at 31 December 2012 (2011 £856,000)

Mercedes-Benz Grand Prix Ltd

Notes to the financial statements for the year ended 31 December 2012 (continued)

23 Related party transactions

As the Company is a wholly owned subsidiary of Daimler AG, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group

24 Ultimate parent company and controlling party

At 31 December 2012 the directors regarded Daimler UK Limited, a company incorporated in the United Kingdom, as the immediate parent company and immediate controlling party

At 31 December 2012 the directors regarded Daimler AG, a company incorporated in Germany, as the ultimate parent company and the controlling party. Daimler AG is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements. The consolidated statements of Daimler AG can be obtained from the Company secretary, Mercedesstrasse 137, 70327 Stuttgart, Germany