
MERCEDES-BENZ GRAND PRIX LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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MERCEDES-BENZ GRAND PRIX LIMITED

COMPANY INFORMATION

Directors	Rene Berger Markus Schäfer Toto Wolff Philipp Schiemer (appointed 18 February 2021) Andrew Christopher Currie (appointed 25 January 2022) Jonathan Frank Ginns (appointed 25 January 2022)
Registered number	00787446
Registered office	Operations Centre Brackley Northamptonshire NN13 7BD
Independent auditors	KPMG LLP Challenge House Sherwood Drive Bletchley Milton Keynes MK3 6DP

MERCEDES-BENZ GRAND PRIX LIMITED

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MERCEDES-BENZ GRAND PRIX LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Principal Activities and Business review

The principal activity of the company is to operate and manage a Formula One racing team, including the design, development, manufacture, testing and racing of Formula One motor racing cars.

The company carries out this activity through the operation of the Mercedes-AMG Petronas Formula One Team, which is an entrant in the FIA Formula One World Championship. Through its Applied Science division, the company also leverages expertise and technological capability to support customers to deliver world-class engineering.

The company seeks to maximise performance in the Drivers' and Constructors' Championships by harnessing personnel, technology, finance, and other resources to achieve a performance level that exceeds the competition.

The company's success is measured by its performance in the Championships and by reference to the financial parameters defined by its shareholders.

New Financial Regulations were introduced in 2021 which support Formula One teams to achieve standalone financial sustainability in the years ahead. These regulations have required significant efforts to restructure the organisation to ensure full compliance from 2021 and continue to deliver maximum on-track performance. The positive impact from the implementation of the Financial Regulations can be seen in the reduction of the cost base in 2021.

The company enjoyed another year of unprecedented success in the Constructors' Formula One World Championship, becoming the first team ever to secure an eighth consecutive championship. In the Drivers' Championship, Lewis Hamilton finished P2 and Valtteri Bottas secured P3 following a controversial conclusion to the final race in Abu Dhabi.

In a calendar of 22 races, the team scored 9 wins and 28 podiums. Reliability remained high in 2021, with the team's cars completing 2377 of the 2594 racing laps during the season and registering 5 DNF from 44 starts. The team won the 2021 Constructors' Championship with a total of 613.5 points.

This exceptional on-track performance translated into media coverage of the team. The Mercedes-AMG Petronas Formula One Team enjoyed a 23.6% share of television coverage during the season and generated a cumulative television Advertising Value Equivalent (AVE) of \$6.464 billion for its commercial partners.

In parallel to the team's success in recent seasons, the Mercedes-Benz brand has grown in value from \$31.9 billion in 2013 to \$50.9 billion in 2021 (as measured by Interbrand), with Formula One making an important contribution to the brand's status as the eighth most valuable in the world.

The Applied Science division has continued to develop and is working with several key clients on exciting and challenging projects using its capability, most notably the support of the INEOS Britannia project for the America's Cup 37 challenge. This division has been a positive step in the development of the business model and the redeployment of resources enabled by the introduction of the Financial Regulations.

Turnover was £383.3 million (2020 £355.3 million) this increase resulted primarily from higher sponsorship and Applied Science income.

Current year profitability and forecasted future profitability led to a previously unrecognised deferred tax asset in 2021 of £11.1m. The company therefore made an annual profit after taxation of £68.8 million (2020: £13.6 million).

Mercedes-Benz Grand Prix Limited will continue with its principal activity as a Formula One racing team and aspires to win both championships in 2022. The company will also operate and grow a market-leading Applied Science division, delivering high-performance engineering expertise to new and existing third-party customers.

MERCEDES-BENZ GRAND PRIX LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Stakeholder engagement

The directors are aware of their duty under s.172 of the Companies Act 2006 to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regards (amongst other matters) to:

- the likely consequences of any decision in the long term,
- the interests of the company's employees,
- the need to foster the company's business relationships with suppliers, customers and others,
- the impact of the company's operations on the community and the environment,
- *the desirability of the company maintaining a reputation for high standards of business conduct, and*
- the need to act fairly as between members of the company

The directors' strategy is to pursue both the Drivers' and Constructors' Formula One Championships 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.

The team's values of Passion, Respect, Innovation, Determination and Excellence are at the heart of all interactions with its stakeholders. Employee involvement is detailed within the Directors' report.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to several 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 a highly competitive environment. This results in pressure to achieve not only the company's targets for sporting performance but also revenue generation from sponsorship and the Commercial Rights Holder. This risk is mitigated by the recruitment and retention of highly talented and experienced personnel, maintaining design, development, production and race circuit 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 maintains a strong cash generation capability and the company's liquidity is monitored closely via weekly cashflow projections and longer term cashflow planning to ensure that the company can meet liabilities as they fall due. Shareholders are updated monthly on the current liquidity of the business and any deviations to forecast.

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.

MERCEDES-BENZ GRAND PRIX LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Foreign exchange risk

The company is exposed to movements in foreign exchange rates because of revenue receipts and operating costs in currencies other than sterling. These risks are monitored closely and reported on monthly.

Reputational Risk

Protecting the company's brand and reputation remains a risk, recently the process has been reviewed with regard to new sponsors and partnerships to ensure the highest levels of reputation are maintained.

COVID-19

The company is taking all necessary precautions to protect the workforce in line with Government advice. The race calendar has been carefully considered and planned to ensure the safety of all individuals and aims to deliver 23 races in the 2022 season. A prudent approach will continue to be taken in regard to possible impacts on the business and contingency plans are regularly reviewed to mitigate effects of the virus on the business.

Future outlook

On 25 January 2022 INEOS became a one-third shareholder in the Team. Upon completion of that transaction, the company is now owned in three equal parts by Mercedes-Benz Holdings UK Limited, Motorsports Invest Limited and Ineos Industries Holdings Limited.

On 17 February 2022, the newly formed board approved the capital purchase of the Brackley site. The agreement with the landlord was completed on 18 March 2022. The site was purchased by Mercedes-Benz Grand Prix Estates Limited, a wholly owned subsidiary with 50% of the purchase price being financed externally. The existing contractual arrangements and obligations will be transferred to the new landlord and will be maintained. In the agreement one share of R.T.C. Management Company Limited was also purchased, becoming a wholly owned subsidiary.

The Directors are proud and enthusiastic to be competing in the 2022 season and are committed to maintaining the impressive record of achievement since 2014. George Russell joined the team in 2022 replacing Valtteri Bottas.

As a high-technology business, the team can adapt competitively and commercially to changes in its operating environment and will continue to invest in its capability and culture to ensure medium and long-term success both on and off track. The company would like to thank Mercedes-Benz, PETRONAS, INEOS and our other partners for their continuing support.

This report was approved by the board on 30 March 2022 and signed on its behalf.



Toto Wolff
Director

MERCEDES-BENZ GRAND PRIX LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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

Dividends

The directors proposed a final dividend in relation to the 2021 financial year on 19 January 2022 of £55.2 million payable in March 2022 (2020: £nil) and was approved by written resolution on 29 March 2022.

Directors

The directors who served during the year and up to the date of signing were:

Rene Berger
Markus Schäfer
Britta Seeger (resigned 18 February 2021)
Toto Wolff
Alex Nediger (appointed 29 June 2020, resigned 25 January 2022)
Philipp Schiemer (appointed 18 February 2021)
Andrew Christopher Currie (appointed 25 January 2022)
Jonathan Frank Ginns (appointed 25 January 2022)

Employee involvement

The company is committed to proactive programmes 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.

The company has also worked to embed Diversity and Inclusion more deeply in its values and behaviours through Accelerate 25, a five-year programme to build a more diverse and performant team, which aims to recruit at least 25% of new starters in each year to 2025 from under-represented backgrounds.

After the first year of the programme, a review of new starters in 2021 showed that 38% of new team members joined the team from under-represented groups. Female employees rose from 12% to 14% of the workforce and employees from minority ethnic groups rose from 3% to 6%.

In addition, the company has started to develop targeted education initiatives to encourage and support students from under-represented backgrounds who aspire to reach F1, including the creation of the Mulberry STEM Academy. 48 students completed the first year of the Academy's programme comprising imaginative teaching, career coaching, mentorship and extra-curricular experiences. The 2022 cohort will comprise 100 Year 10 and Year 12 students. Furthermore, the first year of the team's partnership with the Stemettes saw 34 Stemettes engage in individual four-month mentoring programmes with 34 team members to support and guide their STEM journeys.

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.

Political contributions

The company made no political donations or incurred any political expenditure during the year (2020: £nil).

MERCEDES-BENZ GRAND PRIX LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Research and development activities

The activities of the company are dedicated towards the design and development of a car to compete successfully in the FIA Formula One World Championship as well as supporting other customers in innovative projects through our applied science division. The directors consider the investment in research and development to be integral to the continued success of the company.

Environmental policy and mandatory greenhouse gas emissions reporting

In March 2020, Mercedes-Benz Grand Prix Limited announced an ambitious sustainability strategy, in line with Mercedes-Benz Group AG's Ambition 2039 to achieve a carbon-neutral new passenger car fleet by 2039 and Formula One's ambition to achieve net-zero status for the sport by 2030.

The company is on track to reduce its CO2 footprint by 50% by the end of 2022, compared to the baseline set in 2018.

In 2021, the team published for the first time an independently audited carbon footprint, reporting total emissions of 8,961 tonnes of CO2 for the pandemic-impacted 2020 season. This data is part of a separate document and audited separately from the financial statements.

The team's unavoidable emissions are offset using gold-standard programmes working with MyClimate; for 2020, the team's offsets contributed to renewable power projects in the Dominican Republic (solar) and Turkey (wind power).

The company's efforts in this field were recognised by the award of the FIA 3* Environmental Accreditation standard in December 2020.

The team is now working to identify and implement the next phase of sustainable operations beyond the end of 2022, with an aspiration to become a net-zero sports team by the introduction of the sport's next powertrain regulations in 2026.

	2021 £000	2020 £000
SECR Inventory		
Energy consumption used to calculate emissions: /kWh	18,002,505	17,152,776
Emissions from Scope 1 tCO2e	338	359
Emissions from purchased electricity tCO2e (Scope 2)	3,447	3,895
Total gross tCO2e based on above	3,785	4,254
Intensity ratio: tCO2e gross pre average number of employees	4	4

MERCEDES-BENZ GRAND PRIX LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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

The directors are responsible for preparing the Strategic Report, 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), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

- select suitable accounting policies and then apply them consistently;
- make judgments 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

MERCEDES-BENZ GRAND PRIX LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Disclosure of information to auditors

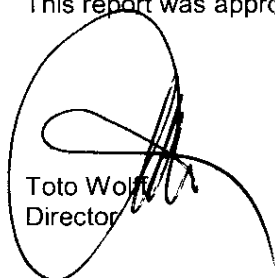
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

The auditors, KPMG LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 30 March 2022 and signed on its behalf.



Toto Wolff
Director

MERCEDES-BENZ GRAND PRIX LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MERCEDES-BENZ GRAND PRIX LIMITED

Opinion

We have audited the financial statements of Mercedes-Benz Grand Prix Limited ("the company") for the year ended 31 December 2021 which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards including, FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

MERCEDES-BENZ GRAND PRIX LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MERCEDES-BENZ GRAND PRIX LIMITED

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

- Enquiring of directors as to the company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

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

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk that management may be in a position to make inappropriate accounting entries; and
- the risk that external revenue from sponsorship and other services is overstated by being recorded in the wrong period.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included revenue and cash journal entries posted to unexpected accounts and journal entries posted to seldom used accounts.
- Testing a sample of revenue transactions to supporting documentation to assess whether revenue had been recorded in the correct accounting period.

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

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and from inspection of the company's regulatory and legal correspondence and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

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

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

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

MERCEDES-BENZ GRAND PRIX LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MERCEDES-BENZ GRAND PRIX LIMITED

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: FIA sporting and financial regulations, health and safety, anti-bribery, employment law, tax laws and certain aspects of company legislation recognising the financial and regulated nature of the company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. *Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.*

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

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

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

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

MERCEDES-BENZ GRAND PRIX LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MERCEDES-BENZ GRAND PRIX LIMITED

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

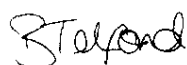
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at:
www.frc.org.uk/auditors-responsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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

Bethan Telford (Senior statutory auditor)



for and on behalf of

KPMG LLP, Statutory Auditor

Challenge House
Sherwood Drive
Bletchley
Milton Keynes
MK3 6DP

Date: 30 March 2022

MERCEDES-BENZ GRAND PRIX LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £000	2020 £000
Turnover	2	383,302	355,301
Cost of sales		(297,491)	(324,939)
Gross profit		85,811	30,362
Administrative expenses		(13,873)	(12,867)
Operating profit	3	71,938	17,495
Interest receivable and similar income	7	17	21
Interest payable and similar expenses	8	(93)	(285)
Profit before tax		71,862	17,231
Tax on profit	9	(3,056)	(3,593)
Profit for the financial year		68,806	13,638

The notes on pages 15 to 35 form part of these financial statements.

MERCEDES-BENZ GRAND PRIX LIMITED
REGISTERED NUMBER: 00787446

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £000	2020 £000
Fixed assets			
Intangible assets	10	1,266	-
Tangible assets	11	80,997	85,755
Heritage assets	12	6,105	4,918
		<u>88,368</u>	<u>90,673</u>
Current assets			
Race car development		35,097	36,734
Stocks	13	3,222	1,494
Debtors: amounts falling due after more than one year	14	1,330	-
Debtors: amounts falling due within one year	14	172,059	95,333
Cash at bank and in hand		4,171	161
		<u>215,879</u>	<u>133,722</u>
Creditors: amounts falling due within one year	15	(158,431)	(146,702)
Net current assets/(liabilities)		<u>57,448</u>	<u>(12,980)</u>
Total assets less current liabilities		<u>145,816</u>	<u>77,693</u>
Provisions for liabilities			
Other provisions	17	(5,793)	(6,476)
		<u>(5,793)</u>	<u>(6,476)</u>
Net assets		<u><u>140,023</u></u>	<u><u>71,217</u></u>
Capital and reserves			
Called up share capital	18	70,000	130,000
Share premium account	19	44	44
Profit and loss account	19	69,979	(58,827)
Shareholders' funds		<u><u>140,023</u></u>	<u><u>71,217</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

30 MARCH 2022.

Toto Wolff
 Director

The notes on pages 15 to 35 form part of these financial statements.

MERCEDES-BENZ GRAND PRIX LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
At 1 January 2020	130,000	44	(72,465)	57,579
Profit for the year	-	-	13,638	13,638
At 1 January 2021	130,000	44	(58,827)	71,217
Profit for the year	-	-	68,806	68,806
Share capital reduction	(60,000)	-	60,000	-
At 31 December 2021	70,000	44	69,979	140,023

The notes on pages 15 to 35 form part of these financial statements.

MERCEDES-BENZ GRAND PRIX LIMITED

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

1. Accounting policies

1.1 Basis of preparation of financial statements

Mercedes-Benz Grand Prix Limited (the "Company") is a private Company incorporated, domiciled and registered in England in the UK. The registered number is 00787446 and the registered address is Operations Centre, Brackley, Northamptonshire, NN13 7BD.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

The Company is exempt by virtue of s405 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The Company's ultimate parent undertaking, Mercedes-Benz Group AG includes the Company in its consolidated financial statements. The consolidated financial statements of Mercedes-Benz Group AG are prepared in accordance with the International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from Mercedesstrasse 137, 70327 Stuttgart, Germany. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statements and related notes; and
- Key Management Personnel compensation

As the consolidated financial statements of Mercedes-Benz Group AG include disclosures equivalent to those required by FRS 102, the Company has also taken the exemptions available in respect of the following disclosures:

- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The following principal accounting policies have been applied:

MERCEDES-BENZ GRAND PRIX LIMITED

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

1. Accounting policies (continued)

1.2 Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of the financial statements which indicate that the company will have sufficient funds to meet its liabilities as they fall due for that period.

Following the implementation of a new shareholding structure, the cash pooling agreement with Mercedes-Benz Group AG ceased on 25 January 2022. Preceding the cessation of the cash pooling agreement Mercedes-Benz Grand Prix agreed credit facilities with Mercedes-Benz Group AG and Ineos Industries Holdings Limited. At present there is no requirement to draw down on these facilities during the going concern period.

Consequently, the directors are confident that the company has sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.3 Foreign currency translation

Functional and presentation currency

The Company's functional currency and presentational currency is GBP. All amounts in the financial statements have been rounded to the nearest £1,000.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

MERCEDES-BENZ GRAND PRIX LIMITED

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

1. Accounting policies (continued)

1.4 Revenue

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 as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

The company principally earns revenue through sponsorship income, prize money, sale of goods and rendering of services. Revenue in relation to sponsorship deals where there are a number of deliverables, is recognised by attributing the revenue to each deliverable using the fair value approach and the revenue is then recognised once we are satisfied the relevant recognition criteria has been met.

Where sponsorship deals are satisfied in payment other than cash, revenue is recognised on the fair value of the goods or services received. Prize money is received in relation to performance in the FIA Formula One World Championships and is based on reliable estimates of the expected prize money available.

If no reliable measurement can be made for any revenue estimates, the revenue is not recognised.

1.5 Operating leases: the Company as lessor

Rentals income from operating leases is credited to the Profit and Loss Account on a straight line basis over the term of the relevant lease.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight line basis, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased asset is diminished.

1.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.7 Interest income

Interest income is recognised in the Profit and Loss Account using the effective interest method.

1.8 Borrowing costs

All borrowing costs are recognised in the Profit and Loss Account in the year in which they are incurred.

MERCEDES-BENZ GRAND PRIX LIMITED

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

1. Accounting policies (continued)

1.9 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

1.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of *business combinations*, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1.11 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

MERCEDES-BENZ GRAND PRIX LIMITED

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

1. Accounting policies (continued)

1.11 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

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

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Profit and Loss Account.

1.12 Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

1.13 Heritage Assets

The company's collection of historic cars and related assets are stated at historic purchase cost less a provision to recoverable amount.

The historic cars and related assets have an indefinite life and therefore are not depreciated.

The company maintains its collection of heritage assets 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 heritage assets from the collection.

Assets are valued by independent valuers in their first year of recognition as a heritage asset and every 5 years subsequent. The directors value the remaining portfolio every year. The last external valuation for all existing assets was carried out on 9th August 2017 and the valuation of all newly recognised assets was conducted on the basis of recent valuations of equivalent assets.

MERCEDES-BENZ GRAND PRIX LIMITED

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

1. Accounting policies (continued)

1.14 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.

1.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and Loss Account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

Restructuring provisions are recognised when the company has a detailed, formal plan for the restructuring which has been communicated with the employees and therefore the company has a legal or constructive obligation to carry out the restructuring.

The restructuring provision comprises of payment in lieu of notice, compensation for redundancy and associated legal fees.

1.16 Intangible assets

Intangible assets under the cost model are stated at historic purchase cost less any accumulated amortisation and less any accumulated impairment losses.

The historical cost of intangible assets such as software licenses includes expenditure that is directly attributable to preparing the asset for its intended use. For development costs this 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 the development costs would be the season to which the development relates. Software licenses are amortised on a straight-line basis over their useful lives which range from 3 to 5 years.

MERCEDES-BENZ GRAND PRIX LIMITED

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

2. Turnover

An analysis of turnover by class of business is as follows:

	2021	2020
	£000	£000
Rendering of services	352,347	345,708
Sale of goods	30,955	9,593
	383,302	355,301

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

3. Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging/(crediting):

	2021	2020
	£000	£000
Exchange differences	(676)	61
Other operating lease rentals	18,323	17,895
Rental of plant and machinery	-	9
Depreciation of tangible and intangible fixed assets	20,873	18,249
(Loss)/Profit on disposal of fixed assets	(94)	402

4. Auditors' remuneration

	2021	2020
	£000	£000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	50	48

Fees payable to the Company's auditor and its associates in respect of:

All other assurance services	37	-
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MERCEDES-BENZ GRAND PRIX LIMITED

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

5. Employees

Staff costs, including directors' remuneration, were as follows:

	2021 £000	2020 £000
Wages and salaries	96,076	93,349
Social security costs	11,363	11,143
Contributions made to defined contribution plans	1,657	1,941
	<u>109,096</u>	<u>106,433</u>

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

	2021 No.	2020 No.
Design, manufacturing and engineering	831	906
Administration	173	157
	<u>1,004</u>	<u>1,063</u>

6. Directors' remuneration

	2021 £000	2020 £000
Directors' emoluments	6,865	6,893
	<u>6,865</u>	<u>6,893</u>

The highest paid director received remuneration of £6,865 thousand (2020 - £6,893 thousand).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2020 - £NIL).

The remaining Board members are employed and remunerated by other shareholding entities. The Company considers that there is no practicable method to accurately allocate a portion of the emoluments the Directors receive from their respective entities to the qualifying services they provide to the Company and the Company is also of the opinion any allocation would be immaterial. Therefore the above disclosures exclude any allocation of remuneration to the Company in respect of these directors.

MERCEDES-BENZ GRAND PRIX LIMITED

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

7. Interest receivable

	2021	<i>2020</i>
	£000	<i>£000</i>
Other interest receivable	17	<i>21</i>
	<u>17</u>	<u><i>21</i></u>

8. Interest payable and similar expenses

	2021	<i>2020</i>
	£000	<i>£000</i>
Cash pooling interest payable	93	<i>285</i>
	<u>93</u>	<u><i>285</i></u>

9. Taxation

	2021	<i>2020</i>
	£000	<i>£000</i>
Corporation tax		
Current tax on profits for the year	1,962	<i>2,028</i>
Adjustments in respect of previous periods	-	<i>304</i>
	<u>1,962</u>	<u><i>2,332</i></u>
Total current tax	<u>1,962</u>	<u><i>2,332</i></u>
Deferred tax		
Origination and reversal of timing differences	13,293	<i>1,261</i>
Adjustments in respect of previous periods	(12,199)	<i>-</i>
	<u>1,094</u>	<u><i>1,261</i></u>
Total deferred tax	<u>1,094</u>	<u><i>1,261</i></u>
Taxation on profit on ordinary activities	<u>3,056</u>	<u><i>3,593</i></u>

MERCEDES-BENZ GRAND PRIX LIMITED

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

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £000	2020 £000
Profit on ordinary activities before tax	71,862	17,231
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	13,654	3,274
Effects of:		
Expenses not deductible for tax purposes	535	113
Differences between depreciation and capital allowances	708	705
Adjustments to tax charge in respect of prior periods	(1,126)	304
Recognition of previously unrecognised deferred tax asset	(11,073)	-
Tax restriction on research and development tax credit	-	2,028
Utilisation of unrelieved tax losses brought forward	-	(2,984)
Utilisation of R&D expenditure credit	-	(2,028)
Movement in deferred tax asset	-	1,261
Timing differences leading to an increase (decrease) in taxation	358	920
Total tax charge for the year	3,056	3,593

Factors that may affect future tax charges

The March 2021 budget announced that a rate of 19% would continue to apply for the financial year beginning 1 April 2022 with an increase to 25% for the financial year beginning 1 April 2023. This will increase the company's future current tax charge accordingly. The deferred tax asset has been calculated taking into account the period in which the timing differences are expected to reverse.

MERCEDES-BENZ GRAND PRIX LIMITED

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

10. Intangible assets

	Computer software £000
Cost	
Additions	1,475
At 31 December 2021	<u>1,475</u>
Amortisation	
Charge for the year	209
At 31 December 2021	<u>209</u>
Net book value	
At 31 December 2021	<u><u>1,266</u></u>
At 31 December 2020	<u><u>-</u></u>

MERCEDES-BENZ GRAND PRIX LIMITED

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

11. Tangible fixed assets

	Long-term leasehold property £000	Plant and machinery £000	Motor vehicles £000	Fixtures and fittings £000	Computer equipment £000	Assets under construction £000	Total £000
Cost or valuation							
At 1 January 2021	36,212	89,395	3,747	21,147	32,182	18,888	201,571
Additions	-	-	-	-	-	16,128	16,128
Disposals	(3)	(1,493)	-	(277)	(1,210)	-	(2,983)
Transfers between classes	2,395	12,670	-	3,930	8,947	(27,942)	-
At 31 December 2021	<u>38,604</u>	<u>100,572</u>	<u>3,747</u>	<u>24,800</u>	<u>39,919</u>	<u>7,074</u>	<u>214,716</u>
Depreciation							
At 1 January 2021	30,016	56,975	3,387	6,630	18,808	-	115,816
Charge for the year on owned assets	1,045	8,195	94	2,169	9,161	-	20,664
Disposals	(1)	(1,351)	-	(219)	(1,190)	-	(2,761)
At 31 December 2021	<u>31,060</u>	<u>63,819</u>	<u>3,481</u>	<u>8,580</u>	<u>26,779</u>	<u>-</u>	<u>133,719</u>
Net book value							
At 31 December 2021	<u>7,544</u>	<u>36,753</u>	<u>266</u>	<u>16,220</u>	<u>13,140</u>	<u>7,074</u>	<u>80,997</u>
At 31 December 2020	<u>6,196</u>	<u>32,420</u>	<u>360</u>	<u>14,517</u>	<u>13,374</u>	<u>18,888</u>	<u>85,755</u>

MERCEDES-BENZ GRAND PRIX LIMITED

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

12. Heritage assets

	Historic cars and related assets £000
Cost and net book value	
At 1 January 2021	4,918
Additions	1,187
At 31 December 2021	<u>6,105</u>

Five year financial summary of heritage asset transactions:

	2021 £000	2020 £000	2019 £000	2018 £000	2017 £000
Additions	1,187	845	1,885	1,374	1,582
Disposals - net book value	-	831	-	1,329	700
Profit/(loss) on disposal	-	103	-	(206)	68

MERCEDES-BENZ GRAND PRIX LIMITED

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

13. Stocks

	2021 £000	2020 £000
Raw materials and consumables	3,222	1,494
	<u>3,222</u>	<u>1,494</u>

The carrying value of stocks are stated net of impairment losses totaling £nil (2020 - £353,459). Impairment losses totaling £nil (2020 - £353,459) were recognised in profit and loss.

14. Debtors

	2021 £000	2020 £000
Due after more than one year		
Trade debtors	1,330	-
	<u>1,330</u>	<u>-</u>
Due within one year		
Trade debtors	63,387	57,146
Amounts owed by group undertakings	6,428	1,706
Amounts owed by group undertakings - cash pooling	35,476	-
Other debtors	25,861	2,253
Deferred taxation	8,021	8,115
Prepayments and accrued income	32,886	26,113
	<u>172,059</u>	<u>95,333</u>

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 accrues interest at a rate agreed with group central treasury and expired on 25 January 2022 as a result of the change in shareholding structure.

Deferred taxation, please refer to Note 16.

MERCEDES-BENZ GRAND PRIX LIMITED

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

15. Creditors: Amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	7,117	18,108
Amounts owed to group companies	5,321	13,660
Amounts owed to group undertakings - cash pooling	8,027	7,935
Other taxation and social security	12,319	13,381
Other creditors	2	2,964
Accruals and deferred income	125,645	90,654
	<u>158,431</u>	<u>146,702</u>

Amounts owed to group undertakings are interest free, unsecured and have no fixed date of repayment with the exception of the cash pooling which accrues interest at a rate agreed with group central treasury. Following the implementation of a new shareholding structure, the cash pooling agreement with Mercedes-Benz Group AG ceased on 25 January 2022. Preceding the cessation of the cash pooling agreement Mercedes-Benz Grand Prix agreed credit facilities with Mercedes-Benz Group AG and Ineos Industries Holdings Limited.

MERCEDES-BENZ GRAND PRIX LIMITED

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

16. Deferred taxation

	2021 £000
At beginning of year	8,115
Charged to profit or loss	(1,094)
RDEC Tax credit	1,000
At end of year	8,021

The deferred tax asset is made up as follows:

	2021 £000	2020 £000
Accelerated capital allowances	(4,714)	44
Tax losses carried forward	1,768	7,501
RDEC tax restriction	10,386	-
Other - timing differences	581	570
	8,021	8,115

In the prior year £11.1m of RDEC was available for use in future periods, but had not been recognised as a deferred tax asset. As per note 9, it has been recognised as a deferred tax asset in the current year and is considered fully recoverable.

MERCEDES-BENZ GRAND PRIX LIMITED

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

17. Provisions

	Property provision £000	Other provision £000	Restructuring provision £000	Revenue Rights provision £000	Total £000
At 1 January 2021	3,752	-	724	2,000	6,476
Charged to profit or loss	278	460	2,221	1,417	4,376
Utilised in year	(114)	-	(2,945)	(2,000)	(5,059)
At 31 December 2021	3,916	460	-	1,417	5,793

Property provision

This relates to an estimate for dilapidations and reinstatement costs in relation to the facility at Reynard Park, Brackley, which are estimated to crystallise over the lease term.

Revenue Rights provision

This relates to the reduced and modified race calendar as an effect of the COVID-19 pandemic which has impacted the delivery of some marketing rights to sponsors, which will crystallise within the next year.

Restructuring provision

This provision is in relation to the expected restructuring costs for staff to ensure compliance with the FIA financial regulations and was fully utilised during 2021.

Other provisions

These costs include payment in lieu of notice, compensation for redundancy and associated legal fees.

MERCEDES-BENZ GRAND PRIX LIMITED

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

18. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
1,000,000 (2020 - 1,000,000) Ordinary shares of £0.0002 each	200	200
7 (2020 - 13) Preference shares of £10,000,000 each	70,000,000	130,000,000
87 (2020 - 87) Redeemable deferred shares of £0.0002 each	-	-
	<u>70,000,200</u>	<u>130,000,200</u>

The issued share capital of the Company was reduced to the extent of £60,000,000 by cancelling and extinguishing six preference shares of £10,000,000 each registered in the name of, or otherwise held by Mercedes-Benz Holding UK Limited.

In January 2022, pursuant to Chapter 2 of Part 13 of the Companies Act 2006 in order to conclude a change in shareholding, the directors of the Company passed resolutions that proposed the 1,000,000 ordinary shares of £0.0002 each in the issued share capital be consolidated and divided into 100 ordinary shares of £2 each, such shares having the same rights and being subject to the same restrictions (save as to nominal value) as the existing ordinary shares of £0.0002 each.

In January 2022 the directors also passed a resolution in accordance with section 618 of the Companies Act to sub-divide the seven preference shares of £10,000,000 into 35,000,000 shares of £2 each and thereafter, such shares shall have the same rights and be subject to the same restrictions as the existing ordinary shares of £2 each in the capital of the Company.

In 2021 no dividends were declared or paid (2020: nil). The directors proposed a final dividend in relation to the 2021 financial year on 19 January 2022 of £55.2 million payable in March 2022.

19. Reserves

Share premium account

This reserve records the amount above the nominal value received for shares.

Profit and loss account

This reserve includes all the current and prior period retained profits and losses in addition to the share capital reduction movement.

20. Capital commitments

The company had capital commitments of £2,876,686 at 31 December 2021 (2020: £2,459,000).

MERCEDES-BENZ GRAND PRIX LIMITED

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

21. Commitments under operating leases

At 31 December 2021 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2021 £000	2020 £000
Land and Buildings		
Within one year	2,848	2,179
Within two and five years	9,076	8,596
After five years	3,000	4,465
	<u>14,924</u>	<u>15,240</u>
	2021 £000	2020 £000
Other		
Within one year	16,182	16,182
	<u>16,182</u>	<u>16,182</u>

During the year £18,322,691 was recognised as an expense in the profit and loss account in respect of operating leases (2020 : £18,140,000).

22. Amounts receivable under operating leases

At 31 December 2021 the Company had future lease payments receivable under non-cancelable operating leases as follows:

	2021 £000	2020 £000
Land and Buildings		
Within one year	72	93
Within two and five years	120	516
After five years	13	222
	<u>205</u>	<u>831</u>

MERCEDES-BENZ GRAND PRIX LIMITED

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

23. Related party transactions

During the year the company undertook the related party transactions as listed below:

	Sales £000	Purchases £000	Amounts owed by group £000	Amounts owed to group £000
Mercedes-Benz Group AG	1	502	-	336
Daimler Insurance Services UK Limited	-	513	-	8
Mercedes-Benz Australia / Pacific Pty Limited	-	246	-	78
Mercedes AMG High Performance Powertrains Limited	8,764	899	935	118
Mercedes-Benz do Brasil Ltda	-	(4)	-	-
Mercedes-AMG GmbH	1,181	2,538	-	2,066
Mercedes-Benz AG	534	15,625	224	-
Mercedes-Benz Malaysia SND BHD	-	7	-	864
Mercedes-Benz Financial Services UK Limited	-	357	-	8
Mercedes-Benz Formula E Limited	7,845	590	5,061	582
Mercedes-Benz Motorsport Limited	209	6,328	208	1,089
Mercedes-Benz USA LLC	-	10	-	-
Next March GmbH	-	65	-	-
Mercedes-Benz Österreich GmbH	-	31	-	2
Mercedes-Benz Schweiz AG	1	24	-	2
Mercedes-Benz Cars UK Limited	17	236	-	80
Mercedes-Benz Car & Vans Brasil	-	4	-	-
Mercedes-Benz Espana S.A	-	2	-	-
Motorsports Invest Limited	-	-	-	-
Mercedes-Benz Customer Solutions	-	122	-	88
Total	18,552	28,095	6,428	5,321

Mercedes-Benz Grand Prix Limited held an 88.9% ordinary shareholding in R.T.C Management Company Limited, registered address being Charter Court, 49 Castle Street, Banbury, Oxfordshire, OX16 5NU. The profit recognised for the period was £788 (2020: £747) and the aggregate share capital and reserves was £10,978 (2020: £10,181).

On 17 February 2022, the newly formed board approved the capital purchase of the Brackley site. The agreement with the landlord was completed on 18 March 2022 and the site was purchased by Mercedes-Benz Grand Prix Estates Limited, a wholly owned and funded subsidiary. In the agreement one share of R.T.C. Management Company Limited was also purchased, becoming a wholly owned subsidiary. The existing contractual arrangements and obligations will be transferred to the new landlord and will be maintained.

The above are all related parties by virtue of being fellow companies of the ultimate shareholders of the company, with the exception of Motorsports Invest Limited and Next March GmbH. The transactions are all at arms' length and relate to the provision of goods and services between the parties associated with the company's principal activity.

MERCEDES-BENZ GRAND PRIX LIMITED

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

24. Controlling party

The company is a subsidiary undertaking of Mercedes-Benz Holdings UK Limited, a company incorporated in the United Kingdom, which is the immediate parent company.

The ultimate controlling party is Mercedes-Benz Group AG, a company incorporated in Germany.

Mercedes-Benz Group AG is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements. The consolidated statements of Mercedes-Benz Group AG can be obtained from the Company secretary, Mercedesstrasse 137, 70327 Stuttgart, Germany.

On 25 January 2022 Mercedes-Benz Holdings UK Limited, Motorsports Invest Limited and Ineos Industries Holdings Limited became one third equal shareholders.