Financial statements Williams Grand Prix Engineering Limited

For the year ended 31 December 2011

Company No. 01297497

Company information

Company registration number	01297497
Registered office	Grove Wantage Oxfordshire OX12 0DQ
Directors	Sir FOG Williams CBE M Biddle AM Burns LM Evans AS Parr TC Wolff
Secretary	M Biddle
Bankers	Barclays Bank plc PO Box 42 Abingdon Oxfordshire OX14 1GU
Auditor	Grant Thornton UK LLP Chartered Accountants Statutory Auditor 3140 Rowan Place, John Smith Drive Oxford Business Park South Oxford OX4 2WB

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Report of the Directors

The Directors present their report and the financial statements of the company for the year ended 31 December 2011

Principal activities and business review

The principal activities of the company during the year remained design and construction of racing cars, engineering consultancy and participation in motor racing events throughout the world

During 2011, the company suffered a poor season on-track as the Williams F1 Team finished 9th in the FIA Formula One World Constructors' Championship The team completed a technical restructuring during the year to reposition itself for the 2012 season The team has revitalised the senior technical management team and concluded a supply agreement with Renault Sport for the World Championship-winning RS27 V8 engine as well as entering into new partner agreements

The company has entered into an association with Jaguar Cars Limited to design and produce a limited number of C-X75 supercars This car will be Jaguar's most technically advanced car to date and will make use of Williams' motorsport expertise and feature a carbon-fibre chassis, hybrid technology and a highly innovative powertrain

The company continues to supply components and services to Caterham F1 and the HRT Formula 1 Team within the limits of the commercial and sporting regulations

The Williams Technology Centre in Qatar (WTCQ), a branch of Williams Grand Prix Engineering Limited which is co-funded by the Qatar Foundation, continues to work on two major projects

- Development and commercialisation of large flywheel technology
- Commercialisation of Driver in Loop simulation technology

On 7 February 2011, Williams Grand Prix Engineering Limited became a subsidiary of Williams Grand Prix Holdings PLC as part of a group reorganisation On 2 March 2011, Williams Grand Prix Holdings PLC was admitted to the Open Market (Entry Standard segment) of the Frankfurt Stock Exchange following a public offering of 21% of its existing ordinary shares

Financially, 2011 was a successful year for Williams, with profit before taxation increasing to £9 5 million (2010 £6 9 million) in spite of a loss of £0 3 million for the research and development activity in WTCQ (2010 £0 8 million)

The company held net cash of £24 6 million on 31 December 2010 due to pre year end receipts of approximately £28 6 million relating to 2011 This timing difference was not repeated prior to the 2011 balance sheet date so the company has a net debt position of £0 5 million on 31 December 2011

Results and dividends

The profit for the year amounted to £9,473,132 (2010 £6,920,384) The Directors have not recommended a dividend (2010 £nil)

Principal risks and uncertainties

The key risks to the company continue to be

- Revenue generation
- Expenditure control
- Cash management

These risks will continue to be monitored by the company in 2012 and beyond

In common with all participants in Formula One, the company's ability to generate revenue depends largely on its ability to secure income from sponsorship and commercial rights In the long term this depends upon the continuing popularity of the Formula One World Championship

The company mitigates the risks associated with revenue generation by identifying and retaining key sponsorship partners and by maximising income from the sport's commercial rights The Board believes that the expansion of Formula One into new markets, such as India in 2011 and its return to the USA in 2012, should offer opportunity for revenue growth In addition the company continues to diversify by using existing background intellectual property derived from motorsport in new commercial applications with blue chip partners

The company recognises that there are considerable costs associated with remaining competitive in Formula One The company's intention to maintain its position at the forefront of high performance engineering also requires ongoing expenditure on research, development, materials and production activity The Board targets the application of its available financial resources to the most cost effective areas of the business, based on its long term strategic goals for growth The business is monitored against budgets and forecasts driven by this strategic analysis Any significant variances are reviewed and targets adjusted to accommodate them

The company is a signatory to the Resource Restriction Agreement, which ensures that expenditure by Formula One teams remains capped at comparable levels The company monitors its expenditure levels to ensure that it remains compliant with this agreement

As in any business, working capital management and cash flow management are critical to meet the requirements of the company The company exercises strong cash management, with performance against cash flow budgets and forecasts reviewed on a regular basis The company has a strong cash position and maintains sufficient short term borrowing facilities to meet its fluctuating working capital requirements

The Directors are of the opinion that a thorough risk management process is adopted which involves the formal review of financial performance on a regular basis Where possible, processes are in place to monitor and mitigate financial risks

Financial risk management objectives and policies

The company uses various financial instruments including overdrafts, loans, cash, equity reserves and various items, such as trade debtors and trade creditors, which arise directly in the course of its business The main purpose of these financial instruments is to raise finance for the company's ongoing operations

These financial instruments expose the company to a number of risks, principally translation and transaction exchange risk, liquidity risk, interest rate risk and credit risk

Financial risk management objectives and policies (continued)

Translation and transaction exchange risk
In order to manage this, the company seeks to match foreign currency assets and expenditure to income and appropriate levels of borrowings In addition the company can enter into derivative contracts, including forward foreign currency contracts, to achieve an economic hedge While the company aims to achieve an economic currency hedge position it does not adopt an accounting policy of hedge accounting for these financial statements

Liquidity risk
The company seeks to manage this risk by ensuring that sufficient liquidity is available to meet foreseeable needs The company's policy throughout the period has been to achieve this objective through management's day-to-day involvement in the business decisions rather than setting maximum or minimum liquidity ratios

Interest rate risk
The company has sought to manage this risk by entering into interest rate swap agreements In June 2007 the company entered into an interest rate swap arrangement for the period of a term loan which provided maximum interest payable of 6 40% and minimum interest payable of 5 65% during the life of the facility This arrangement ran until March 2011

Credit risk
The company's principal financial assets are cash and trade debtors The company assesses the credit quality of each commercial partner before accepting any contract arrangement The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality credit ratings

Creditors' payments terms

The company's policy is to pay suppliers 30 days following the end of the month in which an invoice is received Actual creditor days in 2011 were, on average, 37 days (2010 42 days)

Research and development

The company has sought to manage expenditure wherever possible but continues to invest in developing its people and in specifically identified research and development programmes in order to be competitive in the future

The total charge in the profit and loss account for research and development expenditure during the year was £45 0 million (2010 £45 0 million)

Directors

The Directors who served the company during the period were as follows

Sir FOG Williams	
PM Head	Resigned 31 December 2011
M Biddle	
AM Burns	
LM Evans	Appointed 1 November 2011
SD Michael	Resigned 6 May 2011
AS Parr	
TC Wolff	

Fixed assets

In the opinion of the Directors the market value of the freehold properties is in excess of the current carrying amount

Insurance

The company purchases liability insurance covering its Directors and officers

Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom 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 and profit or loss of the company for that period In preparing those 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

In so far as the Directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Donations

The company made charitable donations in the period of £2,250 (2010 £2,718) and no political contributions (2010 £nil)

Change of control

On 7 February 2011, Williams Grand Prix Engineering Limited became a subsidiary of Williams Grand Prix Holdings PLC as part of a group reorganisation On 2 March 2011, Williams Grand Prix Holdings PLC was admitted to the Open Market (Entry Standard segment) of the Frankfurt Stock Exchange following a public offering of 21% of its existing ordinary shares

Disabled employees

It is the company's policy to offer equal opportunities to all persons, including disabled persons, applying for vacancies having regard to their aptitudes and abilities in relation to the jobs for which they apply

Employee involvement

The company's policy is to consult and discuss with employees, through meetings, on matters likely to affect employees' interests

Information on matters of concern to employees is given through a staff forum, information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act unless the company receives notice under section 488(1) of the Companies Act 2006

ON BEHALF OF THE BOARD

AS Parr
Director

Grant Thornton

Report of the independent auditor to the members of Williams Grand Prix Engineering Limited

We have audited the financial statements of Williams Grand Prix Engineering Limited for the year ended 31 December 2011 which comprise the profit and loss account, the balance sheet and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 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 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements

Grant Thornton

Report of the independent auditor to the members of Williams Grand Prix Engineering Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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

Grant Thornton UK LLP.

Nicholas Watson
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Oxford
8 March 2012.

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

The Directors believe that the company retains its position as a leader in high performance engineering The company's global profile, together with its ability to innovate and diversify, provide it with firm foundations for ongoing success, even in an adverse economic climate

The company's revenue from its Formula One activities is derived from sponsorship and commercial rights income It has a strong contracted position for the 2012 season and continues to engage with potential new partners for 2012 and beyond The Board believes that the expansion of Formula One into new markets, such as India in 2011 and its return to the USA in 2012, should offer opportunity for further revenue growth At the time of approving the financial statements the company has sufficient contracted income to meet its expenditure and debt service commitments for the foreseeable future

The company continues to diversify its commercial activities in order to realise value from its intellectual property The company enters 2012 having established successful relationships with a number of third parties, while continuing to maintain a controllable cost base The Directors intend to develop such activities and are actively identifying future opportunities

The company has a strong cash position and maintains sufficient short term borrowing facilities to meet its fluctuating working capital requirements The Directors have also considered the company's ability to provide ongoing support those subsidiary undertakings which may require it and have concluded that the company has sufficient resources to provide the support required

The Directors review the company's performance against budgets and forecasts on a regular basis and are satisfied that the company is performing as expected

The Directors have determined that it is appropriate for the financial statements to be prepared on the going concern basis

The principal accounting policies of the company are set out below

Consolidation

On 7 February 2011, the company became a wholly owned subsidiary of Williams Grand Prix Holdings PLC as part of a group reorganisation Williams Grand Prix Holdings PLC is incorporated in England & Wales (Company Registration Number 07475805) The company has taken advantage of the exemption under Section 400 of the Companies Act 2006 not to produce consolidated financial statements Accordingly, these financial statements present information about the company as an individual undertaking and not as a group

Turnover

Turnover represents the amount receivable from sponsorship income and for the value of goods and services sold, the amount receivable with respect to prize monies, commercial rights income and the commission receivable from sponsors on media deals negotiated on their behalf Turnover from the sale of goods is recognised on despatch and turnover from services is recognised in the period to which it relates All turnover excludes value added tax

Turnover (continued)

Where sponsorship is paid by the provision of goods and services, turnover and costs are recognised in the financial statements where the market value of the goods or services may be readily ascertained Where a value cannot be readily ascertained, neither turnover nor costs are recognised

Grant income

Grant income is recognised when receivable and included within other operating income

Research and development

The company is heavily committed to research and development activities so as to maintain its position as a world leader in motorsport and high-performance engineering All expenditure on research and development is written off to the profit and loss account as incurred

Fixed assets and depreciation

All fixed assets are initially recorded at cost Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Plant & machinery	- 20% reducing balance
Wind tunnels	- 8 years straight line
Leasehold property	- 6 years straight line
Fixtures, fittings & equipment	- 20% reducing balance
Vehicles & pit equipment	- 20-25% straight line

A nil depreciation rate is provided in respect of the freehold property, which is shown at cost, on the basis that the residual value of the freehold property would render any annual and accumulated charge immaterial

Useful economic lives

The company has reviewed the residual useful economic lives of tangible assets used in the wind tunnels In accordance with FRS 15 *Tangible fixed assets*, the net book value of these assets at the date on which their useful economic lives was reviewed will be depreciated over their remaining useful economic lives on a straight line basis The remaining useful economic lives of these assets was assessed as 8 years

Stocks and work in progress

Stock is valued at the lower of cost and net realisable value Work in progress compromises costs incurred for goods which were not ready for despatch at the balance sheet date

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the exception that deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

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

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date Transactions in foreign currencies are translated into sterling at the rate of exchange prevailing at the transaction date All profits and losses on exchange are dealt with in the profit and loss account

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual agreements entered into An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities Dividends and distributions relating to equity instruments are debited directly to the reserves

The company has not adopted FRS 26 *Financial Instruments recognition and measurement* and therefore the disclosure requirements of FRS 29 *Financial Instruments disclosures* are not applicable The disclosure requirements of FRS 13 *Derivatives and other financial instruments* have been applied

Derivatives

The company uses derivative financial instruments, primarily to manage exposures to fluctuations in foreign currency exchange rates and interest rates Interest rate swaps and foreign exchange contracts entered into are not revalued to fair value or recognised in the balance sheet at the year end, as they are not designated as hedging instruments and are not held for trading purposes

Investments

Investments are recorded at cost less amounts written off

Pension costs

The company operates a defined contribution pension scheme The pension costs charged in the financial statements represent the contributions payable by the company during the period The company does not operate any defined benefit retirement arrangements

Profit and loss account

	Note	Year to 31 Dec 2011 £	Year to 31 Dec 2010 £
Turnover	1	**103,287,270**	91,136,941
Cost of sales		**(31,209,236)**	(17,840,206)
Gross profit		**72,078,034**	73,296,735
Other operating income	2	**2,261,185**	647,837
Other operating charges	2	**(64,655,089)**	(66,516,941)
Operating profit	3	**9,684,130**	7,427,631
Interest receivable		**41,329**	18,065
Interest payable and similar charges	6	**(252,327)**	(525,312)
Profit on ordinary activities before taxation		**9,473,132**	6,920,384
Tax on profit on ordinary activities	7	**-**	-
Profit for the financial period		**9,473,132**	6,920,384

On 7 February 2011 Williams Grand Prix Holdings PLC became the parent company of Williams Grand Prix Engineering Limited through a group reorganisation undertaken in connection with Williams Grand Prix Holdings PLC's admission to the Open Market (Entry Standard segment) of the Frankfurt Stock Exchange Financial information for the year to 31 December 2011, and comparative financial information for the prior year, relates to Williams Grand Prix Engineering Limited only

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

Balance sheet

	Note	31 Dec 2011 £	31 Dec 2010 £
Fixed assets			
Tangible assets	8	**36,456,355**	35,619,609
Investments	9	**1,580,201**	1,580,201
		38,036,556	37,199,810
Current assets			
Stocks	10	**421,730**	12,779
Debtors	11	**49,454,160**	16,513,012
Cash at bank and in hand		**4,394,921**	27,015,247
		54,270,811	43,541,038
Creditors: amounts falling due within one year	12	**(42,280,343)**	(42,623,882)
Net current assets		**11,990,468**	917,156
Total assets less current liabilities		**50,027,024**	38,116,966
Creditors: amounts falling due after more than one year	13	**(4,860,346)**	(2,423,420)
		45,166,678	35,693,546
Capital and reserves			
Called-up equity share capital	20	**100,000**	100,000
Profit and loss account		**45,066,678**	35,593,546
Shareholders' funds	21	**45,166,678**	35,693,546

These financial statements were approved by the Directors and authorised for issue on 8 March 2012, and are signed on their behalf by

AS Parr
Director

Company Registration Number 01297497

The accompanying accounting policies and notes form part of these financial statements.

Notes to the Financial Statements

1 Turnover

An analysis of turnover by geographical market has not been included as the Directors believe that the company operates in a single global market and that the allocation to geographical markets is neither practical nor possible

The activities of Williams Grand Prix Engineering Limited relate principally to motorsport and high performance engineering activities

2 Other operating income and charges

	Year ended 31 Dec 2011 £	Year ended 31 Dec 2010 £
Grant income in respect of WTCQ	2,261,185	647,837
Total other income	2,261,185	647,837

	Year ended 31 Dec 2011 £	Year ended 31 Dec 2010 £
Distribution costs	49,722,175	51,003,975
Administrative expenses	14,932,914	15,512,966
Total other operating charges	64,655,089	66,516,941

3 Operating profit

Operating profit is stated after charging / (crediting)

	Year ended 31 Dec 2011 £	Year ended 31 Dec 2010 £
Depreciation of owned fixed assets	2,498,020	3,773,164
Profit on disposal of fixed assets	(18,244)	(23,443)
Operating lease costs		
- Plant and equipment	659,473	864,620
Net (profit) / loss on foreign currency translation	277,971	(385,611)
Auditor's remuneration - audit of company financial statements	35,000	38,000
Auditor's remuneration - other fees	201,043	198,354

3 Operating profit (continued)

	Year ended 31 Dec 2011 £	Year ended 31 Dec 2010 £
Auditor's remuneration - other fees		
- Taxation services	**27,253**	33,914
- VAT advice	**54,450**	87,436
- Other assurance services	**6,500**	7,000
- Other advice	**112,840**	70,004
	201,043	198,354

4 Particulars of Directors and employees

The average number of staff employed by the company during the financial year amounted to

	Year ended 31 Dec 2011 No	Year ended 31 Dec 2010 No
Number of management and administrative staff	**69**	59
Number of research & production staff	**409**	432
Number of marketing staff	**15**	17
	493	508

The aggregate payroll costs of the above were

	Year ended 31 Dec 2011 £	Year ended 31 Dec 2010 £
Wages and salaries	**26,744,274**	27,662,252
Social security costs	**2,927,948**	3,160,590
Other pension costs	**1,143,068**	1,250,385
	30,815,290	32,073,227

The company operates a defined contribution pension scheme The assets of the scheme are held separately to those of the company in independently administered funds The pension cost charge represents contributions payable by the company to the funds

5 Directors

Remuneration in respect of Directors was as follows

	Year ended 31 Dec 2011 £	Year ended 31 Dec 2010 £
Emoluments receivable	**1,142,556**	2,786,742
Value of company pension contributions to money purchase schemes	**32,353**	33,560
	1,174,909	2,820,302

5 Directors (continued)

Emoluments of highest paid Director

	Year ended 31 Dec 2011 £	Year ended 31 Dec 2010 £
Total emoluments (excluding pension contributions)	**248,063**	1,002,581

During the year, four Directors (2010 three) participated in money purchase pension schemes

6 Interest payable and similar charges

	Year ended 31 Dec 2011 £	Year ended 31 Dec 2010 £
Interest payable on bank borrowing	**143,172**	446,816
Other interest paid	**20,823**	1,789
Foreign exchange loss on borrowing	**88,332**	76,707
	252,327	525,312

7 Taxation on ordinary activities

The company has estimated losses of approximately £89,254,410 (2010 £85,718,782) available to carry forward against future trading profits

	Year ended 31 Dec 2011 £	Year ended 31 Dec 2010 £
Profit on ordinary activities before taxation	**9,473,132**	6,920,384
Profit on ordinary activities by rate of tax at 26 5% (2010 28%)	**2,510,380**	1,937,707
Expenditure not deductible for tax purposes	**53,218**	165,606
Depreciation in excess of capital allowances	**77,778**	788,192
Research and development adjustment	**(3,578,317)**	(3,717,883)
Tax losses carried forward	**936,941**	826,378
Total current tax	**-**	-

As the company expects to be able to benefit from research and development tax credits for the foreseeable future no deferred tax asset has been recognised in respect of the available losses

8 Tangible fixed assets

	Freehold property £	Leasehold Property £	Plant & machinery £	Fixtures, fittings & equipment £	Vehicles & pit equipment £	Total £
Cost						
At 31 December 2010	20,968,304	334,937	45,444,150	4,875,180	3,645,225	75,267,796
Additions	303,329	-	2,973,315	118,274	-	3,394,918
Disposals	-	-	(746,695)	-	-	(746,695)
At 31 December 2011	21,271,633	334,937	47,670,770	4,993,454	3,645,225	77,916,019
Depreciation						
At 31 December 2010	-	17,499	32,053,644	4,271,167	3,305,877	39,648,187
Charge for the period	-	55,600	2,241,194	133,357	67,870	2,498,021
On disposals	-	-	(686,544)		-	(686,544)
At 31 December 2011	-	73,099	33,608,294	4,404,524	3,373,747	41,459,664
Net book value						
At 31 December 2011	**21,271,633**	**261,838**	**14,062,476**	**588,930**	**271,478**	**36,456,355**
At 31 December 2010	20,968,304	317,438	13,390,506	604,013	339,348	35,619,609

During the year the Directors reassessed the useful economic lives of certain tangible fixed assets recorded in plant & machinery The remaining useful economic lives of these assets was assessed as 8 years, thereby reducing the annual deprecation charge for these assets by £1 2m

9 Investments

	£
Cost and net book value at 31 December 2010 and 31 December 2011	**1,580,201**

The company owns 78% of the ordinary share capital of Williams Hybrid Power Limited, a company incorporated in England and Wales Williams Hybrid Power Limited recognised a loss for the year of £1,929,247 (2010 £1,247,008) and its reserves at 31 December 2011 were £(1,866,396) (2010 £62,851)

The company owns 100% of the ordinary share capital of Engineering Design Ltd ("EDL"), a company incorporated in England and Wales This company was dormant throughout the period and up to the date the accounts were approved The total reserves of EDL at 31 December 2011 were £1

10 Stocks

	2011	2010
	£	£
Team merchandise	**459**	12,779
Work in progress	**421,271**	-
	421,730	12,779

11 Debtors

	2011	2010
	£	£
Trade debtors	**32,868,430**	3,118,842
Amounts owed by group undertakings	**2,540,479**	157,724
Other debtors	**153,142**	552,153
Prepayments and accrued income	**13,892,109**	12,684,293
	49,454,160	16,513,012

The amount owed by group undertakings falling due within one year is £75,282 (2010 £157,724) The amount falling due in more than one year is £2,465,197 (2010 £nil)

12 Creditors: amounts falling due within one year

	2011	2010
	£	£
Trade creditors	**6,309,467**	6,041,269
Social security and other taxes	**969,484**	1,095,020
Other creditors	**4,823**	3,908
Accruals and deferred income	**34,996,569**	35,483,685
	42,280,343	42,623,882

13 Creditors: amounts falling due after more than one year

	2011	2010
	£	£
Bank loans	**4,860,346**	2,423,420

All bank loans are secured by a legal charge over the freehold property owned by the company A fixed and floating charge in favour of the bank is held over all assets, present and future

14 Bank borrowings

Bank borrowings are repayable as follows

	2011	2010
	£	£
Amounts repayable		
In more than one year but not more than two years	1,620,115	-
In more than two years but not more than five years	3,240,231	2,423,420
	4,860,346	2,423,420

15 Financial Instruments

Objectives, policies and strategies for managing risks relating to financial instruments are disclosed within the Report of the Directors

The fair value of cash is considered to be equal to its book value The fair value of bank borrowings is equal to its book value The fair value is calculated by discounting future cash flows using a rate based on the borrowing rate

The company's bank borrowings comprise a term loan facility of USD 7 50 million (2010 USD 3 75 million), this loan was agreed in August 2010 and is repayable in three instalments of USD 2,500,000 in each of June 2013, June 2014 and June 2015 This facility carries interest at 3 5% over US LIBOR Accrued interest on the loan is recognised in liabilities

16 Derivatives

The fair value of derivatives held at 31 December 2011, not recognised in the financial statements, is as set out below

Current Liabilities	2011 Book value	2011 Fair Value	2010 Book Value	2010 Fair Value
	£	£	£	£
Interest rate swaps	-	-	-	(21,340)
	-	-	-	(21,340)

Market values have been used to determine fair values Interest rate swaps were held to mitigate interest rate risks The swap held at 31 December 2010 expired in March 2011

17 Commitments under operating leases

At 31 December 2011 the company had annual commitments under non-cancellable operating leases as set out below

	2011	2010
	£	£
Assets other than land and buildings		
Within 1 year	**478,018**	429,939
Within 2 to 5 years	**345,129**	90,252
	823,147	520,191

18 Contingencies

The company had no contingent liabilities as at 31 December 2011 or as at 31 December 2010

19 Related party transactions

With 78% of its issued shares held by the company, Williams Hybrid Power Limited ("WHP") is a related party of the company During the year ended 31 December 2011 the company made purchases of £7,450 (2010 £1,950) from WHP and sales of £847,824 (2010 £268,520) to WHP At 31 December 2011 there was a balance owed to the company by WHP of £75,282 (2010 £62,302) included in debtors

During the year ended 31 December 2011 the company made a loan of £2,369,775 to WHP (2010 £91,422) At 31 December 2011 the outstanding loan due to the company was £2,465,197 (2010 £95,422) No provision or write offs have been made against this loan during the year or after the balance sheet date

AS Parr, for himself personally and as trustee for a group of investors including Directors of Williams Grand Prix Holdings PLC is an investor in Ingenie Limited Ingenie is a start-up company that is developing an insurance product aimed at encouraging young drivers to drive more safely and thereby to reduce their costs of insurance Ingenie has a three-year marketing agreement with the company under which Ingenie may inter alia describe itself as a partner of Williams F1 and has specified access to the team and its drivers for promotional activities

Directors of WHP, who were also Directors of the company during the year ended 31 December 2011, did not receive remuneration from WHP

20 Share capital

Allotted, called up and fully paid share capital

	2011		2010	
	No	£	No	£
100,000 Ordinary shares of £1 each	**100,000**	**100,000**	100,000	100,000

21 Reconciliation of movements in shareholders' funds

	2011	2010
	£	£
Profit for the financial period	**9,473,132**	6,920,385
Opening shareholders' funds	**35,693,546**	28,773,161
Closing shareholders' funds	**45,166,678**	35,693,546

22 Capital commitments

The company had capital commitments at 31 December 2011 of £438,500 (2010 £166,000)

23 Ultimate parent company

The immediate and ultimate controlling parent undertaking of the company is Williams Grand Prix Holdings PLC Williams Grand Prix Holdings PLC is incorporated in England & Wales (company registration number 07475805)

On 7 February 2011, Williams Grand Prix Engineering Limited became a subsidiary of Williams Grand Prix Holdings PLC as part of a group reorganisation On 2 March 2011, Williams Grand Prix Holdings PLC was admitted to the Open Market (Entry Standard segment) of the Frankfurt Stock Exchange following a public offering of 21% of its existing ordinary shares

The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by Williams Grand Prix Holdings PLC These group accounts are available from the ultimate parent undertaking at Williams Grand Prix Holdings PLC, Grove, Wantage, Oxfordshire, OX12 0DQ

Sir FOG Williams is the company's controlling related party by of his 51 5% beneficial interest in the ordinary share capital of Williams Grand Prix Holdings PLC