



RED BULL RACING LIMITED

REPORT AND FINANCIAL STATEMENTS

31ST DECEMBER 2008

WEDNESDAY



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COMPANIES HOUSE

Red Bull Racing Limited

Company No. 03120645

Directors

Dr H Marko
D Mateschitz
C E J Horner

Secretary

Laytons Secretaries Limited
Carmelite
50 Victoria Embankment
Blackfriars
London EC4Y 0LS

Auditors

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

Bankers

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

Registered office

Building 2
Bradbourne Drive
Tilbrook
Milton Keynes MK7 8AT

Directors' report

The directors submit their report and financial statements for the year ended 31 December 2008.

Results and dividends

The profit for the year after taxation amounted to £470,000 (2007 – loss £271,000). The directors do not recommend the payment of a dividend.

Principal activity and review of the business

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

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

Race performance improved again in 2008. The team equalled the total 2007 points tally by mid season

The company's turnover during the year under review was £123,538,000(2007 - £97,936,000).

Principal risks and uncertainties

The company's principal risk is to the level of financial contributions toward its racing programme it receives. Contributions are dependent upon the underlying performance of the company's racing activities which has seen recent improvement and is expected to continue to improve in the future.

Future developments

The directors are actively engaged, through the team association, with the sports governing body in safeguarding the future of team's participation through significant cost reduction.

Going concern

The financial statements are prepared in terms of the going concern principle on the basis that the company's ultimate parent undertaking, Red Bull GmbH, will continue to provide such financial support as is necessary to maintain the company as a going concern for a period of not less than one year from the date of approval of these financial statements.

Directors

The directors who held office during the year are given below:

Dr. H Marko
D Mateschitz
C E J Horner

Financial risk management

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

Liquidity risk

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

Foreign exchange risk

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

Directors' report

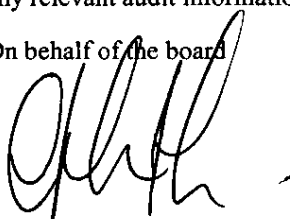
Auditors

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

Directors' statement as to disclosure of information to auditors

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

On behalf of the board



C Horner
Director

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of company and of the 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors' report

to the members of Red Bull Racing Limited

We have audited the financial statements of Red Bull Racing Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account the Statement of Total Recognised Gains and losses, the Balance Sheet and the related notes 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report

to the members of Red Bull Racing Limited (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Ernst & Young LLP

Ernst & Young LLP

Registered auditor

London

Date *30 January 2009*

Profit and loss account

For the year ended 31 December 2008

		<i>Year ended 31 December 2008</i>	<i>Year ended 31 December 2007</i>
	<i>Notes</i>	<i>£'000</i>	<i>£'000</i>
Turnover	2	123,538	97,936
Cost of sales		(116,544)	(94,071)
Gross profit		6,994	3,865
Administrative costs		(6,911)	(3,781)
Operating profit	3	83	84
Interest receivable and similar income	4	16	16
Profit on ordinary activities before taxation		99	100
Tax on profit on ordinary activities	7	371	(371)
Profit / (Loss) for the financial year	13	470	(271)

Statement of total recognised gains and losses

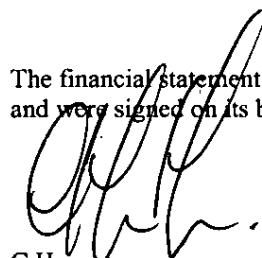
There are no gains and losses other than the profit above of £470,000 for the year ended 31 December 2008 and loss of £271,000 for 2007.

Balance Sheet

At 31 December 2008

	Notes	2008 £'000	2007 £'000
Fixed assets			
Tangible assets	8	18,467	17,756
Current assets			
Debtors	9	14,033	3,698
Cash at bank and in hand		68	117
		14,101	3,815
Creditors: amounts falling due within one year	10	(30,526)	(19,628)
Net current liabilities		(16,425)	(15,813)
Total assets less current liabilities		2,042	1,943
Provisions for liabilities	11	(1,587)	(1,958)
		455	(15)
Capital and reserves			
Called up share capital	12	1,000	1,000
Profit and loss account	13	(545)	(1,015)
Shareholders' funds	13	455	(15)

The financial statements on pages 7 to 17 were approved by the board of directors on 30 January 2009 and were signed on its behalf by:



C Horner
Director

Notes to the financial statements

at 31 December 2008

1. Accounting policies

Basis of accounting

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

Value in Kind Assets

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

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

Revenue Recognition

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

Turnover

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

Fixed assets

Fixed assets are stated at cost less accumulated depreciation.

Depreciation

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

Leasehold improvements	-	over remaining period of lease
Motor vehicles	-	3 - 4 years
Office and workshop equipment	-	3 - 7 years
Land and building	-	20 years

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

Lease agreements

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

Cash flow statement

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

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with following exception:

- 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.

Notes to the financial statements

at 31 December 2008

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

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions denominated in foreign currencies are converted at the rate of exchange ruling at the date of the transaction. All translation differences are taken to the profit and loss account as they arise.

Research and Development expenditure

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

Dilapidation provision

Provision for dismantling, removing temporary structures and restoring leasehold properties is recognised at the present value of the estimated future expenditure. A corresponding tangible fixed asset of an amount equivalent to the provision is also created. This is depreciated over the remaining lease term. Any change in the present value of the estimated expenditure is reflected as an adjustment to the provision.

Going concern

The financial statements are prepared in terms of the going concern principle on the basis that the company's ultimate parent undertaking, Red Bull GmbH, will continue to provide such financial support as is necessary to maintain the company as a going concern for a period of not less than one year from the date of approval of these financial statements.

2. Turnover

Turnover, which is net of value added tax, represents sponsorship income derived from Formula One racing agreements.

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

3. Operating profit

	<i>Year ended 31 December 2008 £'000</i>	<i>Year ended 31 December 2007 £'000</i>
This is stated after charging/(crediting):		
Auditors' remuneration - audit of the financial statements	36	15
- non audit fees relating to taxation services	8	-
Depreciation on tangible fixed assets		
Owned	2,951	1,845
Loss on disposal of fixed assets	5	-
Operating lease rentals - land and buildings	904	861
Net (profit) on foreign currency translation	(343)	(141)
Research and Development	2,217	1,816

Notes to the financial statements

at 31 December 2008

4. Interest receivable and similar income

	<i>Year ended 31 December 2008 £'000</i>	<i>Year ended 31 December 2007 £'000</i>
Bank account interest	16	16

5. Directors' remuneration

Directors' remuneration was paid in respect of directors of the company as follows:

	<i>Year ended 31 December 2008 £'000</i>	<i>Year ended 31 December 2007 £'000</i>
Emoluments	300	305
	<u>300</u>	<u>305</u>
The amounts in respect of the highest paid director are as follows:		
Emoluments	300	305
	<u>300</u>	<u>305</u>

6. Staff costs

	<i>Year ended 31 December 2008 £'000</i>	<i>Year ended 31 December 2007 £'000</i>
Wages and salaries	4,012	4,058
Social security costs	447	406
	<u>4,459</u>	<u>4,464</u>

Notes to the financial statements

at 31 December 2008

6. Staff costs (continued)

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

	<i>Year ended 31 December 2007 No.</i>	<i>Year ended 31 December 2006 No.</i>
Racing and production	72	68
Administration	2	2
	<u>74</u>	<u>70</u>

7. Taxation

(a) Tax on profit on ordinary activities
The tax charge/(credit) is made up as follows:

	<i>Year ended 31 December 2008 £'000</i>	<i>Year ended 31 December 2007 £'000</i>
UK corporation tax on the profit		
Current year	—	—
Prior year	—	—
Total current tax (note 7(b))	<u>—</u>	<u>—</u>
Deferred tax		
Origination and reversal of timing differences	(371)	(583)
Reversal of provision on Industrial Building Allowances	—	954
Total deferred tax (note (7c))	<u>(371)</u>	<u>371</u>
Total tax (credit)/charge for year	<u>(371)</u>	<u>371</u>

Notes to the financial statements

at 31 December 2008

7. Taxation (continued)

(b) Factors affecting current tax for the year

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 28% (2007 : 30%). The differences are explained below:

	<i>Year ended 31 December 2008 £'000</i>	<i>Year ended 31 December 2007 £'000</i>
Profit before tax on ordinary activities	99	100
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2007 : 30%)	28	30
Non deductible items	431	98
Depreciation in excess of capital allowances	(375)	(799)
Reversal of provision on Industrial Building Allowances	–	954
Utilisation of brought forward losses	(84)	(283)
Total current tax (note 7(a))	–	–

(c) Deferred tax

The movements in deferred taxation during the current year are as follows:

	<i>Deferred tax £'000</i>
At 1 January 2008	371
Adjustment in respect of prior years	(371)
As at 31 December 2008 (note 11)	–

Notes to the financial statements

at 31 December 2008

8. Tangible fixed assets

	<i>Leasehold improvement</i>	<i>Assets in the course of construction</i>	<i>Motor vehicles</i>	<i>Office and workshop equipment</i>	<i>Freehold Land and buildings</i>	<i>Total</i>
	£'000	£'000	£'000	£'000	£'000	£'000
Cost:						
At 1 January 2008	12,400	290	951	1,342	21,323	36,306
Additions	512	2,795	48	380	3	3,738
Disposals	–	(2)	(317)	–	–	(319)
Transfers	2,381	(2,741)	78	282	–	–
At 31 December 2008	15,293	342	760	2,004	21,326	39,725
Depreciation:						
At 1 January 2008	5,067	–	434	311	12,738	18,550
Charge for the year	1,736	–	384	466	365	2,951
Disposals	–	–	(243)	–	–	(243)
At 31 December 2008	6,803	–	575	777	13,103	21,258
Net book value:						
At 31 December 2008	8,490	342	185	1,227	8,223	18,467
At 31 December 2007	7,333	290	517	1,031	8,585	17,756

9. Debtors

	2008 £'000	2007 £'000
Amounts falling due within one year:		
Trade debtors	40	327
Amounts owed by group undertakings	–	6
Other debtors	317	248
Prepayments and accrued income	13,676	3,117
	14,033	3,698

10. Creditors

	2008 £'000	2007 £'000
Amounts falling due within one year:		
Trade creditors	746	572
Amounts owed to group undertakings	26,754	16,771
Other taxes and social security	138	176
Other creditors	33	33
Accruals and deferred income	2,590	–
Creditors for capital expenditure	265	–
	30,526	19,628

Notes to the financial statements

at 31 December 2008

11. Provisions for liabilities

	<i>Deferred tax</i> £'000	<i>Dilapidation provision</i> £'000	<i>Total</i> £'000
At 1 January 2008	371	1,587	1,958
Adjustment in respect of prior years	(371)	–	(371)
At 31 December 2008	–	1,587	1,587

Provisions for liabilities entirely relate to dilapidation costs

Deferred Taxation

	<i>Accelerated Capital Allowances</i> £'000	<i>Other Timing Differences</i> £'000	<i>Total</i> £'000
Deferred Tax provided			
At 1 January 2008	429	(58)	371
(Credited)/charged to profit and loss account	(429)	58	(371)
At 31 December 2008	–	–	–

12. Called up share capital

	2008 £'000	2007 £'000
<i>Authorised, allotted, called up and fully paid</i> 1,000,000 ordinary shares of £1 each	1,000	1,000

13. Reconciliation of shareholders' funds and movements on reserves

	<i>Share capital</i> £'000	<i>Profit and loss account</i> £'000	<i>Total</i> £'000
At 31 December 2006	1,000	(744)	256
Loss for the year	–	(271)	(271)
At 31 December 2007	1,000	(1,015)	(15)
Profit for the year	–	470	470
At 31 December 2008	1,000	(545)	455

Notes to the financial statements

at 31 December 2008

14. Capital commitments

	2008 £'000	2007 £'000
Contracts placed for future capital expenditure not provided for in the financial statements	613	301

15. Operating leases

The company was committed to making the following annual payments under non-cancellable operating leases as at 31 December:

	<i>Land and buildings</i> 2008 £'000	<i>Land and buildings</i> 2007 £'000
Leases expiring:		
Between one and five years	634	617
Over five years	315	315

Notes to the financial statements

at 31 December 2008

16. Related party transactions

The company has taken advantage of the exemption available to companies that are at least 90% owned and whose parent company's consolidated financial statements are publicly available not to disclose transactions with group companies under provisions of FRS 8. This exemption has been claimed for transactions with companies within the Red Bull Technology Limited group.

During the year the group entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into and trading balances outstanding at 31 December 2008 are as follows:

* This relates to transactions with Team Red Bull Inc, Salzburg Sport GmbH, Red Bull Espana, Red Bull Japan Co. Ltd, Red Bulletin, and Red Bull North America.

<i>Name</i>	<i>Relationship</i>	<i>Sponsorship/ other income £'000</i>	<i>Purchases of goods and services £'000</i>	<i>Purchases of fixed assets £'000</i>	<i>Recharges of goods & Services £'000</i>	<i>Amounts owed from/(to) related party £'000</i>
Red Bull GmbH	Parent company					
2008		78,965	—	—	—	—
2007		78,196	6,789	—	—	—
Scuderia Toro Rosso	Fellow subsidiary					
2008		—	27	—	2,312	(27)
2007		—	43	29	131	6
Other Related Parties*	Fellow subsidiary					
2008		33	—	—	—	—
2007		68	3	—	—	—

17. Ultimate parent undertaking

The company's immediate parent undertaking is Red Bull Technology Limited which prepares consolidated financial statements, copies of which are available from Carmelite 50 Victoria Embankment, Blackfriars, London EC4Y 0LS.

In the opinion of the directors, the ultimate parent undertaking and controlling party was Red Bull GmbH, a company incorporated in Austria.