

Company Registration No. 03120645 (England and Wales)



RED BULL RACING LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022



RED BULL RACING LTD

COMPANY INFORMATION

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

RED BULL RACING LTD

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RED BULL RACING LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

Review of the business

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

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

2022 saw the return of a race event calendar more akin to pre-pandemic years, with events outside of Europe increasing from 8 to 11. The USA is a key growth market for the sport and 2022 included a second grand prix in the United States - the inaugural Miami Grand Prix. Countries such as Singapore and Japan were welcomed back onto the F1 circuit for the first time since 2019, with Max Verstappen claiming his second Drivers Championship, in as many seasons, at the Japanese Grand Prix.

Sporting success in 2022 was exceptional, with the team breaking a series of records on its way to securing both the Drivers and Constructors title. Max Verstappen excelled, securing 15 race wins and 454 championship points – 146 more than his nearest rival Charles Leclerc. Sergio Perez played his part in the successes of 2022, narrowly missing out on second place in the Drivers championship and securing 2 race wins.

For the first time in 8 years, the Team secured the Constructors Championship. Following a slightly disappointing start to the season, the Team trailed Ferrari, but after a string of strong performances, led the Constructors championship from round 6. From this point, the team never looked back, securing 13 wins from the remaining 16 races, finishing the season on 759 points, an impressive 205 points more than second place Ferrari.

Although the year had many ups there was one notable down, with the sad passing of the Red Bull founder and owner Dietrich Mateschitz. His passion for F1 was unquestionable from the 1995 sponsorship of the Sauber team to the purchase of the Jaguar Racing team in 2004, renamed Red Bull Racing in 2005, to the most recent investment in Red Bull Powertrains. Our ultimate parent company, Red Bull GmbH continue to be fully committed to F1 and the Team.

Commercially, the Team's performance reflects the growing popularity and success of F1 as a whole and capitalises on the teams' success.

Red Bull Racing is proud to have attracted Oracle as Title Partner and add to the already impressive portfolio of blue-chip sponsors – the Team's success combined with significant brand exposure, providing a compelling return on investment.

Within Cost of Sales, car Production costs were lower due to careful management of spend, strong relative performance and reliability, and limited race event accident damage. Higher Driver costs reflect the incredible season and performance bonuses in a year with more "fly away" event costs.

Admin expenses are higher as a result of the \$7m (£6.2m) penalty imposed by the FIA for a minor breach of the Financial Regulations and higher staff bonus awards.

Turnover for the year increased to £278,026,000 (2021 - £238,351,000).

RED BULL RACING LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Principle risks and uncertainties

Competitive Risks

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

Legislative Risks

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

Financial Risk Management

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

Cyber Security

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

Use of Derivatives

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

Exposure to price, credit, liquidity and cash flow risk

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

The company is exposed to macro-economic risks, eg. inflation and currency fluctuation and has foreign currency transactions denominated in Euro, USD and other currencies. The Board reviews and agrees policies for managing risks arising from the company's operations.

RED BULL RACING LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

COVID 19

As a result of the global pandemic, the team has adopted safe working practices to minimise risks and where possible establish contingencies for any changes in circumstance. The team will continue to be agile and adaptable.

On behalf of the board

DocuSigned by:

6E7427747DC54AB...
C Horner
Director

1 February 2023

RED BULL RACING LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and financial statements for the year ended 31 December 2022.

Directors

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

H Marko

C Horner

D Mateschitz

(Resigned 22 October 2022)

Results and dividends

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

Ordinary dividends were paid amounting to £6,500,000 (2021: £nil). The directors do not recommend payment of a final dividend.

Financial instruments

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

Future developments

Strong commercial and technical partnerships continue to be established and enhanced with both new and existing sponsors. Due to the uncertain global economic outlook, 2023 will not be without its challenges but the Team is well placed for a strong performance on group revenues.

Financial Regulations mature but continue to evolve, with a final tightening of the budget cap through 2023, in an initiative to ensure the long-term financial stability and sustainability of all F1 Teams.

No major change to the technical regulations will mean the record breaking RB18 will be great baseline for the Team going into the 2023 season with the highly anticipated RB19 challenger.

Auditor

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

Statement of disclosure to auditor

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

RED BULL RACING LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Going Concern

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

On behalf of the board

DocuSigned by:

6E7427747DC54AB...
C Horner
Director

1 February 2023

RED BULL RACING LTD

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

RED BULL RACING LTD

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RED BULL RACING LTD

Opinion

We have audited the financial statements of Red Bull Racing Limited for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Company Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 22, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

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

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

RED BULL RACING LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF RED BULL RACING LTD

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

RED BULL RACING LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF RED BULL RACING LTD

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are United Kingdom Accounting Standards, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", Companies Act 2006, Data Protection Act 1998, Health and Safety at Work Act 1974, the FIA Formula One Regulations (Sporting, Technical & Financial), Tax law and Furlough law.
- We understood how Red Bull Racing Limited is complying with those frameworks by holding enquiries with those charged with governance. We understood the potential incentive and ability to override the internal controls. We considered management's attitude and tone from the top to embed a culture of honesty and ethical behaviour whereby a strong emphasis is placed on fraud prevention which may reduce opportunities for fraud to take place. We further understood the adoption of accounting standards and consider the compliance with the above laws.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by obtaining and reading internal policies, holding enquires of management and those charged with governance and the in-house legal counsel as to any fraud risk framework within the entity.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved:
 - Understanding the 2021 Cost Cap breach and confirming that the case is closed.
 - We have reviewed correspondence between the FIA and Red Bull to understand the topics that resulted in a breach. We have enquired of management as to the circumstances and reasons for the breach and implications for the current year.
 - We have held direct conversations with the FIA confirming the case is closed.
 - We have obtained evidence that management have signed an Accepted Breach Agreement (ABA) which closes the case. We have also tested and confirmed the settlement of any penalties within the ABA.
 - Enquiring management and those charged with governance as to any fraud risk framework within the entity;
 - Enquiring management, those charged with governance and in-house legal team around actual and potential litigation and claims;
 - Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness;
 - Agreeing the revenue recognised to contracts, including sponsorship agreements, and vouching a sample of invoices through to cash receipt;
 - Understanding the performance obligations detailed in the contracts and considered management's revenue recognition;
 - Evaluating the business rationale of significant transactions outside the normal course of business;
 - Challenging judgements made by management. This included corroborating the inputs and considering contradicting evidence;
 - Reading financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

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

RED BULL RACING LTD

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

Use of our report

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

A handwritten signature in black ink, appearing to read 'Ernst & Young LLP', is written over the printed name and firm of the auditor.

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

1 February 2023
1 More London Place
London
United Kingdom
SE1 2AF

RED BULL RACING LTD**INCOME STATEMENT****FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	2022 £000	2021 £000
Turnover	3	278,026	238,351
Cost of sales		(253,130)	(230,251)
Gross profit		24,896	8,100
Administrative expenses		(21,177)	(5,771)
Other operating expenses		(1,471)	(758)
Operating profit	4	2,248	1,571
Interest receivable and similar income	8	13	1
Amounts written off fixed assets	9	11	80
Profit before taxation		2,272	1,652
Tax on profit	10	(215)	(296)
Profit for the financial year		2,057	1,356

The notes on pages 14 - 25 form part of these financial statements

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

RED BULL RACING LTD**STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2022**

	Notes	2022 £000	2021 £000
Fixed assets			
Intangible assets	13	507	-
Tangible assets	14	4,655	10,290
		<u>5,162</u>	<u>10,290</u>
Current assets			
Debtors	15	90,444	41,416
Cash at bank and in hand		239	328
		<u>90,683</u>	<u>41,744</u>
Creditors: amounts falling due within one year	16	(91,709)	(43,455)
Net current liabilities		<u>(1,026)</u>	<u>(1,711)</u>
Net assets		<u>4,136</u>	<u>8,579</u>
Capital and reserves			
Called up share capital	18	1,000	1,000
Revaluation reserve		-	3,100
Profit and loss reserves		3,136	4,479
Total equity		<u>4,136</u>	<u>8,579</u>

The financial statements were approved by the board of directors and authorised for issue on 1 February 2023 and are signed on its behalf by:

DocuSigned by:

 C Hörner
 Director

Company Registration No. 03120645

RED BULL RACING LTD**STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2022**

		Share capital	Revaluation reserve	Profit and loss reserves	Total
	Notes	£000	£000	£000	£000
Balance at 1 January 2021		1,000	3,100	3,123	7,223
Year ended 31 December 2021:					
Profit and total comprehensive income for the year		-	-	1,356	1,356
Balance at 31 December 2021		1,000	3,100	4,479	8,579
Year ended 31 December 2022:					
Profit and total comprehensive income for the year		-	-	2,057	2,057
Dividends	11	-	-	(6,500)	(6,500)
Transfers		-	(3,100)	3,100	-
Balance at 31 December 2022		<u>1,000</u>	<u>-</u>	<u>3,136</u>	<u>4,136</u>

RED BULL RACING LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

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

1.1 Accounting convention

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

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

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

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

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

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

In accordance with FRS 102.33.1A, the group has taken the exemption to not disclose related party transactions where those transactions are with a wholly owned member of the group.

1.2 Going concern

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

RED BULL RACING LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.3 Turnover

Turnover represents sponsorship and promotional income, prize money, bonus payments and contributions towards the race programme received and receivable net of value added tax. In certain cases, the company enters into agreements with suppliers whereby goods and services are received in exchange for the provision of various sponsorship and marketing activities.

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

1.4 Intangible assets other than goodwill

Intangible assets acquired separately from a business including digital assets, are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Other intangible	Indefinite
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1.5 Tangible fixed assets

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

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

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

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

1.6 Impairment of fixed assets

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

1.7 Cash and cash equivalents

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

RED BULL RACING LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.8 Financial instruments

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

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

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

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

RED BULL RACING LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Derecognition of financial liabilities

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

1.9 Equity instruments

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

1.10 Taxation

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

Current tax

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

Deferred tax

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

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

1.11 Employee benefits

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

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

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

1.12 Retirement benefits

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

RED BULL RACING LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.13 Foreign exchange

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

1.14 Research and development

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

1.15 Operating leases

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

1.16 Investment properties

Investment properties are stated at fair value.

The carrying values of tangible investment properties are reviewed for revaluation and impairment on a regular basis as deemed appropriate by the Directors as well as when events or changes in circumstances indicate the carrying value may not be recoverable.

A gain or deficit on revaluation is recognised in the profit or loss account for the year and subsequently transferred to the non-distributable reserve.

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

2 Judgements and key sources of estimation uncertainty

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

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

3 Turnover and other revenue

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

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

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

RED BULL RACING LTD**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****4 Operating profit**

	2022	2021
	£000	£000
Operating profit for the year is stated after charging:		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	1,471	758
Research and development costs	13,000	10,422
Depreciation of owned tangible fixed assets	1,136	1,038
Impairment of intangible assets	1,705	-
Above the line credit recognised in the year	(3,794)	(1,240)
	<u> </u>	<u> </u>

Included in operating profit is an amount of £6,156,429 in relation to fines imposed on the company by the FIA.

5 Auditor's remuneration

	2022	2021
	£000	£000
Fees payable to the company's auditor and associates:		
Audit of the financial statements of the company	51	26
Non-audit fees relating to taxation services	13	6
	<u> </u>	<u> </u>
	64	32
	<u> </u>	<u> </u>

6 Employees

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

	2022	2021
	Number	Number
Racing and production	48	50
Administration	2	2
	<u> </u>	<u> </u>
Total	50	52
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2022	2021
	£000	£000
Wages and salaries	16,848	11,963
Social security costs	2,320	1,531
Pension costs	186	193
	<u> </u>	<u> </u>
	19,354	13,687
	<u> </u>	<u> </u>

RED BULL RACING LTD**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****7 Directors' remuneration**

	2022	2021
	£000	£000
Remuneration for qualifying services	<u>3,447</u>	<u>2,373</u>

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

	2022	2021
	£000	£000
Remuneration for qualifying services	3,447	2,373
Company pension contributions to defined contribution schemes	<u>1</u>	<u>1</u>

Certain directors are also directors of other undertakings within the Red Bull group, of which Red Bull Racing is a subsidiary. The directors' remuneration for the year was paid by other group undertakings, of which the proportion allocated to the company is insignificant.

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

8 Interest receivable and similar income

	2022	2021
	£000	£000
Interest income		
Interest on bank deposits	<u>13</u>	<u>1</u>

9 Amounts written off fixed assets

	2022	2021
	£000	£000
Gain on disposal of fixed assets	<u>11</u>	<u>80</u>

10 Taxation

	2022	2021
	£000	£000
Current tax		
UK corporation tax on profits for the current period	160	319
Adjustments in respect of prior periods	55	(23)
Total current tax	<u>215</u>	<u>296</u>

RED BULL RACING LTD**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****10 Taxation****(Continued)**

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

	2022	2021
	£000	£000
Profit before taxation	2,272	1,652
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	432	314
Tax effect of expenses that are not deductible in determining taxable profit	7	67
Tax effect of income not taxable in determining taxable profit	(114)	(46)
Movement in unrecognised deferred tax assets	(216)	(20)
Adjustments in respect of prior years	55	(23)
Effect of change in corporation tax rate	51	4
Taxation charge for the year	215	296

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

11 Dividends

	2022	2021
	£000	£000
Interim paid	6,500	-

12 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2022	2021
		£000	£000
In respect of:			
Intangible assets	13	1,705	-
Recognised in:			
Administrative expenses		1,705	-

RED BULL RACING LTD**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****13 Intangible fixed assets**

	Other intangible £000
Cost	
At 1 January 2022	-
Additions	2,212
	<u>2,212</u>
At 31 December 2022	2,212
Amortisation and impairment	
At 1 January 2022	-
Impairment losses	1,705
	<u>1,705</u>
At 31 December 2022	1,705
Carrying amount	
At 31 December 2022	507
	<u><u>507</u></u>
At 31 December 2021	-
	<u><u>-</u></u>

More information on impairment movements in the year is given in note 12.

14 Tangible fixed assets

	Freehold buildings £000	Assets under construction £000	Plant and equipment £000	Motor vehicles £000	Total £000
Cost					
At 1 January 2022	15,242	-	9,078	2,634	26,954
Additions	-	1,205	487	309	2,001
Disposals	(6,776)	-	(6)	(136)	(6,918)
Transfers	-	-	427	(427)	-
	<u>8,466</u>	<u>1,205</u>	<u>9,986</u>	<u>2,380</u>	<u>22,037</u>
At 31 December 2022	8,466	1,205	9,986	2,380	22,037
Depreciation					
At 1 January 2022	7,868	-	7,469	1,327	16,664
Depreciation charged in the year	217	-	606	313	1,136
Eliminated in respect of disposals	(276)	-	(6)	(136)	(418)
	<u>7,809</u>	<u>-</u>	<u>8,069</u>	<u>1,504</u>	<u>17,382</u>
At 31 December 2022	7,809	-	8,069	1,504	17,382
Carrying amount					
At 31 December 2022	657	1,205	1,917	876	4,655
	<u><u>657</u></u>	<u><u>1,205</u></u>	<u><u>1,917</u></u>	<u><u>876</u></u>	<u><u>4,655</u></u>
At 31 December 2021	7,374	-	1,609	1,307	10,290
	<u><u>7,374</u></u>	<u><u>-</u></u>	<u><u>1,609</u></u>	<u><u>1,307</u></u>	<u><u>10,290</u></u>

RED BULL RACING LTD**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****14 Tangible fixed assets****(Continued)**

The carrying value of land and buildings comprises:

	2022	2021
	£000	£000
Freehold	657	7,374

Investment properties held as at 31.12.2021 have been sold during the period to a related party.

15 Debtors

	2022	2021
	£000	£000
Amounts falling due within one year:		
Trade debtors	64,909	24,282
Other debtors	135	1,135
Prepayments and accrued income	23,466	15,999
	<u>88,510</u>	<u>41,416</u>

	2022	2021
	£000	£000
Amounts falling due after more than one year:		
Prepayments and accrued income	1,934	-
	<u>1,934</u>	<u>-</u>
Total debtors	<u>90,444</u>	<u>41,416</u>

16 Creditors: amounts falling due within one year

	2022	2021
	£000	£000
Trade creditors	5,389	4,180
Amounts owed to group undertakings	6,880	4,445
Taxation and social security	6,640	547
Other creditors	17	663
Accruals and deferred income	72,783	33,620
	<u>91,709</u>	<u>43,455</u>

Dividends of £6,500,000 were paid or settled via intercompany (2021 - £Nil), Intercompany balances are interest free and payable if called upon.

RED BULL RACING LTD**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****17 Deferred tax**

Deferred tax unrecognised as at 1 January 2022 was £2,248,378. Amounts carried forward at 31 December 2022 are £2,241,198.

18 Share capital

	2022	2021	2022	2021
	Number	Number	£000	£000
Ordinary share capital				
Issued and fully paid				
Ordinary of £1 each	1,000,000	1,000,000	1,000	1,000

19 Operating lease commitments**Lessor**

The investment property held by the entity was sold during the year. At 31 December 2022 the company had annual receipts from non-cancellable operating leases as set out below:

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

	2022	2021
	£000	£000
Within one year	-	280
Between two and five years	-	1,120
	-	1,400

Lease Income recognised in the period was £132,300 (2021 - £nil)

20 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2022	2021
	£000	£000
Acquisition of tangible fixed assets	119	395

21 Related party transactions

	2022	2021
	£000	£000
Amounts due to related parties		
Parent and Fellow Subsidiary Undertakings	6,880	4,445

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

RED BULL RACING LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

22 Ultimate controlling party

The company's immediate parent undertaking is Red Bull Technology Limited which prepares group financial statements, copies of which are available from Companies House.

The ultimate parent undertaking and controlling party for which the group financial statements are drawn up and of which the company is a member is Red Bull GmbH, a company incorporated in Austria.