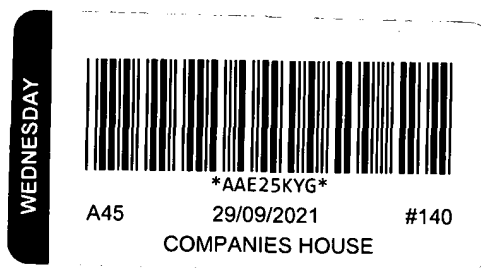


Company Registration No. 03120645 (England and Wales)



**RED BULL RACING LTD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**



## RED BULL RACING LTD

### COMPANY INFORMATION

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<b>Directors</b>	H Marko C Horner D Mateschitz
<b>Secretary</b>	Laytons Secretaries Limited 2 More London Riverside London United Kingdom SE1 2AP
<b>Company number</b>	03120645
<b>Registered office</b>	Building 2 Bradbourne Drive Tilbrook Milton Keynes Bucks United Kingdom MK7 8AT
<b>Auditor</b>	Ernst & Young LLP 1 More London Place London United Kingdom SE1 2AF
<b>Bankers</b>	HSBC City Corporate Banking Centre 60 Victoria Street London United Kingdom EC4N 4TR

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**RED BULL RACING LTD**

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## **RED BULL RACING LTD**

### **STRATEGIC REPORT**

#### ***FOR THE YEAR ENDED 31 DECEMBER 2020***

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##### **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.

The outbreak of COVID 19 caused worldwide disruption and, for a while, all sporting activities were put aside whilst health matters became the priority. F1 entered into a regulated shutdown through April and May to reduce cost pressures, whilst talented F1 team engineers were redeployed in order to accelerate the design and development of ventilators at the request of the UK Government.

It is testimony to the resilience of the sport and the agility of the Commercial Rights Holder of F1 that racing could recommence in the second half of the year. Racing resumed at the Red Bull Ring in Austria hosting the first two races in July.

With an ever-adapting calendar, fans were entertained by races at returning and new venues including tracks such as Mugello and Portimao, in what became a concentrated season of 17 races in just 23 weeks. Despite the grandstands being empty TV broadcast and expanded media coverage enabled the global audience to stay connected and watch all the action unfold. The shorter season resulted in lower costs of travel and car parts, however it also reduced the prize monies received.

On the racing front it was a year of evolution under difficult circumstances. The condensed season, fraught with logistical challenges, frequent PCR testing and strict COVID 19 protocols yielded on-track rewards. The team fought hard to close the gap to reigning champions Mercedes, with Max Verstappen claiming two victories the first at the 70th Anniversary Grand Prix at Silverstone and the second at the season finale in Abu Dhabi. The team achieved nine additional podium finishes earning us second place in the Constructors' Championship with Max claiming third in the Drivers' Championship. Revenues from sponsorship and performance bonuses were largely unaffected by the pandemic.

The Financial position of the company was carefully managed through the year. Costs were reined in through quarter 1 and 2, and projects were put on hold. Financial Regulations due for 2021 were revisited and tightened by the FIA, reducing teams' potential to spend. The group have a balanced cost reduction plan to ensure compliance with the new regulations for 2021. We also recognise the strength and commitment of our sponsors and partners who supported the team through a challenging year.

Turnover for the year reduced to £230,087,000 ( 2019 - £245,438,000 ).

## **RED BULL RACING LTD**

### **STRATEGIC REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2020***

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#### **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.

##### **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.

##### **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 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.

##### **Brexit**

Following the completion of a transition period on the 31st December 2020, the United Kingdom completed its withdrawal from the European Union. The Group have invested significant resources to analyse, prepare for and mitigate any risks that this withdrawal will pose and have been agile to respond to the operational requirements of the organisation. The group has extensive experience in managing international movements of both freight and personnel.

## **RED BULL RACING LTD**

### **STRATEGIC REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2020***

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#### **COVID 19**

The effects of the global pandemic continue to impact health and economies with far reaching implications. The specific implications for the sport of Formula One, including potential travel restrictions and local lockdowns mean that the race calendar may need to adapt. The team has adopted safe working practices to minimise risks and where possible establish contingencies for any changes in circumstance. The roll out of vaccines provide hope that normality will return soon however, as always, the team will continue to be agile and adaptable.

On behalf of the board

DocuSigned by:  
  
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**C Horner**  
**Director**

2 February 2021

## **RED BULL RACING LTD**

### **DIRECTORS' REPORT**

#### ***FOR THE YEAR ENDED 31 DECEMBER 2020***

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The directors present their report and financial statements for the year ended 31 December 2020.

##### **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

##### **Results and dividends**

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

No ordinary dividends were paid. 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**

Formula One regulations include Financial Restrictions from 01 January 2021. Expenditure will be subject to a cap that will reduce over the coming years in an initiative to ensure the long-term financial stability and sustainability of all F1 Teams.

Honda have announced their intention to withdraw from supplying Power Units to F1 teams, including Red Bull Racing, at the end of 2021. The team has enjoyed success over the past two seasons with Honda and aims to end the partnership on a high in 2021. The team are currently looking at alternative engine supply arrangements for 2022 onwards.

##### **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.

##### **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 February 2022. The company's ultimate parent undertaking, Red Bull GmbH, confirmed to the directors that it has no plans or intentions that would materially affect the ordinary operations of the company within the next 12 months from date of signing or the carrying value or classification of its assets and liabilities at 31 December 2020 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**

### **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2020***

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On behalf of the board

DocuSigned by:  
  
SE7427747DC54AB...  
C Horner  
**Director**

2 February 2021



## **RED BULL RACING LTD**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

#### ***FOR THE YEAR ENDED 31 DECEMBER 2020***

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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

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#### Opinion

We have audited the financial statements of Red Bull Racing Ltd for the year ended 31 December 2020 which comprise the Income Statement, the Statement of Financial Position, the Statement of changes in equity and the related notes<sup>1</sup> to 20, 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2020 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.

#### 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 Standard, 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. The directors' assessment is for a period of 12 months until the end of February 2022, which covers the next race season. Our evaluation of the directors' assessment of the company and parent company's ability to continue to adopt the going concern basis of accounting included;

- obtaining and challenging the Company's cashflow forecasts, operational consideration, sensitivities and assessing the completeness of their risk.
- obtaining a parental letter of support which confirmed that Red Bull GmbH will not request the company to pay back of any intercompany amounts within the next 12 months from the date of signing the accounts.
- obtaining confirmation from the ultimate parent, Red Bull GmbH's auditors, of the entity's ability to provide support to the extent it is required. We obtained confirmation of positive future cash flows for the next year, key performance indicators which showed strong performance and a strong balance sheet. We further confirmed the Red Bull GmbH's Group's cash position and that there is no external debt. To the extent that costs exceed external revenues parental funding will be relied upon. We evaluated the evidence provided and concluded that the parent company is in a position to provide the required support.
- We considered the appropriateness of the disclosures with respect to the use of the going concern assertion in the company's financial statements. We challenged the directors in respect of the disclosures and they included additional information to improve the transparency of the basis of their assessment of going concern.

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 and parent company's ability to continue as a going concern for a period of twelve months from when the financial statements are authorised for issue.

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.

## **RED BULL RACING LTD**

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

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#### **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 there is 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.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and the parent 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 parent company 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 and parent 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 the parent company or to cease operations, or have no realistic alternative but to do so.

## RED BULL RACING LTD

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

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#### ***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 misrepresentation, 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.

Our approach was as follows:

- 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, Furlough law, Coronavirus Job Retention Scheme.
- We understood how Red Bull Racing is complying with those frameworks by holding enquiries with those charged with governance. We understood the potential incentive and ability to override the 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 considered 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 enquiries 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;
  - Enquiry of management and those charged with governance as to any fraud risk framework within the entity.
  - Enquiry of 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.
  - We agreed the revenue recognised to contract, including sponsorship agreements, and vouched a sample of invoices through to cash receipt.
  - We understood 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.

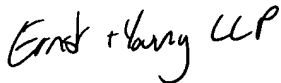
## **RED BULL RACING LTD**

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

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#### **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.



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

2 February 2021

**RED BULL RACING LTD****INCOME STATEMENT****FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	2020 £000	2019 £000
<b>Turnover</b>	<b>3</b>	229,754	245,438
Cost of sales		(220,516)	(237,309)
<b>Gross profit</b>		9,238	8,129
Administrative expenses		(8,635)	(6,314)
Other operating income/(expenses)		597	(779)
<b>Operating profit</b>	<b>4</b>	1,200	1,036
Interest receivable and similar income	<b>8</b>	4	8
Amounts written off investments	<b>9</b>	16	(1)
<b>Profit before taxation</b>		1,220	1,043
Tax on profit	<b>10</b>	(497)	(425)
<b>Profit for the financial year</b>		723	618

The notes on pages 14 - 23 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 2020**

	Notes	2020 £000	2019 £000
<b>Fixed assets</b>			
Tangible assets	12	10,465	9,235
<b>Current assets</b>			
Stocks	13	334	320
Debtors	14	14,039	39,870
Cash at bank and in hand		604	2,724
		<u>14,977</u>	<u>42,914</u>
<b>Creditors: amounts falling due within one year</b>	15	<u>(18,219)</u>	<u>(45,649)</u>
<b>Net current liabilities</b>		(3,242)	(2,735)
<b>Total assets less current liabilities</b>		<u>7,223</u>	<u>6,500</u>
<b>Capital and reserves</b>			
Called up share capital	16	1,000	1,000
Revaluation reserve		3,100	3,100
Profit and loss reserves		3,123	2,400
<b>Total equity</b>		<u>7,223</u>	<u>6,500</u>

The financial statements were approved by the board of directors and authorised for issue on 2 February 2021 and are signed on its behalf by:

DocuSigned by:  
  
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**C Horner**  
**Director**

**Company Registration No. 03120645**

**RED BULL RACING LTD****STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2020**

	Share capital	Revaluation reserve	Profit and loss reserves	Total
	£000	£000	£000	£000
<b>Balance at 1 January 2019</b>	1,000	3,100	1,782	5,882
<b>Year ended 31 December 2019:</b>				
Profit and total comprehensive income for the year	-	-	618	618
<b>Balance at 31 December 2019</b>	1,000	3,100	2,400	6,500
<b>Year ended 31 December 2020:</b>				
Profit and total comprehensive income for the year	-	-	723	723
<b>Balance at 31 December 2020</b>	1,000	3,100	3,123	7,223



## RED BULL RACING LTD

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 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.

#### 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 February 2022. The company's ultimate parent undertaking, Red Bull GmbH, confirmed to the directors that it has no plans or intentions that would materially affect the ordinary operations of the company within the next 12 months from date of signing or the carrying value or classification of its assets and liabilities at 31 December 2020 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.

#### 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 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	3-7 Years
Motor vehicles	3-5 Years

## RED BULL RACING LTD

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 1 Accounting policies

(Continued)

The gain 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.

##### 1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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).

##### 1.6 Stocks

Stocks are stated at the lower of cost and net realisable value. In respect of consumables, cost is defined as purchase price.

##### 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.

##### 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.

##### *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.

## RED BULL RACING LTD

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

#### 1 Accounting policies

(Continued)

##### **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.

##### **1.13 Leases**

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

##### **1.14 Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

##### **1.15 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.

##### **1.16 Research and development**

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

**RED BULL RACING LTD****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****1 Accounting policies****(Continued)****1.17 Operating leases**

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

**1.18 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 and 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 2020 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.

**4 Operating profit**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(13)	779
Research and development costs	10,755	9,428
Government grants	(251)	-
Depreciation of owned tangible fixed assets	1,018	992
Above the line credit recognised in the year	(1,362)	(916)
	<u>          </u>	<u>          </u>

**RED BULL RACING LTD****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****5 Auditor's remuneration**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Fees payable to the company's auditor and associates:		
Audit of the financial statements of the company	24	23
Non-audit fees relating to taxation services	5	40
	<u>29</u>	<u>63</u>

**6 Employees**

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

	<b>2020</b>	<b>2019</b>
	<b>Number</b>	<b>Number</b>
Racing and production	57	57
Administration	2	2
Total	<u>59</u>	<u>59</u>

Their aggregate remuneration comprised:

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	10,907	9,495
Social security costs	1,485	1,218
Pension costs	220	209
	<u>12,612</u>	<u>10,922</u>

**7 Directors' remuneration**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Remuneration for qualifying services	<u>2,105</u>	<u>1,900</u>

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

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Remuneration for qualifying services	2,105	1,900
Company pension contributions to defined contribution schemes	<u>2</u>	<u>4</u>

**RED BULL RACING LTD****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****7 Directors' remuneration****(Continued)**

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**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
<b>Interest income</b>		
Interest on bank deposits	4	8
	<u>4</u>	<u>8</u>

**9 Amounts written off fixed assets**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Gain/(loss) on disposal of fixed assets	16	(1)
	<u>16</u>	<u>(1)</u>

**10 Taxation**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
<b>Current tax</b>		
UK corporation tax on profits for the current period	437	434
Adjustments in respect of prior periods	60	(9)
	<u>497</u>	<u>425</u>
<b>Total current tax</b>	<u>497</u>	<u>425</u>

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:

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Profit before taxation	1,220	1,043
	<u>1,220</u>	<u>1,043</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	232	198
Tax effect of expenses that are not deductible in determining taxable profit	46	48
Movement in unrecognised deferred tax assets	159	188
Adjustments in respect of prior years	60	(9)
	<u>497</u>	<u>425</u>
<b>Taxation charge for the year</b>	<u>497</u>	<u>425</u>

**RED BULL RACING LTD****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****10 Taxation****(Continued)**

On 15 September 2016 the reduction in the main rate of corporation tax from 19% to 17% was enacted from 1 April 2020. This reduction to 17% received Royal Assent in February 2019. On 11 March 2020 it was announced that the corporation tax rate would remain at 19% from 1 April 2020, which received Royal Assent on 22 July 2020. Deferred tax balances have therefore been calculated with reference to the rate substantively enacted at the balance sheet date, being 19%.

**11 Deferred tax**

Deferred tax unrecognised as at 1 January 2020 was £1,403,500. Amounts carried forward at 31 December 2020 are £1,726,974.

**12 Tangible fixed assets**

	Freehold buildings £000	Plant and equipment £000	Motor vehicles £000	Total £000
<b>Cost</b>				
At 1 January 2020	15,242	7,051	1,906	24,199
Additions	-	1,662	605	2,267
Disposals	-	-	(213)	(213)
At 31 December 2020	15,242	8,713	2,298	26,253
<b>Depreciation and impairment</b>				
At 1 January 2020	7,434	6,568	962	14,964
Depreciation charged in the year	217	557	244	1,018
Eliminated in respect of disposals	-	-	(194)	(194)
At 31 December 2020	7,651	7,125	1,012	15,788
<b>Carrying amount</b>				
At 31 December 2020	7,591	1,588	1,286	10,465
At 31 December 2019	7,808	483	944	9,235

**RED BULL RACING LTD****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020****12 Tangible fixed assets****(Continued)**

The carrying value of land and buildings comprises:

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Freehold	<u>7,591</u>	<u>7,808</u>

The net book value of freehold land and buildings comprises Freehold Investment properties at a fair valuation of £6,500,000 (2019 - £6,500,000). The investment property was valued by an independent valuer who is a member of The Royal Institution of Chartered Surveyors, White Commercial Surveyors Limited, on the basis of fair value in December 2020. The historical cost of the investment properties included at valuation was £3,676,000 (2019 - £3,676,000). Red Bull Racing Limited has no land recognised in the year.

The critical assumption made relating to the valuations are set out below:

Yields:

2020: 5.00%

2019: 5.00%

**13 Stocks**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Raw materials, consumables and racing spares	<u>334</u>	<u>320</u>

**14 Debtors**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
<b>Amounts falling due within one year:</b>		
Trade debtors	9,259	24,799
Other debtors	1,458	956
Prepayments and accrued income	3,322	14,115
	<u>14,039</u>	<u>39,870</u>



**RED BULL RACING LTD****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****15 Creditors: amounts falling due within one year**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	2,187	2,129
Amounts owed to group undertakings	3,643	15,053
Taxation and social security	-	2,728
Other creditors	1	111
Accruals and deferred income	12,388	25,628
	<u>18,219</u>	<u>45,649</u>

No dividends were paid or settled via intercompany (2019 - £Nil), Intercompany balances are interest free and payable if called upon.

**16 Share capital**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
1,000,000 Ordinary of £1 each	<u>1,000</u>	<u>1,000</u>

**17 Operating lease commitments****Lessor**

The company holds an investment property, which is let to third parties. At 31 December 2020 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:

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Within one year	333	333
Between two and five years	610	804
	<u>943</u>	<u>1,137</u>

Lease Income recognised in the period was £332,500 (2019 - £332,500)

**18 Capital commitments**

Amounts contracted for but not provided in the financial statements:

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Acquisition of tangible fixed assets	<u>39</u>	<u>330</u>

**RED BULL RACING LTD****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****19 Related party transactions**

	<b>2020</b>	<b>2019</b>
<b>Amounts due to related parties</b>	<b>£000</b>	<b>£000</b>
Parent and Fellow Subsidiary Undertakings	3,643	15,053

**20 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.

In the opinion of the directors, 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.