

Registration number: 07475805

Williams Grand Prix Holdings PLC

Condensed Consolidated Financial Statements

for the 6 month period ended 30 June 2014

Williams Grand Prix Holdings PLC
Consolidated Profit and Loss Account for the 6 Months Ended 30 June 2014

	Note	Unaudited 6 months to 30 June 2014 £	Unaudited 6 months to 30 June 2013 £	Year to 31 December 2013 £
Turnover – continuing operations		42,732,785	55,027,688	123,310,274
Turnover – discontinued operations		1,339,327	2,626,050	7,116,375
Turnover		44,072,112	57,653,738	130,426,649
Cost of sales		(25,006,917)	(20,031,738)	(36,543,251)
Gross profit		19,065,195	37,622,000	93,883,398
Other operating charges		(42,568,686)	(40,955,259)	(83,321,254)
Other operating income		2,492,299	681,642	4,081,461
Operating (loss)/ profit – continuing		(20,185,050)	(954,697)	17,337,984
Operating loss – discontinued		(826,142)	(1,696,920)	(2,694,379)
Operating (loss)/profit		(21,011,192)	(2,651,617)	14,643,605
Gain/(loss) on sale and termination of operations	2	3,861,251	-	(2,730,461)
Other interest receivable and similar income		16,048	34,743	54,494
Interest payable and similar charges	3	(122,765)	(381,236)	(255,853)
(Loss)/ profit on ordinary activities before taxation		(17,256,658)	(2,998,110)	11,741,785
Tax on loss on ordinary activities	4	-	-	(10,544)
Loss on ordinary activities after taxation		(17,256,658)	(2,998,110)	11,731,241
Minority interest		(1,507,671)	248,097	226,035
(Loss)/ profit for the financial period		(18,764,329)	(2,750,013)	11,957,276
Basic and diluted earnings per share	5	(194.45)p	(28.50)p	123.91p

The notes on pages 4 to 10 form an integral part of these financial statements.

Williams Grand Prix Holdings PLC
(Registration number: 07475805)
Consolidated Balance Sheet as at 30 June 2014

	Note	Unaudited 30 June 2014 £	*Restated Unaudited 30 June 2013 £	*Restated 31 December 2013 £
Fixed assets				
Intangible assets	6	-	466,230	432,116
Tangible assets	7	44,061,306	40,950,258	42,450,499
Heritage assets	8	23,183,250	22,983,250	23,183,250
		67,244,556	64,339,738	66,065,865
Current assets				
Stocks	9	55,210	367,990	372,328
Debtors	10	23,627,991	20,651,349	16,238,810
Cash at bank and in hand		4,252,065	17,934,104	15,157,339
		27,935,266	38,953,443	31,768,477
Creditors: Amounts falling due within one year	11	(40,618,784)	(38,067,830)	(25,710,860)
Net current (liabilities)/ assets		(12,683,518)	885,613	6,057,617
Total assets less current liabilities				
		54,561,038	65,285,351	72,123,482
Creditors: Amounts falling due after more than one year	12	-	(8,091,220)	-
		54,561,038	57,194,131	72,123,482
Capital and reserves				
Called up share capital	13	500,000	500,000	500,000
Profit and loss account	13	31,145,490	35,202,529	49,909,818
Revaluation Reserve	13	23,183,250	22,983,250	23,183,250
Other reserves	13	(267,702)	(267,702)	(267,702)
Shareholders' funds		54,561,038	58,418,077	73,325,366
Minority interest	13	-	(1,223,946)	(1,201,884)
		54,561,038	57,194,131	72,123,482

*See note 8 for details of restatement

The notes on pages 4 to 10 form an integral part of these financial statements.

Williams Grand Prix Holdings PLC
Consolidated Cash Flow Statement for the 6 Months Ended 30 June 2014

	Unaudited 6 months to 30 June 2014	Unaudited 6 months to 30 June 2013	Year to 31 December 2013
	£	£	£
Net cash (outflow)/inflow from operating activities	(14,580,043)	17,460,194	15,101,788
Returns on investments and servicing of finance	(194,339)	(74,461)	(121,359)
Taxation	-	-	45,290
Capital expenditure and financial investment	(4,160,679)	(2,862,987)	(6,764,444)
Disposal of subsidiary undertaking net of cost of disposal	5,360,466	-	-
Net cash (outflow)/ inflow before financing	(13,574,595)	14,522,746	8,261,275
Financing	2,892,193	182,539	3,416,633
(Decrease)/ Increase in cash	(10,682,402)	14,705,285	11,677,908

The notes on pages 4 to 10 form an integral part of these financial statements.

Williams Grand Prix Holdings PLC

Notes to the Financial Statements

1 Accounting policies

Basis of preparation

The interim financial information does not constitute statutory accounts within the meaning of the UK Companies Act 2006.

The interim financial information has been prepared under the historical cost convention and in accordance with the accounting policies adopted and disclosed in the financial statements of Williams Grand Prix Holdings PLC ("the Group") for the year ended 31 December 2013, which are prepared under UK Generally Accepted Accounting Practice (UK GAAP).

During the period ended 30 June 2014 the Group has changed its accounting policies in respect of *FRS30 Heritage Assets* and, as a result, has recognised its collection of historic racing cars in the balance sheet. The impact of this policy is disclosed in note 8 below.

Going concern

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

The Group's revenue from its Formula One activities is derived from sponsorship and commercial rights income. This means that, in common with other Formula One racing teams, the timing and amount of the Group's cash flows can be variable and difficult to predict accurately. The Group has attracted a number of new partners during 2014, including its title sponsor Martini, and has a strong pipeline of sponsorship opportunities for 2015 and beyond.

Revenue is also earned through the Group's Advanced Engineering activities which represents the Group's commercial exploitation of its brand and intellectual property. WAE seeks to build on the existing customer base by securing additional contracts for goods and consultancy services with blue chip partners and are making positive progress in this regard.

As disclosed in note 15 below, the Group has recently secured financing with HSBC Bank plc to refinance existing borrowing and support operational and investment activity during 2014. The Group's borrowings would therefore now be shown in creditors greater than one year.

The Board has reviewed cash flow forecasts for the twelve months from 5 September 2014. These forecasts take into account only income which is already contracted. As is often the case, these cash flow forecasts currently show a substantial projected shortfall during the period under review and this reflects the seasonality present in the industry as well as the Group's particular circumstances this year. The Directors have reviewed the plans that are in place to address this shortfall and to meet the Group's obligations as they fall due and are satisfied at the current time that these plans are appropriate and adequate to meet the challenge. Specifically negotiations with third parties are progressing well regarding future sponsorship in order to address the projected shortfall. The Group has considerable other assets which could be sold or used as security for other fundraising.

The Group is well placed to manage business risk effectively and the Board reviews the Group's performance against budgets and forecasts on a regular basis and is satisfied that the Group is performing in line with expectations.

The Directors therefore have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in the preparation of accounts.

Williams Grand Prix Holdings PLC

Notes to the Financial Statements

2 Discontinued operations

During the first quarter of 2014 the Group discontinued its branch, the Williams Technology Centre, Qatar. In the Group's financial statements the results in respect of the Qatar branch have been disclosed as discontinued operations.

The Group disposed of its interest in the share capital of Williams Hybrid Power Limited ("WHP") to GKN Land Systems Limited on 31 March 2014.

The consideration payable for the disposal comprised cash consideration payable at completion, together with potential uncapped additional consideration based upon future sales of WHP products in the following 10 years. That additional consideration will be calculated at 3.5% of sales in each of the first five years, declining on a stepped basis to 1.5% by the end of the 10 year period, and shall only be payable to the extent that it cumulatively exceeds £4m. At the time of the disposal management expected that additional consideration was very likely under the terms of the contract. However, given the uncertainty over value and timing, management's assessment under *FRS 25 Financial Instruments: Presentation* is that no amount should be included at this time. The total consideration arising on the disposal of WHP will continue to be reassessed at each accounting period end and any movement will be recognized through the profit and loss account at that time.

In the Group's financial statements the results in respect of WHP have been disclosed as discontinued operations.

The exceptional profit on the termination of operations relates to the disposal of WHP. This includes cash proceeds of £8m less consideration due to minority interest, direct costs of the disposal transaction, net value of WHP assets at completion and unamortised goodwill.

3 Interest payable and similar charges

	Unaudited 6 months to 30 June 2014 £	Unaudited 6 months to 30 June 2013 £	Year to 31 December 2013 £
Interest on bank borrowings	185,387	109,204	155,407
Other interest payable	25,000	-	50,000
Foreign exchange (gain)/ loss on borrowing	(87,622)	272,032	20,446
	122,765	381,236	225,853

4 Taxation

The Group has estimated losses of approximately £104,315,740 (31 December 2013: £85,094,276) available to carry forward against future trading profits.

Williams Grand Prix Holdings PLC
Notes to the Financial Statements

5 Earnings per share

The calculation of earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period.

Reconciliation of weighted average number of ordinary shares:

	Unaudited 6 months to 30 June 2014	Unaudited 6 months to 30 June 2013	Year ended 31 December 2013
Ordinary shares in issue	10,000,000	10,000,000	10,000,000
Weighted average number of shares held by WGP Trust	(350,000)	(350,000)	(350,000)
Weighted average number of shares outstanding	9,650,000	9,650,000	9,650,000

The Williams Grand Prix Employee Benefit Trust (“WGP Trust”) was established on 7 February 2011. The WGP Trust acquired 350,000 shares in Williams Grand Prix Holdings PLC from the then shareholders for £100. The trustee of the WGP Trust is WGP Trustees Limited, a wholly owned subsidiary of Williams Grand Prix Holdings PLC.

6 Intangible fixed assets

	Goodwill £	Patents £	Total £
Cost			
At 1 Jan 2014	682,287	7,428	689,715
Disposal of subsidiary undertaking	(682,287)	(7,428)	(689,715)
At 30 June 2014	-	-	-
Amortisation			
At 1 Jan 2014	250,172	7,428	257,600
Charge for the period	17,058	-	17,058
Disposal of subsidiary undertaking	(267,230)	(7,428)	(274,658)
At 30 June 2014	-	-	-
Net book value			
At 30 June 2014	-	-	-
At 1 January 2014	432,115	-	432,115

Williams Grand Prix Holdings PLC
Notes to the Financial Statements

7 Tangible fixed assets

	Freehold land and buildings	Long leasehold land and buildings	Plant and machinery	Fixtures and fittings	Assets in the course of construction	Total
	£	£	£	£	£	£
Cost						
At 1 Jan 2014	22,068,431	398,296	55,913,263	5,836,933	6,216,252	90,433,175
Transfers	6,216,252	-	-	-	(6,216,252)	-
Additions	1,440,624	-	2,661,366	77,856	-	4,179,846
Disposals	-	-	(60,000)	-	-	(60,000)
Disposal of subsidiary undertaking		(398,296)	(1,502,656)	(123,708)	-	(2,024,660)
At 30 June 2014	<u>29,725,307</u>	<u>-</u>	<u>57,011,973</u>	<u>5,791,081</u>	<u>-</u>	<u>92,528,361</u>
Depreciation						
At 1 Jan 2014	-	217,890	42,937,919	4,826,867	-	47,982,676
Charge for the period	-	24,895	1,247,042	105,622	-	1,377,559
Eliminated on disposal	-	-	(35,592)	-	-	(35,592)
Eliminated on disposal of subsidiary undertaking		(242,785)	(571,423)	(43,380)	-	(857,589)
At 30 June 2014	<u>-</u>	<u>-</u>	<u>43,577,946</u>	<u>4,889,109</u>	<u>-</u>	<u>48,467,055</u>
Net book value						
At 30 June 2014	<u>29,725,307</u>	<u>-</u>	<u>13,434,027</u>	<u>901,972</u>	<u>-</u>	<u>44,061,306</u>
At 1 January 2014	<u>22,068,431</u>	<u>180,406</u>	<u>12,975,344</u>	<u>1,010,066</u>	<u>6,216,252</u>	<u>42,450,499</u>

Williams Grand Prix Holdings PLC
Notes to the Financial Statements

8 Heritage assets

	Unaudited 30 June 2014 £	*Restated Unaudited 30 June 2013 £	*Restated 31 December 2013 £
Heritage assets	23,183,250	22,983,250	23,183,250
	23,183,250	22,983,250	23,183,250

The Group has adopted *FRS 30 Heritage Assets* for the first time during the period ended 30 June 2014. The Group has a collection of historic Formula One racing cars derived from its long standing commitment to the sport. A valuation of these vehicles has been performed by a third party expert on an immediate sale basis. The Group has not previously considered these racing cars to meet the requirements of FRS 30, but has noted growing industry practice in this area, together with a growing market amongst enthusiasts. The Group intends to revalue its collection at least 5 yearly and will reflect any material changes in the recognised value. Vehicles added to the collection between periodic valuations will be recognised at an appropriate value until the next valuation. A prior year adjustment of the 31 December and 30 June 2013 balance sheets has been performed on the basis of this valuation, assuming consistent market values, adjusted to exclude the 2013 chassis from the June 2013 valuation. The prior year adjustment has no impact on the profit and loss account, the corresponding credit being reflected in the revaluation reserve with no movements over the periods above.

9 Stocks

	Unaudited 30 June 2014 £	Unaudited 30 June 2013 £	31 December 2013 £
Stocks	10,802	367,990	26,655
Work in progress	44,408	-	345,673
	55,210	367,990	372,328

10 Debtors

	Unaudited 30 June 2014 £	Unaudited 30 June 2013 £	31 December 2013 £
Trade debtors	7,768,872	8,848,267	7,194,232
Other debtors	5,188,155	858,494	2,895,598
Prepayments and accrued income	10,670,964	10,944,588	6,148,980
	23,627,991	20,651,349	16,238,810

Other debtors include a Research and Development Expenditure Credit of £5,158,528 receivable from HM Revenue and Customs.

Williams Grand Prix Holdings PLC
Notes to the Financial Statements

11 Creditors: Amounts falling due within one year

	Unaudited 30 June 2014	Unaudited 30 June 2013	31 December 2013
	£	£	£
Bank loans and overdrafts	10,937,548	1,974,377	8,132,977
Trade creditors	4,656,398	5,139,112	4,719,642
Other taxes and social security	3,355,640	1,334,896	436,349
Other creditors	4,114	9,873	10,798
Accruals and deferred income	21,665,084	29,609,572	12,411,094
	40,618,784	38,067,830	25,710,860

All bank loans disclosed within Creditors were secured by a legal charge over the freehold property owned by Williams Grand Prix Engineering Limited, a wholly owned subsidiary of Williams Grand Prix Holdings PLC. A fixed and floating charge in favour of Barclays Bank plc was held over all assets of Williams Grand Prix Engineering Limited. This charge was replaced on 29 July 2014, see Note 14 below.

12 Creditors: Amounts falling due after more than one year

	Unaudited 30 June 2014	Unaudited 30 June 2013	31 December 2013
	£	£	£
Bank loans and overdrafts	-	3,176,091	-
Accruals and deferred income	-	4,915,129	-
	-	8,091,220	3,148,198

13 Share capital and reserves

	Called up equity share capital	Profit & Loss account	Revaluation Reserve	Other Reserves	Minority Interests	Total
	£	£	£	£	£	£
Balance carried forward as at 31 December 2013	500,000	49,909,819	-	(267,702)	(1,201,884)	48,940,233
Heritage Assets adjustment	-	-	23,183,250	-	-	23,183,250
Balance brought forward as at 1 Jan 2014 (restated)	500,000	49,909,819	23,183,250	(267,702)	(1,201,884)	72,123,483
Loss for the period	-	(18,764,329)	-	-	-	(18,764,329)
Minority interest in disposal of subsidiary undertaking	-	-	-	-	(305,787)	(305,787)
Minority interest	-	-	-	-	1,507,671	1,507,671
Balance carried forward as at 30 June 2014	500,000	31,145,490	23,183,250	(267,702)	-	54,561,038

Williams Grand Prix Holdings PLC
Notes to the Financial Statements

14 Derivatives

The fair value of derivatives held by the Group at 30 June 2014 and not recognised in current liabilities in the financial statements is as set out below.

	Unaudited 30 June 2014	Unaudited 30 June 2013	31 December 2013
	£	£	£
Foreign exchange contracts	-	(383,913)	-

15 Post Balance Sheet event

On 29 July 2014, Williams Grand Prix Engineering Limited and HSBC Bank plc completed contractual arrangements for the provision of banking facilities to the Group. This arrangement replaced all previous facilities held with Barclays Bank plc with immediate effect.

From this date the Group's debt facilities comprise:

- A loan facility of £10,000,000 repayable in nine instalments over a four year term. These instalments are £250,000 on 31 October 2014, £500,000 every six months thereafter with all outstanding sums repaid in full on 29 July 2018. This facility carries interest at 2.6% over LIBOR.
- A revolving credit facility of £10,000,000 to be made available throughout the period ending 29 July 2018. This facility carries interest at 2.6% over LIBOR.
- An overdraft facility of £6,000,000. This facility carries interest at 2.6% over the Bank of England Base Rate.

All facilities are secured by a fixed and floating charge in favour of HSBC Bank plc held over all assets of the Group, present and future.

16 Extract from audited accounts

The comparative figures for the financial year ended 31 December 2013 are not the company's statutory accounts for that financial year. Those accounts have been reported on by the company's auditor and delivered to the registrar of companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.