WILLIAMS GRAND PRIX HOLDINGS PLC
FINANCIAL STATEMENTS

For the year ended
31 December 2012

WILLIAMS | GRAND PRIX HOLDINGS PLC

Financial statements
Williams Grand Prix Holdings PLC

For the year ended 31 December 2012

Company No. 07475805

Company information

Company registration number	07475805
Registered office	Grove Wantage Oxfordshire OX12 0DQ
Directors	M Biddle AM Burns E Charlton LM Evans M O'Driscoll N Rose CV Williams
Secretary	M Biddle
Bankers	Barclays Bank plc PO Box 42 Abingdon Oxfordshire OX14 1GU
Auditor	Grant Thornton UK LLP Chartered Accountants Statutory Auditor 3140 Rowan Place, John Smith Drive Oxford Business Park South Oxford OX4 2WB

Index

The Business Review on page 6, the Financial Review on pages 7-8 and the Report of the Directors on pages 16 - 19 have each been drawn up in accordance with the requirements of English law and liability in respect thereof is also governed by English law. In particular, the responsibility of the directors for these reports is owed solely to Williams Grand Prix Holdings PLC.

The Directors submit to the members their Report and Accounts of the Group for the year ended 31 December 2012. The Business Review on page 6 and the Financial Review on pages 7-8 form part of the Report of the Directors.

CHAIRMAN'S STATEMENT

2012 was another year of progress for the Group and we go into 2013 determined to continue the trend. The biggest single indicator of progress was the race win at the Spanish Grand Prix in May 2012.

The win in Spain and other strong performances throughout the season demonstrated how we can succeed by combining our talent, engineering and insight. Additionally, it highlights the strong sponsorship partnerships and engineering relationships we have built. We are not satisfied with our overall eighth position in the 2012 FIA Formula One Constructors' Championship, and we aspire to much more.

This is my first Chairman's Statement since becoming the Group's non-executive chairman in March 2012. At the same time the Group's founder and eponymous Team Principal, Sir Frank Williams, stepped down from the Group board, however he remains a pivotal member of the F1 Team and Group. We were delighted to appoint Claire Williams to the Board during 2012, with the expansion of her role to Deputy Team Principal announced in March 2013.

Throughout these changing times, our strategy has remained constant. The key components of this are to drive improvements to our on-track performance, exploit our brand and intellectual property through diversification and make top-class additions to our talent base. The Business and Financial Reviews, below, address in more detail the outcome of this strategy in 2012.

During the year the Group made a loss of £4.57 million. This disguises the Group's underlying position. Our ongoing commitment to Formula One following the signing of a Bilateral Agreement with Formula One World Championship Limited, the sport's commercial rights holder, in April 2012 demonstrates the Team's commitment to the FIA Formula One World Championship during the period up to 2020. This generated a cash receipt of £9.4 million. This receipt would only be forfeited if the team voluntarily withdraws from Formula One before 31 December 2015. However, the technicalities of accounting standards require this revenue to be deferred into the future. More detail on this accounting treatment is included in the Financial Review Section.

Further participation in the FIA Formula One World Championship will no doubt see a number of technological developments on track, including the new greener powertrain in 2014 that will increase Formula One's relevance to mainstream engineering. One of the Group's key strengths lies in its increasing ability to transfer Formula One technologies into commercially viable applications outside Formula One. The new Williams Advanced Engineering facility that will open in 2013 demonstrates our commitment to seizing those opportunities.

We were delighted that our capacity to innovate has been recognised by our peers. In January 2013 the Group won the title of Business of the Year at the prestigious Motorsport Industry Association's Business Excellence Awards.

The Group passed the start line for 2013 on a sound footing and full of optimism.

Nick Rose
Chairman
26 April 2013

GROUP OVERVIEW

Williams Grand Prix Holdings PLC ("the Company") is the holding company of the Williams group of companies ("Group") which includes Williams Grand Prix Engineering Limited ("WGPE") and Williams Hybrid Power Limited ("WHP"). The Group has established the Williams Technology Centre in Qatar ("WTCQ") as a branch of Williams Grand Prix Engineering Limited.

Williams Grand Prix Holdings PLC
The Company is the holding company of the Group.

The Group employs over 600 people worldwide. Its revenues are derived from its long standing Formula One business and its ongoing diversification into advanced engineering and advanced engineering consultancy.

Williams Grand Prix Engineering Limited
WGPE's core competencies are the design and manufacture of Formula One race cars and the deployment of this expertise in running the team's entries in each season's Grands Prix. As one of the world's leading Formula One teams, the company has secured 16 FIA Formula One World Championship titles in the past 35 years. Nine of these titles have been won in the Constructors' Championship in association with Cosworth, Honda and Renault. The remaining seven titles are Drivers' Championships, won with Alan Jones, Keke Rosberg, Nelson Piquet, Nigel Mansell, Alain Prost, Damon Hill and Jacques Villeneuve.

WGPE continues to develop by adapting its intellectual property and rapid development skills in projects outside Formula One under the trading name Williams Advanced Engineering.

Williams Advanced Engineering
Williams Advanced Engineering is the umbrella brand that is used for all Group activity outside the Formula One business and under which projects focused on the exploitation of the Williams brand, intellectual property and rapid development skills are undertaken.

Williams Hybrid Power Limited
WHP specialises in the design of magnetically loaded composite flywheels which are used as energy storage devices in small and medium sized applications in the motorsport, automotive and public transport sectors.

Williams Technology Centre, Qatar
WTCQ is developing large, magnetically loaded composite flywheels for use in trains and static applications such as grid stabilisation, and commercial applications of the Group's motorsport simulation technology.

WGP Trustees Limited
WGP Trustees Limited acts as the corporate trustee for the WGP Trust, an Employee Benefit Trust whose current potential beneficiary is a Director of Williams Grand Prix Holdings PLC.

BUSINESS REVIEW

During 2012 the Group has continued to develop in line with its long term strategy.

The Group is fuelled by its drive to continually improve its Formula One performance. In 2012 the Williams F1 Team began to see the results of its commitment to improved performance. As well as good performances in races throughout the season, the team also celebrated a race win at Barcelona. At the end of the year the Williams F1 Team finished 8th in the FIA Formula One World Constructors' Championship. There is still a way to go for the team, but improvements on previous seasons are evident.

The Group seeks the optimum commercial returns from its competition in the sport. To this end the Group signed a Bilateral Agreement with Formula One World Championship Limited in April 2012, describing a framework under which the team will compete in the sport up until 2020. During 2012 Formula One returned to the USA, and in 2014 a second race is scheduled for the USA and a new race scheduled for Russia, illustrating that Formula One is meeting the buoyant global demand of motorsport audiences.

Underpinning these developments is the Group's commitment to maximise its investment in people and in assets. As the Group grows, the search for the best engineers and project managers is unceasing, including taking on students and apprentices, nurturing in-house talent and recruiting externally.

Diversification is at the heart of the Group's long term future. The Williams brand and the intellectual property built up over many years of performing at the cutting edge of technological developments gives the Group a unique position in the global marketplace. During 2012 the Group continued to supply parts and services to other Formula One teams, subject to the constraints of the sporting regulations. WHP has engaged with Audi to provide flywheels for their technological activities and the Group has also supplied parts and expertise to other automotive manufacturers during the year. A milestone was the Group's fulfilment of its agreement with Jaguar Cars Limited to provide the motorsport expertise behind the development of the C-X75 hybrid supercar prototype. The C-X75 prototype points to the future in premium automotive innovation.

The Group's technology is also transferring beyond the motorsport and automotive sectors. In a world that is hungry for reliable and efficient methods of energy storage the Group has embarked on projects with a number of public transport providers. A partnership with Go Ahead is developing a flywheel-based hybrid vehicle and Alstom are working with WHP on a flywheel energy storage system for trams. To accommodate the Group's plans to exploit the commercial applications of its technologies, 2012 saw the start of construction of a new Williams Advanced Engineering facility at the Oxfordshire site.

Our engagement in Qatar has given us a foothold in a dynamic new market. The branch has focused on the development and commercialisation of large flywheel technology and driver-in-the-loop simulation technology. In 2012 we saw the commercial realisation of these developments when contracts were signed with partners such as Maersk Oil and Qatar Petroleum.

2012 was just one year in our long-term strategy: visible success on the track while simultaneously building enduring value through diversification.

FINANCIAL REVIEW

The Group is on a sound footing to adhere to its future strategy. Strong turnover in the year of £127.0 million (2011: £104.5 million) reflects our revenue from Formula One, our ability to form and maintain fruitful partnerships with sponsors and our ability to earn commercial returns from diversification.

The success of the Group's diversification strategy can be seen in the rapid growth of revenues under the Williams Advanced Engineering brand:

Year	**2012**	**2011**	**2010**
Williams Advanced Engineering revenues (£ millions)	37.9	16.1	0.1

The Group made a loss in the year of £4.6 million (2011: profit £7.8 million). Whilst disappointing, this loss reflects the impact of the accounting treatment of one of the Group's key receipts during the year.

Following the signing of the Bilateral Agreement with Formula One World Championship Limited in April 2012, £9.4 million of cash was received. This has not been reflected in turnover during the year. The only likely scenario under which this receipt would be repayable is if the team withdraws from competition in Formula One at a point up to 31 December 2015. Such an action would be so at odds with the Group's purpose that the Directors do not consider there to be any foreseeable scenario under which it would occur. It was on this basis that the Group presented unaudited interim accounts for the six months ended 30 June 2012 which recognised the receipt as turnover during the period. Following substantial discussions about a range of possible accounting treatments for the receipt, however, the Group has adopted a more conservative interpretation of FRS 5 *Reporting the Substance of Transactions*, application note G, under which the receipt is deferred into the future.

In addition the turnover figure has been impacted by the timing of certain flywheel deliveries by WHP. WHP has received cash of £1.2 million in respect of deposits for flywheels that had not been delivered by 31 December 2012 due to minor delays in delivery across the year end. These deposit receipts have been deferred into 2013 and will be recognised in turnover upon delivery of the flywheels.

The Group's earnings before interest, tax, depreciation and amortisation were a loss of £1.9 million (2011: £10.3 million). The table below illustrates the impact of the accounting treatment for receipts under the Bilateral Agreement and the net impact of the minor delivery delays on WHP flywheels:

	£ million
EBITDA	(1.9)
Initial Payment in respect of Bilateral Agreement	9.4
WHP flywheel deliveries	0.6
Illustrative adjusted EBITDA	**8.1**

The Group maintained its commitment to investment into the future. Some £51.6 million of expenditure was on research and development, with the net book value of the Group's tangible fixed assets increasing from £37.0 million to £39.8 million.

In addition, the Group secured a borrowing facility of £8 million to allow it to start work on the construction of a new building for its Williams Advanced Engineering activities. This facility will be utilised as construction work continues on the new building and are in addition to the Group's borrowing in respect of the Williams Technology Centre Qatar and the Group's working capital facility.

FINANCIAL REVIEW (continued)

The Group's net debt position as at 31 December 2012 was £(1.13) million (2011: £(0.45) million).

The Group has substantial unrelieved tax losses of £104.0 million. These tax losses continue to grow as a result of the existing tax credit regime for research and development expenditure. The Group continues to pay close attention to government proposals which may allow some of the tax allowances to be received in the form of a cash receipt. During the year the Group suffered £0.15 million of Spanish withholding tax. The Group does not consider this amount to be recoverable and it has been charged in the year.

The Group's loss per share of 47.39 pence (2011: earnings per share 81.10 pence) reflects the loss suffered by the Group for the shares in issue, excluding those held by the Employee Benefit Trust. The Group does not propose to pay a dividend in respect of the year ended 31 December 2012.

GOVERNANCE

Board of Directors

The Board of Directors of the Company is responsible for managing the business and has both supervisory and executive functions, including formulating, reviewing and approving the Group's strategy, budgets and corporate actions.

During the year Sir Frank Williams and Adam Parr resigned as Directors of the Company, both with effect from 31 March 2012. Claire Williams was appointed a Director of the Company with effect from 1 April 2012.

On 21 January 2013 it was announced that TC Wolff would resign as a Director of the Company with immediate effect in order to take up a new role with Mercedes-Benz Grand Prix Limited.

Biographies

Alex Burns, Chief Executive Officer (49)
Alex Burns joined Westland Helicopters in 1982 as a sponsored undergraduate and obtained a degree in Mechanical Engineering from Imperial College, London in 1987. Alex subsequently joined Meggitt plc, where he held a number of positions including Engineering Director of Meggitt Aerospace Components and Project Director of Meggitt Mobrey. He gained an MBA at Cranfield University in 2000 and then became Managing Director of Meggitt Electronic Components, working in the automotive and medical industries. Alex joined WGPE as General Manager in January 2002, managing all aspects of the test facilities, factory and the car production process. In May 2005, Alex was promoted to Chief Operating Officer of WGPE and, in March 2010, to Chief Executive Officer. On the reorganisation of the Group in February 2011, Alex became the Chief Executive Officer of the Company.

Mark Biddle, General Counsel and Company Secretary (46)
After graduating from Cambridge University with a Masters in Law, Mark Biddle spent seven years working at Slaughter and May in London and then in Hong Kong, before taking a legal advisory role with Deutsche Bank. Eight years later in 2004 Mark became the General Counsel of RAC plc, remaining in this role for a year, until Aviva completed a successful takeover of the RAC. Following a nine-month contract as Senior Corporate Lawyer with Aviva, Mark spent several years as General Counsel to marketing company, Aegis Group plc. Mark then took on the role of General Counsel for WGPE at the start of 2009, becoming the General Counsel for the Company on the reorganisation of the Group in February 2011. In addition to his directorship of the Company, Mark is Company Secretary of each of the Group companies.

Louise Evans, Finance Director (39)
With a First Class degree in Management Science from the University of Wales (Swansea), Louise Evans joined Ernst & Young upon graduation. After qualifying as a Chartered Accountant she moved to Reynard Motorsport Ltd as Financial Project Manager. A brief spell as Financial Controller for Paradigm Technology plc preceded Louise's move to the RPS Group plc as Divisional Finance Director. Louise joined WGPE in 2004 as Financial Controller and a year later was appointed Head of Finance, responsible for all aspects of operational and structural finance for the Group. She stepped up to Finance Director of the Company in November 2011.

Claire Williams, Director of Marketing and Communications (36)
After graduating from Newcastle University with a degree in Politics, Claire Williams joined Silverstone Circuit as a press officer. Claire joined WGPE in 2002 and was promoted to Head of Communications in 2010, responsible for all internal and external communications. This role was extended to include Head of Investor Relations following the Company's admission to the Open Market (Entry Standard Segment) of the Frankfurt Stock Exchange in March 2011. Claire joined the Board of the Company as Director of Marketing and Communications on 1 April 2012 and was appointed Deputy Team Principal on 27 March 2013.

Mike O'Driscoll, Independent Non-Executive Director (56)
Mike O'Driscoll is Chairman of Jaguar Heritage, and serves on the Global Advisory Board of JMI, a Motorsport marketing company. Mike retired as Managing Director of Jaguar Cars in March 2011, a position he had held since 2007. Mike started his career in the UK with Jaguar Rover Triumph as a business student. He held various positions in Finance, Product Development and Marketing, prior to his move to North America in 1987, where he held a number of executive positions. Mike went on to hold a number of senior posts at Ford Motor Company in the U.S., prior to his appointment as President of Jaguar Cars North America. He was President of Aston Martin, Jaguar Land Rover's North American subsidiary from 2001 until 2007. Mike joined the Board of the Company in September 2011 and is Chairman of the Audit Committee.

Edward Charlton, Independent Non-Executive Director (64)
Edward Charlton qualified as a lawyer in the City of London before choosing a career in banking. Edward then continued his career at Hambros Bank and subsequently held directorships at Banque Paribas, Henry Ansbacher, and HSBC - he was also CEO of Banque Internationale a Luxembourg in London for 14 years and, more recently, held a position as Senior Advisor to Citibank N.A., Citibank International plc, Citibank (Switzerland) and Citibank Global Markets Limited. During his career he has held a wide range of outside directorships, trusteeships and consultancies in the media, leisure, sports, property, IT, health and hedge fund sectors. Edward currently is a Non-Executive Director of Sportfolio Europe Ltd, Strabens Hall Ltd and Ocean Sport Management Ltd and the Master of a City Livery Company. Edward joined the Board of the Company in September 2011 and is Chairman of the Remuneration and Nomination Committee.

Nick Rose, Independent Non-Executive Chairman (55)
Nick Rose was educated at Oxford University, from where he has a Masters in Chemistry. He started his career with Ford Motor Company. In 1992, Nick joined Grand Metropolitan plc as Group Treasurer before promotion to Group Controller and Chief Finance Officer of the drinks division. Nick played a key part in the merger with Guinness to create Diageo plc and the company's subsequent manoeuvre into a focussed drinks business. In 1999, Nick was appointed CFO of Diageo. Nick retired from Diageo at the end of December 2010. Nick today serves on three Boards, including BAE Systems plc and BT Group plc, where he chairs the respective Audit Committees, and Edwards Group plc, where he is Chairman. Nick is also Founding Patron of SITraN (Sheffield Institute for Translational Neuroscience), involved in raising funds to build a leading research institute to find a cure for Motor Neurone disease. Nick joined the Board of the Company in November 2011 and stepped up to become Non-Executive Chairman in March 2012.

Board meetings

The attendance of Directors at the 11 Board meetings during the year was as follows:

Director	Meetings attended	Meetings eligible to attend	Notes
Sir FOG Williams CBE	4	4	Resigned 31 March 2012
AM Burns	11	11	
M Biddle	11	11	
LM Evans	11	11	
AS Parr	3	4	Resigned 31 March 2012
CV Williams	6	7	Appointed 1 April 2012
TC Wolff	10	11	Resigned 21 January 2013
E Charlton	11	11	
M O'Driscoll	10	11	
N Rose	10	11	

Committees

The Group has an Audit Committee and a Remuneration and Nomination Committee. Terms of reference for each committee have been published on the Group's website.

The members of the committees are as follows:
Audit Committee: Mike O'Driscoll (chairman), Nick Rose, Eddie Charlton.
Remuneration and Nomination Committee: Eddie Charlton (chairman), Nick Rose, Mike O'Driscoll.

Three meetings of the Audit Committee were held during the course of the year. Over the course of the year the Audit Committee reviewed and approved the financial statements for the year ended 31 December 2011 and the interim financial statements for the six month period ended 30 June 2012. In addition, the Committee reviewed auditor independence and monitored audit quality and considered matters of internal control and corporate governance.

Two meetings of the Remuneration and Nomination Committee were held during the year.

Directors' emoluments and compensation

The table below details the emoluments and compensation received by each Director during the year.

Director	Basic salary	Bonus	Benefits	2012 total excluding pension	2012 pension	2011 total excluding pension	2011 pension
	£	£	£	**£**	£	£	£
Sir FOG Williams[1]	187,500	-	7,356	**194,856**	-	229,795	-
AM Burns	296,000	8,668	5,516	**310,184**	23,720	248,063	14,567
M Biddle	160,000	4,403	4,517	**168,920**	8,089	151,934	6,061
LM Evans	125,000	5,420	517	**130,937**	7,530	18,333	1,100
AS Parr[1]	87,500	10,204	510	**98,214**	4,375	212,909	10,625
CV Williams[2]	82,500	505	778	**83,783**	-	-	-
TC Wolff[3]	35,000	-	-	**35,000**	-	35,000	-
E Charlton	42,083	-	-	**42,083**	-	12,727	-
M O'Driscoll	42,083	-	-	**42,083**	-	12,727	-
N Rose	49,167	-	-	**49,167**	-	7,500	-
Total	**1,106,833**	**29,200**	**19,194**	**1,155,227**	**43,714**	**928,988**	**32,353**

1 Resigned 31 March 2012
2 Appointed 1 April 2012
3 Resigned 21 January 2013

Share-based payment

The WGP Trust is an employee benefit trust whose current potential beneficiary is AM Burns. The WGP Trust acquired 350,000 shares in the Company on 7 February 2011 from the then shareholders. The Trustee of the WGP Trust is WGP Trustees Limited, a wholly-owned subsidiary of the Company. The Trustee established a joint share ownership plan ("JSOP") with AM Burns by which he will be able to participate in any future growth in the value of the Group. As at 31 December 2012 AM Burns' interest is 100,000 shares.

During the year AS Parr resigned from the Company and forfeited his interest in 125,000 shares. These shares remain held in trust.

Directors' interests and dealings

The table below shows the Directors' beneficial interests in the ordinary share capital of the Company, excluding interests in the JSOP, as at 31 December 2012.

Director	**Shares in which beneficial interests held at 31 December 2012**
AM Burns	-
M Biddle	-
LM Evans	-
CV Williams	-
TC Wolff	1,544,950
E Charlton	-
M O'Driscoll	-
N Rose	4,208

Corporate Governance

Following the public offering of ordinary shares in the Company, the Group has implemented a formal corporate governance regime based on the UK Corporate Governance Code ("the Code") issued by the Financial Reporting Council. Details of the corporate governance regime were included in the prospectus relating to the listing and public offering of the shares of the Company, which is available on the Williams website at www.williamsf1.com/investors.

As the shares of the Company are not admitted to trading on the main market of London Stock Exchange plc with a Premium Listing, the Group is not required to comply with the Code. However, the Group uses the Code as a guide in its aim of implanting the highest standards of corporate governance. The following illustrates the progress made by the Group during the year in implementing the requirements of the Code:

Principle	**Requirements applied by the Group**	**Application**
Leadership	The Code requires that every company should be headed by an effective board which is collectively responsible for the long term success of the company.	The Group board continues to comprise a mixture of executive and non-executive directors. During the year, Nick Rose, an existing non-executive director, was appointed as non-executive Chairman of the Group. Nick brings to this position his in-depth financial and management experience from a number of blue-chip companies.
	The Code specifies that the Chairman should on appointment be independent, and that a chief executive should not go on to be the chairman.	Prior to Nick Rose's appointment as Chairman, Adam Parr was Chairman. Adam had previously been Chief Executive and, as an employee of the Group, was not independent on appointment. With Nick's appointment, these provisions of the Code are now satisfied.
Effectiveness	The Code requires that the board comprise an appropriate balance of skills, experience, independence and knowledge.	In addition to the appointment of Nick Rose as non-executive Chairman, Claire Williams was appointed as Director of Marketing and Communications, and Christian Wolff, previously a non-executive director, became an executive director during the year.
	The board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors.	The Board intends to appoint an external senior management development consultant in 2013 to design and implement a Board evaluation. This appointment will bring independent control and objectivity to the process. Evaluation of the committees will comprise (i) a review by the Board of the respective committee's effectiveness, (ii) an assessment by each committee of its own effectiveness and the adequacy of its terms of reference, work plans and communication and (iii) an assessment of individual committee members by the relevant committee chairman.

		The Chairman will meet with each director and agree with them any training and development needs during 2013. The evaluation of the performance of the Chairman has not been independently undertaken by the non-executive directors. Instead, the Group intends to make use of an external senior management development consultant to drive forward the evaluation of the Chairman.
Accountability	The Code requires that the Board maintain sound risk management and internal control systems.	During the year the Group has formalised the process by which a Group risk register is reviewed by the Board on a regular basis. The register is designed to highlight the key risks and the associated risk management processes and control procedures designed to mitigate those risks. Executives will discuss risks informally with their direct reports in order to identify and evaluate financial, non-financial, current and emerging risks and thereby ensure that the risk register remains timely and accurate. The risk register will be reviewed and approved by the Board three times each year. The Group's whistle blowing policy was revised during the year to include the Group's Chairman as an alternative to the General Counsel as the person to whom concerns may be reported. Any instances of whistle blowing will be brought to the attention of the Audit Committee. In addition the Group is developing a code of ethics. The code will be introduced during 2013.
Remuneration	The Code requires that remuneration be sufficient to attract, retain and motivate a company's directors.	The Remuneration and Nomination Committee receives annually the details of the level and structure of remuneration for senior management. This information is the basis for the committee's consideration. The committee may make recommendations to ensure that such remuneration remains appropriate.
Relations with shareholders	The Code requires that there be satisfactory and ongoing dialogue with a company's shareholders.	In addition to corporate or operational information published by the Group on its website, the Group's executive directors continue to make themselves available to shareholders and potential investors from time to time. In addition, the Board considers investor relations at each of its meetings.

Although the Company has voluntarily complied with most aspects of the Code the Board considers to be appropriate, there remain two principal areas in which the Company is non-compliant.

First, the Company does not link executive directors' remuneration to corporate and individual performance. The Remuneration and Nomination Committee is reviewing existing remuneration arrangements and has received the report of an independent consultant which has benchmarked the salaries of the Company's directors as part of this review.

Secondly, the Group does not have an internal audit function at present due to its size, executive management involvement and the nature of its business. The Audit Committee regularly reviews whether such a function would be appropriate.

Notwithstanding these two matters, the Board is therefore confident that the Company's stage of development and the expertise of the Board's members means that good corporate governance has been achieved by means other than those proposed by the Code.

REPORT OF THE DIRECTORS

The Directors present their report and the financial statements of the Group for the year ended 31 December 2012.

Principal activities and business review

The principal activities of the Group remained the design and construction of racing cars, competition in motor racing events throughout the world and the supply of advanced engineering products and services to third parties.

The directors have prepared a Business Review, set out on page 6 above, which provides further information on the Group's structure, activities and performance.

Results and dividends

The loss for the year amounted to £4,573,119 (2011: profit £7,826,492). The Directors have not recommended a dividend (2011: £nil).

Principal risks and uncertainties

The key risks to the Group continue to be revenue generation, expenditure control and cash management.

Revenue depends largely on income from sponsorship, commercial rights and advanced engineering. The Group actively seeks the best commercial return from its competition in the sport. The Group maintains and develops links with potential sponsors, and retains its commitment to diversification in order to exploit its brand and intellectual property.

Costs incurred on research, development, materials and production activity are monitored against budgets and forecasts and significant variances reviewed. In addition, the Group's expenditure against the Resource Restriction Agreement cap is monitored.

At the time of approval of the financial statements the Group has a strong cash position and uses various financial instruments to raise finance for the Group's ongoing operations. The use of such instruments exposes the Group to translation and transaction exchange risk, liquidity risk, interest rate risk and credit risk.

The Group adopts appropriate measures to mitigate these risks. Translation and transaction exchange risk can be mitigated through currency matching and derivative contracts. Liquidity risk is mitigated through management's close involvement in business decisions in order to ensure sufficient liquidity is maintained. Interest rate risk can be mitigated through the use of interest rate swap agreements. Credit risk is mitigated through assessing the credit quality of each commercial partner.

These risks will continue to be monitored by the Group in 2013 and beyond.

Capital management

The Group's capital management objectives are:

- To ensure the Group's ability to continue as a going concern;
- To provide an adequate return to shareholders.

The Group monitors capital on the basis of the carrying amount of equity plus fixed term loans, less cash, as presented on the balance sheet.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

Creditors' payments terms

The Group's policy is to pay suppliers 30 days following the end of the month in which an invoice is received. Actual creditor days in 2012 were, on average, 24 days (2011: 37 days).

Research and development

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

The total charge in the profit and loss account for research and development expenditure during the year was £51.6 million (2011: £48.1 million).

Fixed assets

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

Directors

The Directors who served the Company during the period were as follows:

Sir FOG Williams	(resigned with effect from 31 March 2012)
AM Burns	
M Biddle	
LM Evans	
AS Parr	(resigned with effect from 31 March 2012)
CV Williams	(appointed with effect from 1 April 2012)
TC Wolff	(resigned with effect from 21 January 2013)
E Charlton	
M O'Driscoll	
N Rose	

Insurance

The Group purchases liability insurance covering its Directors and officers.

Directors' responsibilities

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

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and Group 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:
- in so far as each Director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Donations

The Group made charitable donations in the year of £6,687 (2011: £2,250) and no political contributions (2011: £nil).

Disabled employees

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

Employee involvement

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

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

Auditor

Grant Thornton UK LLP offer themselves for reappointment as auditor in accordance with section 489 of the Companies Act 2006. A resolution to reappoint Grant Thornton UK LLP will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Alex Burns
Director

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF WILLIAMS GRAND PRIX HOLDINGS PLC

We have audited the financial statements of Williams Grand Prix Holdings PLC for the year ended 31 December 2012 which comprise the consolidated profit and loss account, the consolidated and Company balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 18, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

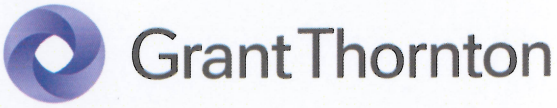
Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2012 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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



REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF WILLIAMS GRAND PRIX HOLDINGS PLC

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent Company, 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.

Perry Burton
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Oxford

26/4/13

PRINCIPAL ACCOUNTING POLICIES

Basis of accounting

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

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

The Group's revenue from its Formula One activities is derived from sponsorship and commercial rights income. It has a strong contracted position for the 2013 season and continues to engage with potential new partners for 2013 and beyond. The Board believes that the expansion of Formula One into new markets, such as India in 2011 and its return to the USA in 2012, offers opportunities for further revenue growth. At the time of approving the financial statements the Group has sufficient contracted income to meet its expenditure and debt service commitments for the foreseeable future.

The Group continues to diversify its commercial activities in order to realise value from its intellectual property. The Group enters 2013 having established successful relationships with a number of third parties, while continuing to maintain a controllable cost base. The Directors intend to develop such activities and are actively identifying future opportunities.

At the time of approval of the accounts, the Group has a strong cash position and maintains sufficient short term borrowing facilities to meet its fluctuating working capital requirements. The Directors have also considered the Group's ability to provide ongoing support to those companies in the Group which may require it and have concluded that the Group has sufficient resources to provide the support required.

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

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

The principal accounting policies of the Group are set out below.

Basis of Preparation

On 7 February 2011, the Company became the parent company of Williams Grand Prix Engineering Limited through a group reorganisation undertaken in connection with the Company's admission to the Open Market (Entry Standard segment) of the Frankfurt Stock Exchange. The Company has presented comparative consolidated financial information prepared under the merger accounting principles of FRS 6 *Acquisitions and mergers* for the year to 31 December 2011 in recognition of the continuity of the Group's activity.

The consolidated financial statements are adjusted, where appropriate, to conform to Group accounting policies. As a consolidated profit and loss account is published, a separate profit and loss account for the parent is omitted from the Group consolidated financial statements by virtue of section 408 of the Companies Act 2006.

Minority interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes the cumulative profits or losses and net assets of subsidiaries between owners of the parent and minority interests based on their respective ownership interests.

Turnover

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

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

During April 2012, Williams Grand Prix Engineering Limited entered into an agreement with Formula One World Championship Limited and SLEC Holdings Limited to compete in Formula One for the period 2013 to 2020. Williams Grand Prix Engineering Limited received £9.4 million, payable on signature of the agreement.

The Directors have considered the accounting treatment for this revenue under FRS 5 *Accounting for the Substance of Transactions*. In their opinion this agreement is substantially in line with previous bilateral agreements entered into with the commercial rights holder under which similar payments were recognised upon receipt. Following substantial discussions about a range of possible accounting treatments for the receipt, the Group has adopted an interpretation of FRS 5 *Reporting the Substance of Transactions*, application note G, under which the receipt is deferred into the future.

Grant income

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

Research and development

The Group is heavily committed to research and development activities so as to maintain its position as a world leader in motor sport and advanced engineering. All expenditure on research and development is written off to the profit and loss account as incurred.

Patents

Patents are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful lives of four years.

Purchased goodwill

Purchased goodwill, representing the excess of fair value of the consideration given over the fair values of the identifiable net assets acquired in a business combination, is capitalised and is amortised on a straight line basis over its estimated useful economic life of 10 years.

Fixed assets and depreciation

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

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

Assets classified as plant & machinery, wind tunnel and vehicles & pit equipment are presented as plant & machinery assets in the notes to the accounts. A nil depreciation rate is provided in respect of the freehold property, which is shown at cost, on the basis that the residual value of the freehold property would render any annual and accumulated charge immaterial.

Finance costs on fixed asset additions are capitalised during the period of construction and written off as part of the total cost. No depreciation is charged during the period of construction.

Stocks and work in progress

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

Operating lease agreements

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

Deferred taxation

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

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

Foreign currencies

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

Financial instruments

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

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

Investments

Investments are recorded at cost less amounts written off.

Pension costs

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

Share based payments

In accordance with FRS 20 *Share based payment*, the fair value of equity settled share based payments to Directors is determined at the date of grant and is recognised on a straight line basis over the vesting period based on the Group's estimate of the rights that will eventually vest. Estimates are subsequently revised if there is an indication that the number of rights expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period.

All share based payments are recognised as an expense in the profit and loss account. Upon exercise, the proceeds received net of any directly attributable transaction costs, up to the nominal value of the shares issued, are allocated to share capital with any excess being recorded as share premium.

Employee Benefit Trust

The Group recognises assets and liabilities of the Trust as its own and, in accordance with UITF 38 *Accounting for ESOP trusts*, shares held by the Trust are deducted in arriving at shareholders' funds and included in reserves.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	**Year to 31 Dec 2012 £**	Year to 31 Dec 2011 £
Turnover	1	**126,969,081**	104,535,384
Cost of sales		**(55,460,618)**	(33,925,175)
Gross profit		**71,508,463**	70,610,209
Other operating income	2	**1,159,105**	2,261,185
Other operating charges	2	**(77,758,762)**	(65,258,335)
Operating (loss) / profit	3	**(5,091,194)**	7,613,059
Net interest receivable/(payable)	5	**107,577**	(211,002)
(Loss) / profit on ordinary activities before taxation		**(4,983,617)**	7,402,057
Tax on (loss)/profit on ordinary activities	6	**(154,743)**	-
Minority interests		**565,241**	424,435
(Loss) / profit for the financial period		**(4,573,119)**	7,826,492
(Loss) / earnings per share			
Basic and diluted (loss)/earnings per share	7	(47.39)p	81.10p

All of the activities of the Group are classed as continuing.

The Group has no recognised gains or losses other than the results for the period as set out above.

CONSOLIDATED BALANCE SHEET

	Note	31 Dec 2012 £	31 Dec 2011 £
Fixed assets			
Intangible assets	9	**500,363**	570,360
Tangible assets	10	**39,834,209**	37,039,935
		40,334,572	37,610,295
Current assets			
Stocks	12	**953,615**	421,730
Debtors	13	**52,948,388**	47,508,964
Cash at bank and in hand		**3,564,824**	4,410,023
		57,466,827	52,340,717
Creditors: amounts falling due within one year	14	**(57,444,210)**	(42,802,114)
Net current assets		**22,617**	9,538,603
Total assets less current liabilities		**40,357,189**	47,148,898
Creditors: amounts falling due after more than one year	15	**(3,148,198)**	(4,860,346)
		37,208,991	42,288,552
Capital and reserves			
Called-up share capital	21	**500,000**	500,000
Profit and loss account	21	**37,952,542**	42,525,661
Other reserves	21	**(267,702)**	(326,501)
Minority interests	21	**(975,849)**	(410,608)
Shareholders' funds	21	**37,208,991**	42,288,552

These financial statements were approved by the Directors and authorised for issue on 26 April 2013 and are signed on their behalf by:

Alex Burns
Director

Company Registration Number: 07475805

COMPANY BALANCE SHEET

	Note	31 Dec 2012 £	31 Dec 2011 £
Fixed assets			
Investments	11	**500,001**	500,001
		500,001	500,001
Creditors: amounts falling due within one year	14	**(101)**	(101)
		499,900	499,900
Capital and reserves			
Called-up share capital	21	**500,000**	500,000
Profit and loss account	21	**(132,398)**	(73,599)
Other reserve	21	**132,298**	73,499
Shareholders' funds	21	**499,900**	499,900

These financial statements were approved by the Directors and authorised for issue on 26 April 2013, and are signed on their behalf by:

Alex Burns
Director

Company Registration Number: 07475805

CONSOLIDATED CASH FLOW STATEMENT

	Note	**Year to 31 Dec 2012 £**	Year to 31 Dec 2011 £
Net cash inflow / (outflow) from operating activities	23	**5,357,166**	(21,116,068)
Returns on investments and servicing of finance			
Interest received		**70,872**	41,329
Interest paid		**36,705**	(173,476)
Net cash inflow / (outflow) from returns on investments and servicing of finance		**107,577**	(132,147)
Taxation			
Taxation		**(154,743)**	(48,069)
Net cash outflow for taxation		**(154,743)**	(48,069)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		**(6,058,957)**	(4,028,206)
Receipts from sale of fixed assets		**68,206**	78,395
Net cash outflow for capital expenditure and financial investment		**(5,990,751)**	(3,949,811)
Cash outflow before financing	23	**(680,751)**	(25,246,095)
Financing			
New loans		**52,798**	2,348,594
Net cash inflow from financing		**52,798**	2,348,594
Decrease in cash	23	**(627,953)**	(22,897,501)

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

NOTES TO THE FINANCIAL STATEMENTS

1 Turnover

The Directors monitor the performance of the Group by reference to the results of core activities and activities in Qatar and within WHP. Core activities relate to motorsport and advanced engineering activity. A segmental analysis of the Group's performance is attached below.

Year ended 31 December 2012

	Core	Qatar	WHP	**Group**
	£	£	£	**£**
Turnover	124,256,056	345,052	2,367,973	**126,969,081**
Other operating income	-	996,395	162,710	**1,159,105**
Net loss on ordinary activities before taxation	(599,601)	(1,814,737)	(2,569,279)	**(4,983,617)**
Net assets	39,683,568	1,961,098	(4,435,675)	**37,208,991**

Year ended 31 December 2011

	Core	Qatar	WHP	**Group**
	£	£	£	**£**
Turnover	102,331,740	100,255	2,103,389	**104,535,384**
Other operating income	-	2,261,185	-	**2,261,185**
Net profit / (loss) on ordinary activities before taxation	9,702,093	(370,789)	(1,929,247)	**7,402,057**
Net assets	42,815,810	1,339,138	(1,866,396)	**42,288,552**

2 Other operating income and charges

	Year ended 31 Dec 2012	Year ended 31 Dec 2011
	£	£
Grant income	**1,159,105**	2,261,185
Total other income	**1,159,105**	2,261,185

	Year ended 31 Dec 2012	Year ended 31 Dec 2011
	£	£
Distribution costs	**58,479,968**	49,722,174
Administrative expenses	**19,278,794**	15,536,161
Total other operating charges	**77,758,762**	65,258,335

3 Operating (loss)/profit

Operating (loss) /profit is stated after charging /(crediting):

	Year ended 31 Dec 2012 £	Year ended 31 Dec 2011 £
Depreciation of owned fixed assets	**3,135,740**	2,575,807
Loss/(profit) on disposal of fixed assets	**60,735**	(18,244)
Operating lease costs:		
- Plant and equipment	**667,752**	133,369
Amortisation of intangible assets	**69,998**	71,305
Net profit on foreign currency translation	**(81,360)**	(366,303)
Auditor's remuneration - audit of parent company and Group financial statements	**9,000**	8,500
Auditor's remuneration - audit of subsidiaries pursuant to legislation	**42,500**	41,000
Auditor's remuneration - other fees	**89,875**	259,475

	Year ended 31 Dec 2012 £	Year ended 31 Dec 2011 £
Auditor's remuneration - other fees:		
- Taxation services	**38,075**	30,253
- VAT advice	**35,300**	54,450
- Other assurance services	**16,500**	6,500
- Corporate finance services	**-**	55,432
- Other advice	**-**	112,840
	89,875	259,475

4 Employees and Directors

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

	Year ended 31 Dec 2012 No	Year ended 31 Dec 2011 No
Number of management and administrative staff	**73**	71
Number of research & production staff	**525**	429
Number of marketing staff	**18**	15
	616	515

4 Employees and Directors (continued)

The aggregate payroll costs of the above were:

	Year ended 31 Dec 2012 £	Year ended 31 Dec 2011 £
Wages and salaries	**31,806,357**	26,435,233
Social security costs	**3,689,246**	3,055,221
Other pension costs	**1,355,579**	1,167,031
	36,851,182	30,657,485

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

Please refer to the Governance section for details on Directors' remuneration.

5 Interest

	Year ended 31 Dec 2012 £	Year ended 31 Dec 2011 £
Interest receivable	**70,872**	41,329
Interest payable on bank borrowing	**(180,541)**	(143,172)
Other interest paid	**-**	(20,827)
Foreign exchange gain /(loss) on borrowing	**217,246**	(88,332)
	107,577	(211,002)

6 Taxation on ordinary activities

The Group has estimated losses of approximately £104,031,913 (2011: £87,862,418) available to carry forward against future trading profits. As the Group expects to be able to benefit from research and development tax credits for the foreseeable future no deferred tax asset has been recognised in respect of the available losses.

Factors affecting current tax charge

	Year ended 31 Dec 2012 £	Year ended 31 Dec 2011 £
(Loss)/profit on ordinary activities before taxation	**(4,983,617)**	7,402,057
(Loss)/profit on ordinary activities by rate of tax at 24.5% (2011: 26.5%)	**(1,220,986)**	1,961,546
Expenditure not deductible for tax purposes	**28,859**	56,781
Depreciation in excess of capital allowances	**380,642**	27,488
Research and development adjustment	**(3,962,738)**	(3,822,707)
Tax losses carried forward	**4,743,101**	1,739,334
Consolidation adjustment not deductible for tax purposes	**31,122**	37,558
Irrecoverable Spanish withholding tax	**154,743**	-
Total current tax	**154,743**	-

7 (Loss)/earnings per share

The calculation of (loss)/earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares outstanding during the period.

Reconciliation of weighted average number of ordinary shares:

	Year ended 31 Dec 2012	Year ended 31 Dec 2011
Ordinary shares in issue	**10,000,000**	10,000,000
Weighted average number of shares held by WGP Trust (see note 21)	**350,000**	350,000
Weighted average number of shares outstanding	**9,650,000**	9,650,000

8 Loss attributable to the parent Company

The loss for the year to 31 December 2012 dealt with in the accounts of the parent Company (Williams Grand Prix Holdings PLC) was £58,799 (period 21 December 2010 to 31 December 2011: £73,599).

9 Intangible fixed assets

Group

	Goodwill £	**Patents £**	**Total £**
Cost			
At 31 December 2011	682,287	7,428	689,715
At 31 December 2012	682,287	7,428	689,715
Amortisation			
At 31 December 2011	113,715	5,640	119,355
Charge for the year	68,228	1,769	69,997
At 31 December 2012	181,943	7,409	189,352
Net book value			
At 31 December 2012	**500,344**	**19**	**500,363**
At 31 December 2011	568,572	1,788	570,360

10 Tangible fixed assets

Group

	Freehold property £	Assets under construction £	Leasehold property £	Plant & machinery £	Fixtures, fittings & equipment £	Total £
Cost						
At 31 December 2011	21,271,633	–	674,130	51,621,143	5,020,620	78,587,526
Additions	777,809	443,290	45,660	3,972,286	819,912	6,058,957
Disposals	–	–	–	(1,366,422)	–	(1,366,422)
At 31 December 2012	22,049,442	443,290	719,790	54,227,007	5,840,532	83,280,061
Depreciation						
At 31 December 2011	–	–	101,898	37,031,682	4,414,011	41,547,591
Charge for the year	–	–	146,502	2,780,968	208,270	3,135,740
On disposals	–	–	–	(1,237,479)	–	(1,237,479)
At 31 December 2012	–	–	248,400	38,575,171	4,622,281	43,445,852
Net book value						
At 31 December 2012	**22,049,442**	**443,290**	**471,390**	**15,651,836**	**1,218,251**	**39,834,209**
At 31 December 2011	21,271,633	–	572,232	14,589,461	606,609	37,039,935

A nil depreciation rate is provided in respect of assets under construction. Upon completion of construction, such assets will be transferred to appropriate asset categories and depreciated accordingly. Finance costs of £63,941 arose in the year to 31 December 2012 in respect of the borrowings facilities provided to finance construction of a new building (2011: £nil). These costs have been fully capitalised under assets under construction.

11 Investments in subsidiary undertakings

Company

	2012 £	2011 £
Cost and net book value as at 31 December	500,001	500,001

12 Stocks

Group

	2012 £	2011 £
Team merchandise	**14,166**	459
Work in progress	**939,449**	421,271
	953,615	421,730

13 Debtors

Group

	2012	2011
	£	£
Trade debtors	**40,339,608**	33,463,704
Other debtors	**199,697**	153,151
Prepayments and accrued income	**12,409,083**	13,892,109
	52,948,388	47,508,964

Trade receivables are stated net of allowances for irrecoverable amounts.

14 Creditors: amounts falling due within one year

	Group		**Company**	
	2012	2011	**2012**	2011
	£	£	**£**	£
Bank loans	**1,547,700**	-	**-**	-
Trade creditors	**5,977,199**	6,542,538	**-**	-
Social security and other taxes	**1,151,656**	969,484	**-**	-
Other creditors	**10,847**	10,682	**101**	101
Accruals and deferred income	**48,756,808**	35,279,410	**-**	-
	57,444,210	42,802,114	**101**	101

15 Creditors: amounts falling due after more than one year

Group

	2012	2011
	£	£
Bank loans	**3,148,198**	4,860,346

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

16 Bank borrowings

Group

Bank borrowings are repayable as follows:

	2012	2011
	£	£
Amounts repayable:		
In less than one year	**1,547,700**	**-**
In more than one year but not more than two years	**1,600,498**	1,620,115
In more than two years but not more than five years	**1,547,700**	3,240,231
	4,695,898	4,860,346

17 Financial Instruments

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

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

The Group's bank borrowings comprise USD and GBP term loan facilities and a bank overdraft facility.

The USD loan facility of USD 7.50 million (2011: USD 7.50 million) was agreed in August 2010 and is repayable in three instalments of USD 2.50 million in each of June 2013, June 2014 and June 2015. This facility carries interest at 3.5% over US LIBOR. Accrued interest on the loan is recognised in liabilities.

The GBP loan facility of £8.00 million was agreed in August 2012. The final date for drawing on this facility is 30 June 2013 and, if drawn in full, is repayable in 14 instalments of £0.34 million commencing in December 2013 followed by a final instalment of £3.30 million in March 2017. This facility carries interest at 3.1% over LIBOR. Accrued interest on the loan is recognised in liabilities.

The Group has an overdraft facility of £3.50 million. This facility carries interest at 2.5 % over LIBOR. Accrued interest on the facility is recognised in liabilities.

18 Commitments under operating leases

Group

At 31 December 2012 the Group had annual commitments under non-cancellable operating leases as set out below.

	2012	2011
	£	£
Assets other than land and buildings		
Within 1 year	**349,584**	478,018
Within 2 to 5 years	**170,504**	345,129
	520,088	823,147

19 Contingencies

The Group and Company had no contingent liabilities as at 31 December 2012 or as at 31 December 2011.

The Group is in discussions with HM Revenue and Customs about the VAT treatment of certain receipts. The discussions are at a preliminary stage so the Group is unable to reach a conclusion on the likely outcome.

20 Related party transactions

Group

With 78% of its issued shares held by the Williams Grand Prix Engineering Limited ("WGPE"), Williams Hybrid Power Limited ("WHP") is a related party of the Group. During the year ended 31 December 2012 WGPE made purchases of £231,874 (2011: £7,450) from WHP and sales of £288,251 (2011: £847,824) to WHP. At 31 December 2012 there was a balance owed to WGPE by WHP of £117,883 (2011: £75,282) included in debtors, and a balance owed by WGPE to WHP of £359 (2011: £nil) included in creditors.

During the year ended 31 December 2012 WGPE made a loan of £2,495,364 to WHP (2011: £2,369,775). At 31 December 2012 the outstanding loan due to WGPE was £4,960,561 (2011: £2,465,197). No provision or write offs have been made against this loan during the year or after the balance sheet date.

Susie Wolff is the wife of TC Wolff, a Director of the Company during 2012. During 2012 the Group paid £50,000 in fees to Susie Wolff in respect of her services as development driver for the Williams F1 Team (2011: £nil).

AS Parr, for himself personally and as trustee for a group of investors including a former Director of the Company is an investor in Ingenie Limited. Ingenie is a company that is developing an insurance product aimed at encouraging young drivers to drive more safely and thereby to reduce their costs of insurance. Ingenie has a three-year marketing agreement with the Williams F1 Team running until 31 December 2013, under which Ingenie may inter alia describe itself as a partner of the Williams F1 Team and has specified access to the team and its drivers for promotional activities.

21 Share Capital and Reserves

Company

Allotted, called up and fully paid share capital:

	2012		2011	
	No	**£**	No	£
10,000,000 Ordinary shares of 5 pence each	**10,000,000**	**500,000**	10,000,000	500,000

	Called Up Equity Share Capital	**Profit & Loss Account**	**Other Reserves**	**Total**
	£	**£**	**£**	**£**
Balance brought forward at 1 Jan 2012	500,000	(73,599)	73,499	**499,900**
Loss for the financial year	-	(58,799)	-	**(58,799)**
Share based payment	-	-	58,799	**58,799**
Balance carried forward at 31 Dec 2012	**500,000**	**(132,398)**	**132,298**	**499,900**

21 Share Capital and Reserves (continued)

Group

Allotted, called up and fully paid share capital:

	2012		2011	
	No	**£**	No	£
10,000,000 Ordinary shares of 5 pence each	**10,000,000**	**500,000**	10,000,000	500,000

	Called Up Equity Share Capital	**Profit & Loss Account**	**Other Reserves**	**Minority Interests**	**Total**
	£	**£**	**£**	**£**	**£**
Balance brought forward at 1 January 2012	500,000	42,525,661	(326,501)	(410,608)	**42,288,552**
Loss for the financial year	-	(4,573,119)	-	-	**(4,573,119)**
Share based payment	-	-	58,799	-	**58,799**
Minority Interest in loss for the year	-	-	-	(565,241)	**(565,241)**
Balance carried forward at 31 December 2012	**500,000**	**37,952,542**	**(267,702)**	**(975,849)**	**37,208,991**

The Group established the WGP Trust on 7 February 2011. The WGP Trust acquired 350,000 shares in the Company from the then shareholders for £100. The trustee of the WGP Trust is WGP Trustees Limited, a wholly owned subsidiary of the Company.

Equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The Group has calculated the fair value of the beneficial interest in each share of the Company held in the WGP Trust using a Black-Scholes model. The model has used a grant price equal to the weighted average price at which the Company's shares traded on admission to the Open Market (Entry Standard Segment) of the Frankfurt Stock Exchange and, in line with the joint share ownership deed under which each beneficiary was granted their beneficial interests, allows those beneficial interests to be exercised once the share price is 20% above the weighted average price at which the Company's shares traded on admission. Other assumptions used in the calculation of fair value were as follows:

Vesting period	18 months
Expected share price volatility	14.79%
Risk free interest rate	3.83%
Expected dividend volatility	0%
Fair value per share	GBP 0.59

21 Share Capital and Reserves (continued)

Key assumptions were taken from indices on the date at which the WGP Trust acquired the shares (7 February 2011). Expected share price volatility was based on the DAX Index Options volatility. The risk-free interest rate was based on UK ten-year gilt yields. The translation of fair values from Euros into sterling was based on market rates.

The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

The number of shares in which beneficial interests were held as at 31 December 2012 was 100,000 (31 December 2011: 225,000). AS Parr forfeited his interest in 125,000 shares on resignation from the Group.

Application of the fair value measurement results in a charge to operating expenses for the year to 31 December 2012 of £58,799 (2011: £73,499) for the Company.

The market value of the shares held by the EBT at 31 December 2012 was EUR 8.58 million (31 December 2011: EUR 6.65 million).

22 Reconciliation of movements in shareholders' funds

	Company		**Group**	
	2012	2011	**2012**	2011
	£	£	**£**	£
Opening funds attributable to the shareholders of the parent company	**499,900**	-	**42,699,160**	34,799,169
(Loss) / profit for the financial year	**(58,799)**	(73,599)	**(4,573,119)**	7,826,492
Shares issued as part of a group reorganisation	**-**	500,000	**-**	-
Share based payment	**58,799**	73,499	**58,799**	73,499
Closing funds attributable to the shareholders of the parent company	**499,900**	499,900	**38,184,840**	42,699,160
Opening minority interest	**-**	-	**(410,608)**	13,827
Minority interest in loss for the year	**-**	-	**(565,241)**	(424,435)
Closing shareholders' funds	**499,900**	499,900	**37,208,991**	42,288,552

23 Notes to the consolidated cash flow statement

Reconciliation of operating (loss) / profit to net cash inflow / (outflow) from operating activities

	2012	2011
	£	£
Operating (loss) / profit	**(5,091,194)**	7,613,059
Amortisation	**69,997**	71,305
Depreciation	**3,135,740**	2,575,807
Loss /(profit) on disposal of tangible assets	**60,737**	(18,244)
(Increase) in stocks	**(531,885)**	(408,951)
(Increase) in debtors	**(5,439,424)**	(30,812,444)
Increase / (decrease) in creditors	**13,094,396**	(210,099)
Share based payment	**58,799**	73,499
Net cash inflow / (outflow) from operating activities	**5,357,166**	(21,116,068)

Reconciliation of net cash flow to movement in net debt

	2012	2011
	£	£
Decrease in cash in the year	**(627,953)**	(22,897,501)
Net cash inflow from bank loans	**(52,798)**	(2,348,594)
Change in net cash resulting from cash flows	**(680,751)**	(25,246,095)
Translation differences	**-**	(30,786)
Movement in net cash in the year	**(680,751)**	(25,276,881)
Net cash at 1 January	**(450,323)**	24,826,558
Net cash at 31 December	**(1,131,074)**	(450,323)

Analysis of changes in net debt

	At 31 Dec 2011	**Cash flows**	**Exchange movement**	**Non-cash movement**	**At 31 Dec 2012**
	£	**£**	**£**	**£**	**£**
Net cash:					
Cash in hand and at bank	4,410,023	(627,953)	(217,246)	-	**3,564,824**
	4,410,023	(627,953)	(217,246)	-	**3,564,824**
Debt:					
Debt due within 1 year	-	(52,798)	-	(1,494,902)	**(1,547,700)**
Debt due after 1 year	(4,860,346)	-	217,246	1,494,902	**(3,148,198)**
	(4,860,346)	(52,798)	217,246	-	**(4,695,898)**
Net debt	(450,323)	(680,751)	-	-	**(1,131,074)**

24 Capital commitments

The Group had capital commitments at 31 December 2012 of £799,991 (2011: £438,500).

The Company had capital commitments at 31 December 2012 of £nil (2011: £nil).

25 Post balance sheet event

On 21 January 2013 it was announced that TC Wolff would resign as a Director of the Company with immediate effect in order to take up a new role with Mercedes-Benz Grand Prix Limited.

26 Controlling related party

Sir FOG Williams is the Group's controlling related party by virtue of his 51.75% beneficial interest in the ordinary share capital of the Company.

27 Group companies

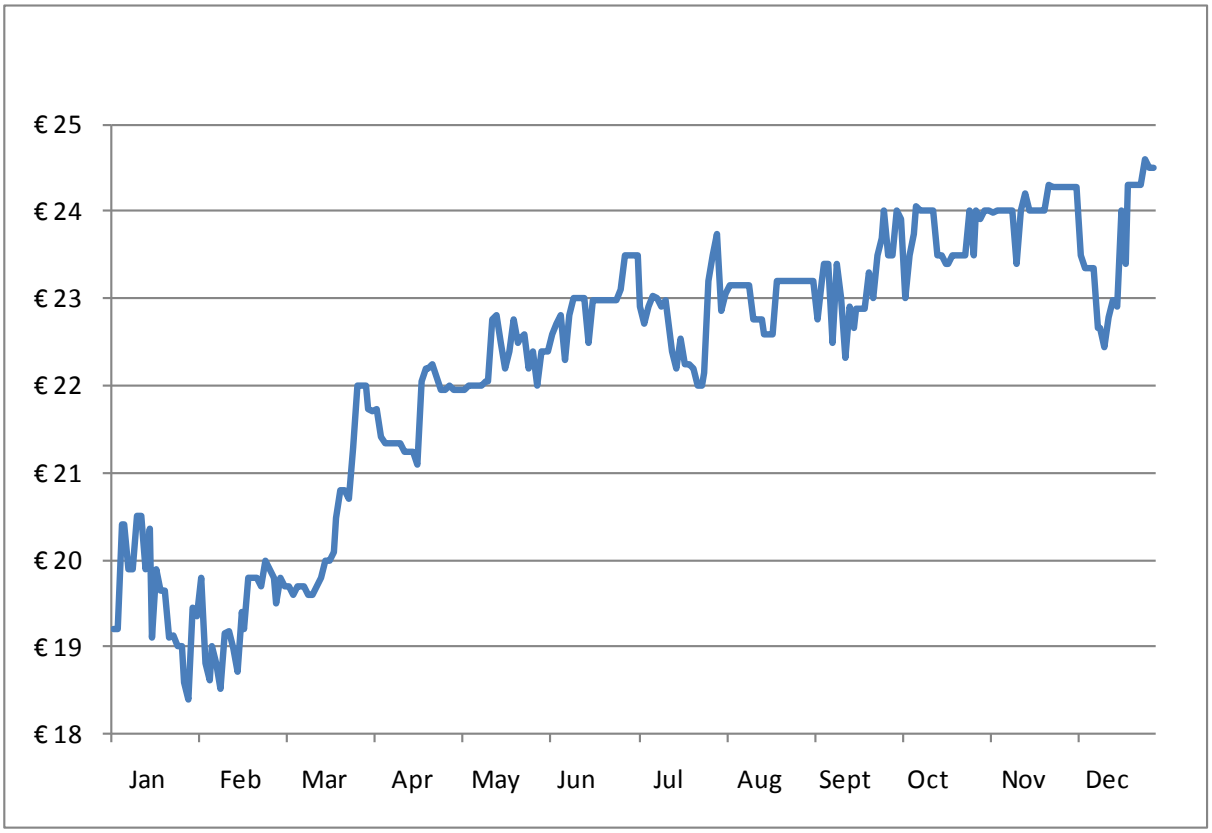
The Group companies included within the consolidated financial statements are shown below.

Name	Owner	Shares held	Activity
Williams Grand Prix Engineering Limited	Company	100%	High performance engineering
Williams Hybrid Power Limited	Group	78%	High performance engineering
Williams Advanced Engineering Limited	Group	100%	Dormant
WGP Trustees Limited	Company	100%	Trustee
Engineering Designs Limited	Group	100%	Dormant
The Williams F1 Team Foundation	Group	Limited by guarantee	Dormant

All of the subsidiaries above are incorporated in England and Wales.

INVESTOR RELATIONS

2012 share price graph



Contacts

For further information on purchasing shares please contact:

Oliver Riedel
Baader Bank
Oliver.riedel@baaderbank.de
+49 (89) 51 50 18 40

For media enquiries, please contact:

James Francis
Corporate Communications Manager
+44 (0)1235 777700
Williams Grand Prix Holdings PLC
Grove
Oxfordshire
OX12 0DQ