2019 ANNUAL REPORT

WILLIAMS

WILLIAMS GRAND PRIX HOLDINGS PLC

ANNUAL REPORT & CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

CONTENTS

ANNUAL REPORT

GROUP OVERVIEW

Williams Grand Prix Holdings PLC ("the Company") is the ultimate holding company for Williams Grand Prix Engineering Limited ("WGPE") and, until 31 December 2019, Williams Advanced Engineering Limited ("WAE"), as well as a small number of companies not significant to its operations (together "the Group"). The Company is listed on the Open Market of the Frankfurt Stock Exchange.

The Group comprises a Formula One racing team and, until 31 December 2019, an advanced engineering business. The Group is based in Oxfordshire on a dedicated site which is a hub for all of the Group's research, design, manufacturing and commercial activity.

The Group's core competencies are the design, manufacture and entry of race cars for the Formula One World Championship and, until 31 December 2019, the provision of Formula One derived technologies through Williams Advanced Engineering.

Formed in 1977 by Sir Frank Williams and Sir Patrick Head, the Formula One racing team has secured nine FIA Formula One Constructors' Championship titles and seven Drivers' Championship titles since its foundation, making it the third most successful team in the sport's history.

WAE provides world class technical innovation, engineering, testing and manufacturing services to a diverse customer base in the automotive, aerospace, defence and energy sectors. It specialises in the commercial application of aerodynamics, advanced lightweight materials, hybrid power systems and electronics derived from the extremely competitive world of Formula One racing. During the year the group disposed of a majority stake in WAE.

CHAIRMAN'S STATEMENT

The Williams Group ("the Group") has continued to demonstrate a resilient attitude and willingness to be flexible with strategy during a very challenging period. Since the beginning of 2020 the emergence of the COVID-19 pandemic has caused huge uncertainty across the world; Formula One and the individual teams have also felt the impact with significant disruption to the race calendar and consequently, the related income. We have also terminated our contractual relationship with the ROK Group. We are actively mitigating these losses of income where possible. We are heartened by industry wide efforts to both maintain as much of the race calendar as possible and reduce costs for participating teams. We believe we can weather the storm, despite the uncertainty and financial impact, whilst continuing to lay the foundations for improved sporting and financial performance in the future.

The Formula One team's 2019 campaign was very disappointing as we finished in tenth place for the second year running with our shortcomings exposed, especially during testing and the early season. However, we saw signs of improvement later in the season, and whilst these did not deliver a better overall result, it has provided us with some hope for the 2020 season.

Many of the problems identified in 2019 are being addressed, through continued investment in facilities, people and deep cultural change throughout our organisation. Whilst it will take time to fully embed these improvements, we are already seeing progress on track, and believe that they represent the right strategic choices for the Group.

We have ended our relationship with ROKiT and ROK Drinks, our title partner and a principal sponsor. Whilst the premature end of this relationship is unwelcome, Williams remains a brand with high recognition and a loyal supporter base which allows us to offer an attractive proposition to potential partners. We will immediately seek replacements for both the ROKiT and ROK drinks sponsorships.

Liberty Media and Formula One Management ("FOM") have continued to develop their plans for the sport from 2021. We expect these changes will benefit the sport as a whole and, we believe, Williams in particular, especially through more equitable revenue distribution, an overhaul of technical regulations and the introduction of Financial Regulations aimed at levelling spending across the F1 grid. As a result of COVID-19 we have seen the deferral of technical regulations and proposals to reduce the spending cap. We continue to discuss with our fellow teams, the FIA and FOM to chart a path forward to maintain and serve all stakeholders in the sport.

Williams Advanced Engineering ("WAE") has continued to grow its revenue rapidly, delivering innovative solutions to a varied and expanding customer list, through a talented workforce and world class facilities. During the year the Group made the decision to attract external investment into this business, disposing a majority stake in WAE, and capitalise on the commercial opportunities which exist in the short term. WAE shows every sign of continuing to grow, and the Group will share in this through the retention of a significant minority shareholding. In the short term the cash raised from the part disposal allows us to invest in performance in Formula One and reduce our debt.

The Group's financial results demonstrate the commercial challenges that arise in Formula One with a loss for the year before the part disposal of WAE is considered. Even though we have continued to attract sponsorship, this has been more than offset by the loss of prize money from the tenth place finish in 2018. To take advantage of the opportunities offered in 2021 and beyond, Williams must quickly restore its on track performance through investing in the right technical capabilities and, more importantly, deep and enduring cultural change to get the best from our people.

NICK ROSE
CHAIRMAN

STRATEGIC REPORT

CHIEF EXECUTIVE OFFICER'S REVIEW

GROUP STRATEGY

The competitive environment demanded strategic realignment across both Williams Grand Prix Engineering ("WGPE") and Williams Advanced Engineering ("WAE") last year, which we accomplished successfully and demonstrated the resilience of the Group and its strategic flexibility. Since the end of the year, we have had to face further challenges.

The emergence of COVID-19 has led to the cancellation or postponement of several races. As a team we both understand the necessity and support the implementation of these measures in the face of an unprecedented health emergency. We expect, that as the restrictions are eased, we will go racing again, albeit over a reduced and compressed calendar in 2020. In the meantime, we are seeking to mitigate the financial impact of the lost commercial rights income to our business through internal cost control, and we welcome efforts by Formula One to help teams reduce or defer costs through reviewing current and forthcoming regulatory changes.

We have recently terminated our relationship with ROKiT and ROK Drinks. Having offered full commitment, and met all terms of the partnership agreement, we are tremendously disappointed to see this promising relationship end. We have already commenced the search for a new title partner and replacement principle sponsor.

We have recently completed a refinancing of the Group's debt, replacing loans from HSBC secured on the Group's assets with funds from new lenders whilst retaining HSBC's involvement. Overall this represents an effective use of the Group's assets and provides us with the financial reserves required to fund the team during the current uncertain environment.

Following a challenging start to last year's season, we embarked on a major restructuring across our Formula One operation to ensure we would be able to improve our on-track performance and prepare for the introduction of all-new technical regulations that will be implemented across the Sport from 2022. We have implemented significant operational improvements and the technical organisation has been comprehensively reorganised with new leadership and talented designers joining the team. We have also implemented a change programme under the NextGen Williams banner to create an environment that enables and encourages creativity and a spirit of innovation to drive performance. The strength and talent of our workforce has been demonstrated by our contribution to "Project Pitlane", an accelerated programme to supply intensive care ventilators for the NHS in the fight against COVID-19.

We simultaneously decided to attract external investment into WAE. The business has grown significantly since its inception but will require new investment if it is to realise its potential. We sold a majority stake in WAE and its subsidiaries to EMK Capital Partners LLP ("EMK"), a private equity firm with a strong track record of developing businesses. As it continues to grow under EMK's ownership, we will participate through the retention of a significant minority stake in the business, that will continue to be co-located at our Grove technology campus.

Our financial results reflect our poor on-track performance over the last two seasons, with revenue declining from £176.5m in 2018 to £160.2m last year. EBITDA, excluding, the part disposal of WAE, deteriorated from a profit of £12.9m in 2018 to a loss of £13.0m in 2019. These results are discussed in more detail in the CFO's report. We are determined to respond positively to the challenges ahead, with world class facilities and a strong and talented organisation.

FORMULA ONE

The last two years have proved extraordinarily disappointing, with successive last place finishes in the Constructors' Championship. It became clear from the outset last year that we would face very challenging conditions and we therefore pushed forward with a major restructuring of our technical and manufacturing operations, determined to improve our performance this season. Initial indications are that the changes have resulted in tangible improvements across the board. We also embarked on the recruitment of highly talented staff to strengthen our design and decision-making capability as we prepare for the introduction of all-new technical regulations.

Our performance on track over the last two years has placed exceptional pressure on the organisation, impacting both prize fund receipts and commercial revenue. We began last year with ROKiT as our new title partner and are disappointed to have ended our relationships with both ROKiT and ROK Drinks. We have also further developed our partnership with Sofina Foods, Acronis and the Financial Times, all demonstrating the breadth and continued strength of our commercial appeal.

Liberty Media have proved to be innovative and forward-looking owners of Formula 1, and we welcome the development of their vision for the sport with extensive changes to the technical and commercial regulations starting in 2021 that will create a much more level playing field for all teams. In particular, the introduction of a cost cap for the first time, together with the re-balancing of revenue distribution will significantly improve the sporting and financial sustainability of the sport for all participants. The changes will drive improved competition and give independent teams, such as Williams, greater opportunities for success.

During the year we celebrated Sir Frank Williams' 50th anniversary as a team principal. Sir Frank's fighting spirit continues to be an inspiration to the team and Williams' supporters across the world.

WILLIAMS ADVANCED ENGINEERING

WAE has continued to position itself at the forefront of innovation in it's chosen sectors, both in motorsport where it's heritage and synergies with Williams are obvious, but also in other more diverse sectors such as aerospace, defence, and healthcare. We will continue to support WAE through the provision of several technical and support services. Since it was first established to design and develop the Jaguar C-X75 hybrid supercar it has built an enviable reputation for its work in electric vehicle technology and lightweight materials. WAE will continue to be co-located at our Grove technology campus.

MIKE O'DRISCOLL
GROUP CHIEF EXECUTIVE OFFICER

STRATEGIC REPORT

CHIEF FINANCIAL OFFICER'S REVIEW

OUR FINANCIAL PERFORMANCE

Formula One is a cyclical sport, where strong performance on track results in improved financial reward, allowing a team the opportunity to invest in further improving its competitiveness.
Conversely, poor performance can rapidly degrade a team's ability to invest in performance making it more challenging to return to competing in the championship. With a second consecutive tenth place finish, it is essential that Williams maximise the return on its assets, be they financial or human, to allow us to break this cycle, regain our competitiveness, and with it, a sustainable financial situation. We remain resolute in our determination to deliver financial sustainability to the Group despite the various, and new, challenges that we are required to overcome.

The emergence of the COVID-19 pandemic since the balance sheet date has severely affected the Formula One World Championship, with several event cancellations and postponements. The effect on the Group's income will be a material reduction in commercial rights income. Whilst the situation continues to evolve and the exact loss to the Group will depend on how much of the season can be recovered. The Group has already put in place a number of mitigations following a wide-ranging review of the cost base. Some of these derive automatically from the race cancellations where we are able to avoid certain costs that are attributable directly to race attendance, such as travel. We have also implemented other discretionary measures such as temporary pay reductions, the furloughing of employees under the Coronavirus Job Retention Scheme, reductions in capital expenditure and reductions in cost associated with manufacturing and R&D activities. The Group continues to examine further costs savings that could be put in place if required. The Group is also working with Formula One Management, and the other teams, to identify opportunities across the sport to reduce spend by restricting development activity, delaying regulations and capping spending. The collective result of these internal and industry wide initiatives should go a long way to offsetting the loss in commercial rights income due to the disrupted race season.

The Group has terminated its agreement with ROKiT and ROK Drinks, title partner and sponsor respectively. This disappointing outcome will further materially reduce income for the year unless a replacement title partner and sponsors can be signed.

On 3 April 2020 the Group concluded a refinancing which was required following the sale of WAE at the end of 2019. As part of this refinancing, amounts owing to HSBC plc under financing initially agreed in 2015 were settled.

The new refinancing arrangement retains long-standing banking partner HSBC along with new financing partners. The agreements continue to involve a mortgage on the team's land, building, plant and machinery and also include the team's heritage assets as further security. The total amount received by the Group, net of any charges associated with the refinancing transaction and repayment of amounts owing to HSBC, was £28m.

Despite the financial impact of two poor seasons back to back and the financial pressures driven by COVID-19 Williams' long and successful history has left a favourable legacy - a strong balance sheet and significant brand. We own our entire operational site in Oxfordshire including a Formula One factory, wind tunnels, an array of simulator and technical tools to rival many of the other teams, and a large and valuable collection of historic racing cars. This has proved to be incredibly important during this recent period as we have been able to rely on this asset strength to secure the financing required to support the business through this unprecedented period.

For the year ended 31 December 2019, WAE is presented as a discontinued operation in the statement of comprehensive income following the disposal of a majority stake in this company on 31 December 2019. Revenue and EBITDA were both adversely impacted by declines in the F1 business whilst WAE continued to deliver growth in both metrics.

It contributed to the Group's net profit over the period 1 January 2019 to 31 December 2019 at which point it was deconsolidated, and consequently, its assets and liabilities do not form part of the Group's consolidated statement of financial position as at 31 December 2019.

GROUP

Group Revenue was £160.2m, down from £176.5m in 2018. Group EBITDA for the year was a loss of £13.0m (2018: profit of £12.9m) whilst group profit after tax was £19.2m (2018: £3.4m), including profit from the disposal of a majority stake in WAE. Revenue and EBITDA were both adversely impacted by declines in the F1 business whilst WAE continued to deliver growth in both metrics. Cost of sales increased to £91.1m (2018: £71.1m), principally due to increases in activity in WAE, which in turn supported the reported revenue growth in this division.
Operating expenditure decreased on prior year at £96.5m (2018: £109.9m) due principally to decreased share-based payment costs, revaluation of equity based incentive schemes and gains on forward currency instruments.
Group Operating Free Cash was an outflow of £15.9m (2018: inflow of £6.3m) principally as a result of the financial performance of the F1 business.

FORMULA ONE

Formula One revenue suffered a significant decline to £95.4m in 2019 from £130.7m in 2018, principally due to the loss of commercial rights income and a non-recurring item in 2018 revenue. EBITDA was a loss of £10.1m, a £26.1m decline from £16.0m in 2018 driven by the declining revenue, partly offset by a one off revaluation of stock and other savings.

WILLIAMS ADVANCED ENGINEERING

WAE recorded revenue of £63.7m, an impressive 42% increase on 2018 (£44.8m), and EBITDA of £7.5m (2018: £5.1m). During 2019 we brought external investment into the WAE business, through the sale of a majority stake, on 31 December 2019. This will enable WAE to continue to deliver the innovative solutions across sectors for which it is becoming known and respected. Whilst we are no longer a majority shareholder in WAE we hold a significant minority stake in the business and remain a key partner for them through the provision of technical and support services. Furthermore, by realising some of the value in WAE as cash, we can invest in the performance of our Formula One team and prepare for the new era in Formula One post 2020. Consideration received for WAE was partly cash, as well as ordinary and preference shares issued by WAE's ultimate holding company, Joule Jersey Topco Ltd.

INCOME

In 2019 we generated income from three principal sources; commercial rights, partners and revenue from WAE. With the part disposal of WAE we will no longer receive revenue from this business but, from 2020, we will recognise our share of profit arising from our minority stake in Joule Jersey Topco Ltd as income from associate, with income from the preference shares presented as finance income.

Commercial rights income is a combination of fixed payments for our participation in Formula One events and a variable payment based on our finishing position in the previous season's Constructors' Championship. In 2019 this reflected a tenth-place finish. This income was expected to be similar in 2020 as a result of us once again finishing tenth in the 2019 Formula One Constructors' Championship, however we now anticipate this level of income to materially decline driven by the impact of the COVID-19 pandemic on the race calendar

The last 10 years have seen a significant disparity in income and expenditure across the teams participating in the Formula One World Championship. We are pleased to see Liberty Media continuing to negotiate with the teams and the consequent move towards financial regulations effective from 2021 that should allow all teams to compete on a more equal footing.
As an independent constructor, the implementation of an appropriate cost cap on Formula One teams, improving the financial sustainability of the sport, and a more equal share of commercial rights income across teams is critically important. We continue to participate in discussion around potential reductions of the level of the cost cap which have been driven predominantly due to the COVID-19 pandemic.

Revised technical regulations aimed at improving the level of competition will also take effect in the coming seasons. Whilst it is difficult to predict the impact of the sporting regulations, we are pleased to see a focus on improving the quality of racing and more broadly the racing spectacle, actions likely to improve the global audience, revenue and our share of the income arising from that audience.

2019 was the first year of a five-year partnership with ROKiT, a relationship which has now come to a premature end following our decision to terminate the agreement. We are actively seeking a replacement title partner and sponsor.

Formula One remains an attractive proposition for many businesses to enhance and promote their brands and technical capabilities, however the market for partnerships continues to change rapidly and Williams must offer a compelling proposition to potential partners. We look to develop deep relationships, that go beyond brand activation, by identifying opportunities for technical collaboration which draw upon the talent we have across the organisation, including the specialists in Williams Advanced Engineering.

Williams Advanced Engineering derived revenue from engineering consultancy, low volume manufacturing of bespoke products and some royalty income.

Income from other areas such as our Conference Centre and Williams Heritage is reported in 'Other' in note 2 to the financial statements. During the year we realised two gains on revaluation of assets, being an increase of the valuation in our heritage collection of £1.1m following a 3rd party valuation and, as a result of new systems enabling identification of WGPE stock and WIP, £4.9m of inventory was recognised on the balance sheet.

EXPENDITURE

The management of costs and the efficient deployment of resources is a consistently high priority within our organisation, and even more so at the current time given the anticipated loss of income. As described, the significant disparity of income across the sport means our Formula One team competes with other teams who have significantly higher budgets. We must make tough choices on where to focus our resource.

Making the right decisions about where to make investment requires an understanding of the business benefits. This incorporates financial and non-financial measures and also requires input from relevant experts across many different functions of the business. We continually evolve our technical capability and invest in infrastructure, including Formula One related equipment, for use at our headquarters and at the track.

BUSINESS MODEL AND SUSTAINABILITY

We continually strive to exceed the expectations of our partners and customers. We achieve this by working together with our partners to deliver creative and high-profile marketing opportunities or identifying novel approaches to solve our customers' engineering challenges. The process of creating a Formula One car brings together technical experts from multiple disciplines during the design phase and manufacturing specialists within our high-tech factory. It is important for us to recruit and retain the right people.

We make a significant investment in our employees through the provision of benefits and through training and career development. We carry out an employee engagement survey each year and use the results of this to address areas of identified opportunity to improve our working environment and culture. We run apprenticeship programmes and graduate schemes where we deliver structured learning and career paths. We are an inclusive organisation and are determined to create an environment where everyone can succeed.

We remain at the forefront of research and development. Through our participation in Formula One we have a great opportunity to test and analyse solutions to aerodynamic and vehicle dynamics challenges.

CASH AND WORKING CAPITAL

In Formula One, we generally receive more cash in the first half of the year due to the timing of receipts of partnership income. This corresponds to the peak build period as we assemble the new season's car and build up a stock of spare parts.

FINANCING AND INVESTMENT

At the year-end we had relatively low levels of debt compared to our asset base. Following the recent refinancing we are now utilising our complete asset base much more effectively to secure appropriate finance for the business. We will continue to make investment in our buildings and plant to ensure that we retain and enhance the value of these assets over time.

The Directors believe that the value of the freehold property is in excess of its current carrying amount.

The Group has two principal capital management objectives. These are to invest in long term growth opportunities available to the Group and to ensure the Group's ability to continue as a going concern. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

IDENTIFICATION AND MANAGEMENT OF RISKS

The Board of Directors for Williams, which has overall responsibility for risk management and internal control, identifies key risks and puts in place appropriate internal controls. The Board provides strategic direction on risk related decision making to ensure that the appropriate policies are adopted within the Group. The Audit Committee is responsible for ensuring that risks are appropriately identified and managed by senior management and that appropriate controls are in place and operating effectively. Senior managers have responsibility for identifying and evaluating risks relating to their areas of responsibility. They are also responsible for implementing and monitoring effective controls to manage these risks. Where necessary they will bring in expertise from outside the Group to ensure matters are addressed appropriately.

The key risks to the Group continue to be revenue generation, expenditure control, cash management and the recruitment, retention and development of talented people. Furthermore, the Group faces transitory risks associated with the political, economic and social frameworks in which it operates which may exaggerate the continuing risks faced by the Group

The emergence of the COVID-19 pandemic presents a major challenge to our organisation as detailed above. The situation continues to evolve and the Group has set up working groups at senior levels to manage our response in line with official advice.

Whilst our primary focus at all times is the health and wellbeing of our people, there are a number of other considerations. From a financial perspective, we face uncertainty about the likely race calendar leading to a possible further reduction in revenues derived from commercial rights income. We anticipate that there will be impacts on travelling and factory based personnel through disruption to travel arrangements, ill health of employees or their dependents, or restricted access to our site through restrictions to slow the spread of the disease. These impacts may incur financial costs, for example for travel bookings that cannot be cancelled, or knock on effects from disruption to normal operations.

With regards to Brexit, whilst the recent election and exit from the European Union have not adversely affected our business, there remains substantial uncertainty about the future arrangements for trade and travel with the European Union. As a result the Board continues to monitor the potential risks associated with any future EU-UK relationship. Williams is a UK headquartered company and most Group revenue is derived through the supply of services to both UK and international customers. Around 13% of Group purchases originate from suppliers who are based in the European Union, which may be subject to both tariffs and delays at borders whilst customs checks are carried out. Management hope that any agreement reached will minimise these issues and remain ready to put in place mitigation should this not be the case.

Revenue from the Group's Formula One motor racing activities is derived largely from sponsorship and commercial rights. The Group maintains and develops links with potential sponsors and actively seeks the best commercial return from its competition in the sport. In a sport as technologically demanding and highly competitive as Formula One, there is a risk that the Group will be unable to deliver successful performance on the track. This could have an impact on the ability to secure and retain sponsorship and achieve commercial rights income.

The costs of participation in Formula One are incurred on research, development, materials, production and operation of the team activity.
Such costs are monitored against budgets and forecasts and significant variances are reviewed.

The Group has a procurement function that is tasked with finding efficiencies within purchasing processes.

The Group is exposed to foreign exchange transaction exchange risk, liquidity risk, interest rate risk and credit risk.

The Group adopts appropriate measures to mitigate these risks.

- Foreign exchange risk can be mitigated through using currency forwards and other derivative products to fix the future values of inflows and outflows.
- Liquidity risk is mitigated through constant monitoring and a regular and robust review and forecast process around future cashflows, on both a short term (within 3 months) and long term (up to 2 years) basis.
- Credit risk is mitigated through assessing the credit quality of each commercial partner.
- The Group does not currently take steps to mitigate interest rate risks as rate volatility is low and the overall value of interest paid is not significant to the Group.

Management continue to monitor interest rate exposures and are ready to implement mitigating actions if required. These risks will continue to be monitored by the Group in 2020 and beyond.

RESULTS AND DIVIDENDS

The Group's earnings per share of 198.55 pence (2018: 35.34 pence) reflects the profit for 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 2019 (2018: £nil).

The profit for the financial year attributable to the members of the parent company amount to £19.2m (2018: £3.4m).

CHANGES IN ACCOUNTING POLICY

There have been no changes in accounting policy during the year.

DOUG LAFFERTY
CHIEF FINANCIAL OFFICER

The Strategic Report, as set out on pages 7 to 12, has been approved by the Board.

ON BEHALF OF THE BOARD

MARK BIDDLE
GENERAL COUNSEL & COMPANY SECRETARY

29 MAY 2020

DIRECTORS' REPORT

DIRECTORS OF THE COMPANY

The Directors of the Company who held office during the year and to the date of issuing this report were:

M. Biddle - Company Secretary and Director

B. Hollinger

D. Lafferty

P. Lowe (resigned 25 June 2019)

M. O'Driscoll

N. Rose

C. Williams

BOARD MEETINGS

The attendance of Directors at the nine board meetings during the year was as follows:

Director	Meetings attended	Meetings eligible to attend
M Biddle	9	9
B Hollinger	6	9
D Lafferty	9	9
P Lowe (resigned 25 June 2019)	1	3
M O'Driscoll	9	9
N Rose	9	9
C Williams	9	9

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: Nick Rose (chairman) and Brad Hollinger.

Remuneration and Nomination Committee: Nick Rose (chairman) and Brad Hollinger.

The Report of the Audit Committee is presented on page 20. One meeting of the Remuneration and Nomination Committee was held during the year.

PROVISION OF INFORMATION TO THE AUDITOR

The Directors confirm that, in so far as each Director is aware, there is no relevant audit information of which the Company'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.

INSURANCE

The Group purchases liability insurance covering its Directors and officers.

SHARE-BASED PAYMENT

The WGP Trust is an employee benefit trust which 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.

Between 2015 and 2017 a number of share awards were allocated to certain employees. Details of the awards granted and outstanding at the end of 2019 are given in note 8 to the financial statements.

DIRECTORS' INTERESTS AND DEALINGS

Directors' beneficial interests in the ordinary share capital of the Company as at 31 December 2019 are shown below:

Shares in which beneficial interest held

Director	31 December 2019	31 December 2018
M Biddle	-	-
B Hollinger	1,322,963	1,784,963
D Lafferty	-	-
P Lowe (resigned 25 June 2019)	-	-
M O'Driscoll	26,500	26,500
N Rose	4,208	4,208
C Williams	-	-

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under that law and as permitted by Open Market of the Frankfurt Stock Exchange the directors have elected to prepare the Group and parent Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 (The Financial Reporting Standard applicable in the UK and Republic of Ireland).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of their profit or loss for that period. In preparing each of the Group and Parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006.
They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

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

POLITICAL CONTRIBUTIONS

The Group made no political contributions in the year (2018: £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, an intranet site, team briefings and internal publications 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

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD

MIKE O'DRISCOLL
DIRECTOR

29 MAY 2020

GOVERNANCE REVIEW

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.

NICK ROSE

INDEPENDENT NON-EXECUTIVE CHAIRMAN

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 the Board of BAE Systems PLC and BT Group PLC, where he is Senior Independent Director at both companies and chairs the respective Audit Committees, and is non-executive Chairman of Galore SPV1 Limited, a company that owns the Loch Lomond Scotch whisky business. 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 was appointed to the Board in November 2011 and is Chairman of the Board, Chairman of the Audit Committee and Chairman of the Remuneration and Nomination Committee.

BRAD HOLLINGER

NON-EXECUTIVE DIRECTOR

Brad Hollinger was appointed as a Non-Executive Director of Williams Grand Prix Holdings PLC in April 2016, and has been a shareholder in the Company since 2014. Brad is Chairman and Chief Executive Officer of Vibra Healthcare, an American specialty acute care hospital company based in Pennsylvania with over 10,000 employees, 92 hospitals and transitional care centres within the United States, and annual revenues of over $1 billion. In this role Brad is responsible for the strategic direction, operational execution and profitability of Vibra Healthcare.

Prior to founding Vibra Healthcare, he co-founded and served as Chairman and CEO of Balanced Care Corporation, a publicly traded senior care company that grew to 87 facilities in 11 US states.

In addition, Brad served as chief development officer and executive vice president of the contract services group of Continental Medical Systems, a NYSE $1.5 billion dollar company. Brad has also recently been appointed as Chairman and CEO of Kodiak Systems, a cloud service company specialising in healthcare.

MARK BIDDLE

GENERAL COUNSEL & COMPANY SECRETARY

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 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 the Williams Group at the start of 2009. In addition to his directorship of the Company, Mark is Company Secretary of the Company and of each of the other Williams Group companies.

DOUG LAFFERTY

CHIEF FINANCIAL OFFICER

Doug graduated from Royal Holloway, University of London with a BSc in Management Studies prior to starting his career as a Graduate Trainee at British American Tobacco (BAT) in 2001. He qualified as a Chartered Management Accountant in 2003 before holding a variety of Finance Director and General Management positions whilst on international assignments with BAT to Greece, Romania, Serbia and Canada.

After returning to the UK in 2013 Doug became the first Finance Director of BAT's Next Generation Products business and in 2015 became Group Head of Commercial Finance, working closely with the group's Marketing and Operations leadership teams. Doug's final role at BAT was as Regional Head of Finance for the Americas before being appointed to the Board of Williams, in the capacity of CFO, in September 2017.

MIKE O'DRISCOLL

GROUP CHIEF EXECUTIVE OFFICER

Mike O'Driscoll started his career in the UK with Jaguar Rover Triumph as a business student. He obtained an MBA from the University of Warwick, and held various positions in Finance, Product Development and Marketing, prior to his move to the USA with Jaguar Cars in 1987, as a marketing and sales executive.

Starting in 1995, Mike held a number of senior management positions with Jaguar's parent, Ford Motor Company, prior to his appointment as President of Jaguar Cars North America in 2000. The following year he became President of Aston Martin, Jaguar Land Rover's North American subsidiary. In 2007 he was appointed Managing Director of Jaguar Cars global operations, until he retired in March 2011.

Mike was appointed to the Board in September 2011 as a Non-Executive Director and to his current role as Group Chief Executive Officer in May 2013.

CLAIRE WILLIAMS

DEPUTY TEAM PRINCIPAL

After graduating from Newcastle University with a degree in Politics, Claire Williams joined Silverstone Circuit as a press officer. Claire joined Williams 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 was appointed to the Board as Commercial Director in April 2012 and extended her role to Deputy Team Principal in March 2013.

In June 2016, it was announced that Claire was appointed an Officer of the Order of the British Empire (OBE) in the Queen's Birthday Honours List in recognition of her services to Formula One.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Good corporate governance is essential to the Group. It provides the basis for sustainable long-term business activity.

We are committed to maintaining a high standard of corporate governance that reflects both appropriate principles of best practice that are set out in the UK Corporate Governance Code (the "Code") and the internal governance framework under which we operate and manage the Company, its subsidiaries and all of its business operations for the long-term benefit of all shareholders.

The Company will continue to meet the principles of best practice set out in the Code where it is felt to be in the commercial interests of both the Company and its shareholders. As set out below, this means that the Board will continue to share via this Annual Report information regarding the Board itself and the Committees which it operates. The Board considers that this Annual Report is fair, balanced and understandable.

LEADERSHIP

The Board is collectively responsible to shareholders for the creation and delivery of strong, sustainable performance and the creation of long-term shareholder value. However, there are separate roles for each member of the Board and we have agreed a clear division of responsibilities between the Chairman and Group Chief Executive Officer which are set out in writing and which have been agreed by the Board.

The Chairman manages the Board and optimises the value of Board meetings by ensuring timely and relevant information is provided in advance. During Board meetings the Chairman encourages all Directors to contribute and challenge.

Matters considered by the Board during the year included strategy, budgets, financial results, risk and risk management, succession planning, governance and organisational capabilities.

Board meetings are supplemented by regular meetings of an Executive Committee comprising the executive Directors and key senior managers. The Executive Committee is principally responsible for day-to-day operational matters.

EFFECTIVENESS

The members of the Board bring a variety of skills and experiences. The Board's Non-Executive Directors bring an external perspective in their analysis of the Group's performance, and help challenge assumptions and identify possible threats. Each of the Non-Executive Directors continue to have other significant commitments, all of which were disclosed to the Board prior to the Non-Executive Directors' appointments to the Board.

The Board is supplied with appropriate information and support to enable it to discharge its duties properly. A clear annual board schedule and timely and relevant board packs give Directors time to prepare for meetings. All Directors have recourse to the Group Company Secretary and independent professional advice at the Group's expense.

The effectiveness of the Board is enhanced through delegation of certain matters to the Remuneration and Nomination Committee and to the Audit Committee. The Audit Committee report is presented on page 20. During the year the Remuneration and Nomination Committee met once and considered matters including succession planning and the remuneration of Directors and senior management.

Although the Board has no specific diversity policy the Board is aware of the benefits in having a diverse composition of the Board. The Company currently has one female Director on the Board.

Both the Audit Committee and the Remuneration and Nomination Committee have only two members, each of whom are non-executive. The Board believes that these committees continue to perform effectively due to the exceptional experience of the Non-Executive Directors.

Directors are subject to re-election every three years.

ACCOUNTABILITY

The Board presents the Group's results in this report. The financial statements, supported by the Strategic Report and Directors' Report, give a fair, balanced and understandable picture of the Group.

During the year the Board and Audit Committee considered the significant risks faced by the Group and continued to monitor the Group's internal controls. Board members are provided with comprehensive financial and other information given ahead of each board meeting. Additional information and explanation of the data is provided on request.

There is an Audit Committee and its report is presented on page 20. The Audit Committee comprises two Non-Executive Directors. Although he is Chairman of the Board, Nick Rose also chairs the Audit Committee. The Board considers that Nick's experience as a former CFO of Diageo and as current chairman of the audit committees of BAE Systems PLC and BT Group PLC, makes him the appropriate Non-Executive Director to do so.

A Code of Ethics is published on the Group's intranet and website.

REMUNERATION

The Code requires that remuneration should be set at a level that is sufficient to attract, retain and motivate the Directors. The Group is confident that it pays suitable remuneration to its Directors.

Director salaries are subject to periodic review by the Remuneration and Nomination Committee and were last reviewed in July 2019.

Where salaries were reviewed, the factors taken into account included:

- the performance of the Director;
- the Director's role in delivering business results;
- the Director's position in terms of career development, potential and lifecycle;
- any other elements of remuneration received by the Director; and
- the forecast business environment.

Each Director (other than the Non-Executive Directors) with a seat on the board in 2015 was granted share options during 2015 and an equity-linked bonus award during 2016. Paddy Lowe (resigned 25 June 2019) and Doug Lafferty were each granted share options on their appointment to the board in 2017. Doug Lafferty was also granted an equity-linked bonus award. The share options and the equity-linked bonus awards each have a vesting period of three years. Each Executive Director is also eligible to receive an annual bonus which is calculated by reference to performance criteria set out each year by the Remuneration and Nomination Committee. These criteria are stretching and designed to promote the long term success of the Group. The maximum bonus payable shall not exceed 200% of base salary.

Levels of remuneration for the Company's Non-Executive Directors reflect the time commitment and responsibilities of their respective roles.

RELATIONS WITH SHAREHOLDERS

As a Group we communicate with our shareholders clearly through our financial reports and our website. We advertise the date and location of our Annual General Meeting and, in addition, Directors make themselves available to talk to major shareholders from time to time.

We ensure that Directors are informed of any significant matters impacting on our shareholders, and provide the opportunity for the Directors to comment, both at and outside Board meetings.

STAKEHOLDER ENGAGEMENT

Stakeholder engagement is monitored continuously. Key stakeholders are identified as suppliers, customers, employees and shareholders. Refer to the Strategic report for details of policies in place to engage these customers, employees and shareholders.

The Group enjoys long established and strong relationships with each of our main suppliers which we greatly value having invested in over the long term. We have a centralised procurement department that seeks to secure Group deals covering all major elements of our supply requirements. This helps the Group establish certainty of quality, supply and cost of materials and provides our suppliers with certainty of volume and revenues. In addition, our operating businesses work closely with regional suppliers to secure locally sourced materials. Local suppliers benefit from the Group providing them with consistent order volumes which help sustain their businesses and strengthen our supply chain.

Stakeholders are considered in all principal decisions made by the Group. We define principal decisions as both those that are material to the group, but also those that are significant to any of our key stakeholder groups. The key example of this, throughout 2019 and into the future, is capital allocation. Capex investment committees focus on the stakeholder impact of funding allocation, incorporating financial and non-financial measures and expert input from various functions of the business. Where there are conflicting priorities from different stakeholders, the Board acts for the overall best outcome for the Group.

AUDIT COMMITTEE REPORT

The Audit Committee comprises two Non-Executive Directors, Brad Hollinger and Nick Rose. Nick Rose is the Chairman of the Committee. The Committee held three meetings during the year. In addition to this, the Chairman has a number of meetings and discussions with the external auditors throughout the year.

During the year the Committee:

- reviewed and recommended that the Board approve the year end and interim accounts;
- recommended the re-appointment of KPMG LLP as the Group's auditors;
- monitored the services provided by the Group's professional advisors to ensure that an appropriate split was maintained between the provision of audit and advisory services; and
- considered matters of internal control and corporate governance.

At present the Group does not have an internal audit function. The Directors consider that the nature of the Group's activities, its size and the active involvement of executive management mean that such a function is not required. However, the Audit Committee regularly reviews whether such a function would be appropriate.

The Committee's Terms of Reference are published on the Group's website.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF WILLIAMS GRAND PRIX HOLDINGS PLC

1. OUR OPINION IS UNMODIFIED

We have audited the financial statements of Williams Grand Prix Holdings PLC ("the Company") for the year ended 31 December 2019 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows, company statement of financial position, company statement of changes in equity and the related notes, including the accounting policies in note 1.

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 2019 and of the Group's profit for the year then ended;
- the group and parent company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standards applicable in the UK and Republic of Ireland; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

OVERVIEW		
Materiality: group financial statements as a whole		£1.6m (2018: £1.8m) 1% (2018: 1%) of Total Revenue
Coverage		100% (2018: 100%) of Total Group Revenue
Key audit matters		**vs 2018**
Recurring risks	Going Concern	◀▶
	Revenue Recognition (Williams Advanced Engineering)	◀▶
Event driven	Brexit	◀▶

2. MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

	THE RISK	OUR RESPONSE

Going Concern

We draw attention to note 1 to the financial statements which describes uncertainties over the current external environment, the successful agreement of new sponsorship agreements, and the availability of such additional funding as is required. These events and conditions, along with the other matters explained in note 1, constitute a material uncertainty that may cast significant doubt on the group's and the parent company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Disclosure quality

There is little judgement involved in the directors' conclusion that risks and circumstances described in note 1 to the financial statements represent a material uncertainty over the ability of the group and company to continue as a going concern for a period of at least a year from the date of approval of the financial statements.

However, clear and full disclosure of the facts and the directors' rationale for the use of the going concern basis of preparation, including that there is a related material uncertainty, is a key financial statement disclosure and so was the focus of our audit in this area. Auditing standards require that to be reported as a key audit matter.

Our procedures included:

Key Dependency Assessment
Comparing the key assumptions used in the cash flow. The key assumptions are those relating to future expenditure and income. We compared each assumption to historical data (where applicable), any known future costs (for example driver remuneration) or income (for example sponsorship income) and reviewed the reasonableness of any other significant assumptions made;

Sensitivity Analysis
Performing sensitivity analysis on the key assumptions noted above;

Funding Assessment
Reviewing the funding available to the Group to assess the available cash to the business. This includes review of borrowing agreements in order to verify repayment dates and any restrictions on availability;

Historical Comparisons
Comparing previous forecast revenue growth and EBITDA margins to actual performance to assess the historical accuracy of the Group's forecasting

Evaluating Directors Intent
Discussions with Directors and key management personnel to review the key assumptions made in the cash flow forecasts and their future intentions for the business together with any available mitigating actions;

Assessing Transparency
We found the disclosure of the material uncertainty to be acceptable.

3. KEY AUDIT MATTERS: OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Going concern is a significant key audit matter and is described in section 2 of our report. In arriving at our audit opinion above, the other key audit matters were as follows (unchanged from 2018):

DESCRIPTION	THE RISK	OUR RESPONSE
Brexit Refer to page 12	**Unprecedented levels of uncertainty** Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance. Brexit is one of the most significant economic events for the UK, and its effects are subject to unprecedented levels of uncertainty of consequences, with the full range of possible effects unknown. We developed a standardised firm-wide approach to the consideration of the uncertainties arising from Brexit in planning and performing our audit.	Our procedures included: **Our Brexit knowledge** We considered the directors' assessment of Brexit-related sources of risk for the group's business and financial resources compared with our own understanding of the risks. We considered the directors' plans to take action to mitigate the risks; **Sensitivity analysis** When addressing going concern and other areas that depend on forecasts, we compared the directors' analysis to our assessment of the full range of reasonably possible scenarios resulting from Brexit uncertainty and, where forecast cash flows are required to be discounted, considered adjustments to discount rates for the level of remaining uncertainty; **Assessing transparency** As well as assessing individual disclosures as part of our procedures on going concern, we considered all of the Brexit related disclosures together, including those in the strategic report, comparing the overall picture against our understanding of the risks..
Revenue Recognition (Williams Advanced Engineering) (£63.7 million; 2018: 44.8 million) Refer to page 33	**Subjective estimate** Williams Advanced Engineering revenue includes contracts spanning multiple time periods. There is the risk that cut-off could be inappropriately applied. Furthermore, some of the contracts under which Williams operates are relatively complex and as such there is the risk that accounting recognition for specific contract terms could be inappropriately applied in order to manipulate results or through estimation error.	Our procedures included: **Control Operations** Testing the operation of management's controls around the review of revenue recognition files and costs analysis; **Historical comparisons** Comparing previous forecast revenue trends and gross margins to actual performance to assess the historical accuracy of the group's estimations; **Personnel interviews** Interviews with project managers to assess the status of projects and key assumptions made. Review of supporting documentation to support their conclusions on revenue recognition; **Project review** For a sample of projects, review underlying contracts, invoices, goods or services delivered and payments received to assess the percentage of completion against management's assessment.

4. OUR APPLICATION OF MATERIALITY AND AN OVERVIEW OF THE SCOPE OF OUR AUDIT

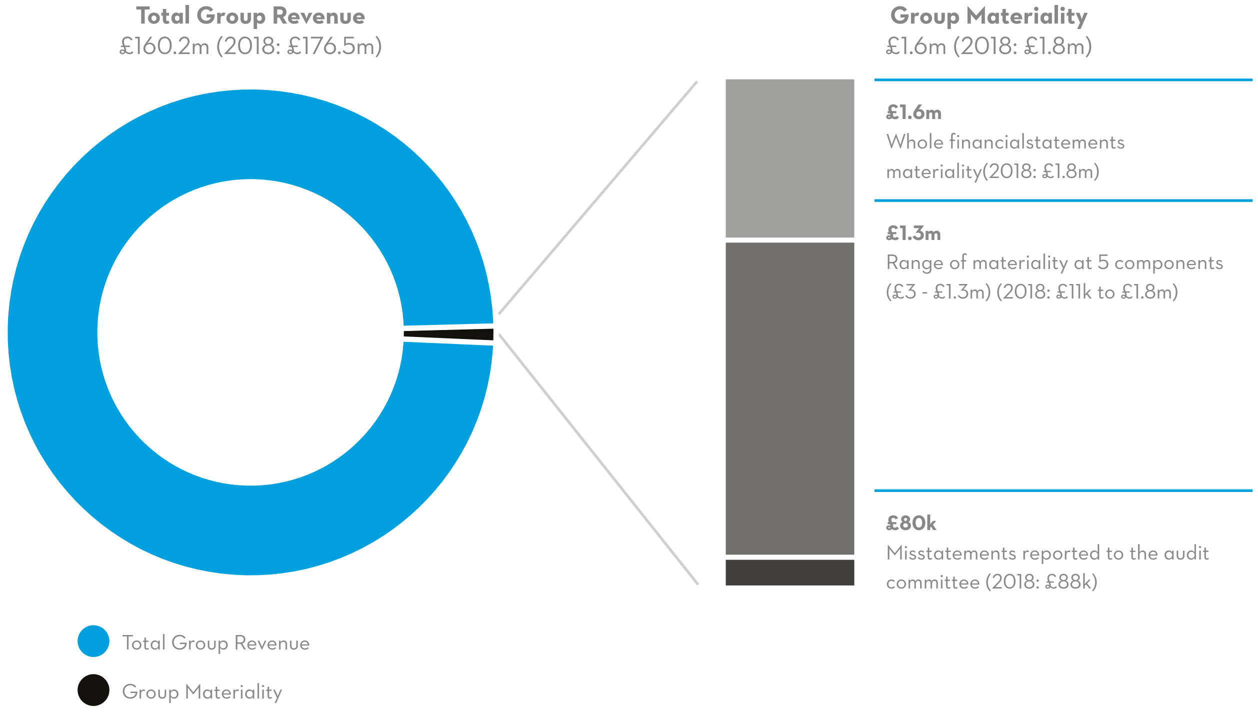
Materiality for the group as a whole was set at £1.6m, determined with reference to a benchmark of revenue as disclosed in note 1, of which it represents 1% (2018: 1%). We consider total revenue to be the most appropriate benchmark as it provides a more stable measure year on year than group profit before tax.

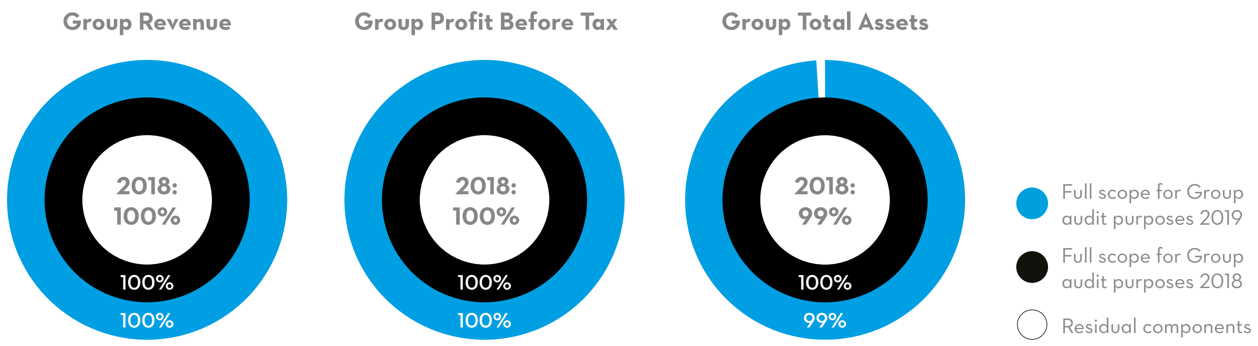
Materiality for the parent financial statements as a whole was set at £21,650 (2018: £188,000), determined with reference to a benchmark of the company's total assets, of which it represents 1% (2018 net assets: 5%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £80,000 in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the group's 8 (2018: 8) components, we subjected 5 (2018: 4) to full scope audits for group purposes.

The components within the scope of our work account for the percentages illustrated below.





5. WE HAVE NOTHING TO REPORT ON THE OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

6. WE HAVE NOTHING TO REPORT ON THE OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects

7. WE HAVE NOTHING TO REPORT ON THE OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Directors' responsibilities

As explained more fully in their statement set out on page 14, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and, parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk auditorsresponsibilities.

8. THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

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.

JAMES LEDWARD
SENIOR STATUTORY AUDITOR
FOR AND ON BEHALF OF KPMG LLP,
STATUTORY AUDITOR

Chartered Accountants

2 Forbury Place
33 Forbury Road
Reading
RG1 3AD

29 MAY 2020

FINANCIAL STATEMENTS

- Consolidated Statement of Comprehensive Income
- Consolidated Statement of Financial Position
- Consolidated Statement of Changes in Equity
- Consolidated Statement of Cash Flows
- Company Statement of Financial Position
- Company Statement of Changes in Equity
- Notes to the Financial Statements

WILLIAMS GRAND PRIX HOLDINGS PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019			2018		
		Continuing operations	Discontinuing operations	Total	Continuing operations	Discontinuing operations	Total
		£000	£000	£000	£000	£000	£000
Revenue	2	**96,552**	**63,653**	**160,205**	131,722	44,761	176,483
Cost of sales		**(38,805)**	**(52,320)**	**(91,125)**	(35,218)	(35,907)	(71,125)
Gross profit		**57,747**	**11,333**	**69,080**	96,504	8,854	105,358
Other operating expenses		**(82,505)**	**(14,030)**	**(96,535)**	(98,757)	(11,134)	(109,891)
Other operating income	2	**8,463**	**3,220**	**11,683**	7,047	1,645	8,692
Exceptional profit on disposal of subsidiary	4	**-**	**35,803**	**35,803**	-	-	-
Group operating (loss) / profit	3	**(16,295)**	**36,326**	**20,031**	4,794	(635)	4,159
Interest payable and similar expenses	9	**(819)**	-	**(819)**	(742)	-	(742)
(Loss) / profit before taxation	2	**(17,114)**	**36,326**	**19,212**	4,053	(635)	3,417
Tax on profit	10	**-**	**-**	**-**	-	-	-
(Loss) / profit after taxation		**(17,114)**	**36,326**	**19,212**	4,053	(635)	3,417
Total comprehensive (loss) / income for the year		**(17,114)**	**36,326**	**19,212**	4,053	(635)	3,417
Earnings per share							
Basic earnings per share (pence)	11			**198.55**			**35.34**
Diluted earnings per share (pence)	11			**193.14**			**33.97**

Discontinued operations relate to the disposal of a majority share of Williams Advanced Engineering and its subsidiaries, which was disposed of on 31 December 2019.

The notes on pages 32 to 49 form an integral part of these financial statements.

WILLIAMS GRAND PRIX HOLDINGS PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

REGISTRATION NUMBER: 07475805

	Note	2019	2018
		£000	£000
Non-current assets			
Long term financial asset	13	**12,897**	-
Investment in associate	14	**20**	-
Intangible assets	16	**1,479**	2,395
Heritage assets	17	**21,040**	19,958
Tangible assets	18	**34,904**	39,354
		70,340	61,707
Current assets			
Stocks	19	**4,938**	3,129
Debtors	20	**35,060**	57,759
Cash at bank and in hand		**24,283**	9,477
		64,281	70,365
Creditors: amounts falling due within one year	21	**(52,076)**	(72,209)
Net current assets/(liabilities)		**12,205**	(1,844)
Total assets less current liabilities		**82,545**	59,863
Creditors: amounts falling due after more than one year	22	**(12,810)**	(8,824)
Net assets	2	**69,735**	51,039
Capital and reserves			
Called up share capital	28	**500**	500
Revaluation reserve		**19,927**	19,108
Other reserves		**1,265**	2,863
Retained earnings		**48,043**	28,568
Total equity		**69,735**	51,039

Approved and authorised by the Board on 29 May 2020 and signed on its behalf by:

D LAFFERTY
DIRECTOR

The notes on pages 32 to 49 form an integral part of these financial statements.

WILLIAMS GRAND PRIX HOLDINGS PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2019

	Called up share capital	Revaluation reserve	Other reserves	Retained earnings	Total equity
	£000	£000	£000	£000	£000
Balance as at 1 January 2018	500	21,033	2,127	22,934	46,594
Total comprehensive income for the year	-	-	-	3,417	3,417
Share-based payment transactions	-	-	736	292	1,028
Realisation of profit on revalued assets	-	(1,925)	-	1,925	-
Balance as at 31 December 2018	500	19,108	2,863	28,568	51,039
Balance as at 1 January 2019	**500**	**19,108**	**2,863**	**28,568**	**51,039**
Total comprehensive income for the year	-	-	-	19,212	19,212
Share-based payment transactions	-	-	(1,598)	-	(1,598)
Realisation of profit on revalued assets	-	(263)	-	263	-
Revaluation of heritage assets	-	1,082	-	-	1,082
Balance as at 31 December 2019	**500**	**19,927**	**1,265**	**48,043**	**69,735**

The notes on pages 32 to 49 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019	2018
		£000	£000
Net cash (outflow)/inflow from operating activities	29	**(13,994)**	7,482
Investing activities			
Payments to acquire fixed assets		**(3,073)**	(5,197)
Receipts from the sale of fixed assets		**1,166**	4,031
Receipts from the sale of subsidiary		**44,139**	-
Investment in associate		**(20)**	-
Net cash flow from investing activities		**42,212**	(1,166)
Financing activities			
Interest paid		**(819)**	(742)
Value of new loans obtained during the period		**-**	15,000
Repayment of loans and borrowings		**(12,231)**	(15,277)
Repayment of capital element of finance leases and HP contracts		**(362)**	(306)
Net cash flow from financing activities		**(13,412)**	(1,325)
Increase in cash and cash equivalents		**14,806**	4,991
Cash and cash equivalents at 1 January		**9,477**	4,486
Cash and cash equivalents at 31 December		**24,283**	9,477
Cash and cash equivalents consists of:			
Cash at bank and in hand		**24,283**	9,477
Cash and cash equivalents		**24,283**	9,477

The notes on pages 32 to 49 form an integral part of these financial statements.

WILLIAMS GRAND PRIX HOLDINGS PLC

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

REGISTRATION NUMBER: 07475805

	Note	**2019**	2018
		£000	£000
Fixed assets			
Investments	15	**2,165**	3,763
Net assets		**2,165**	3,763
Capital and reserves			
Called-up share capital	27	**500**	500
Other reserves		**1,665**	3,263
Retained earnings		**-**	-
Total equity		**2,165**	3,763

Approved and authorised by the Board on 29 May 2020 and signed on its behalf by:

D LAFFERTY

DIRECTOR

WILLIAMS GRAND PRIX HOLDINGS PLC

COMPANY STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2019

	Called up share capital	Other reserves	Retained earnings	Total equity
	£000	£000	£000	£000
Balance as at 1 January 2018	500	2,527	-	3,027
Total comprehensive income for the year	-	-	-	-
Share-based payment transactions	-	736	-	736
Balance as at 31 December 2018	500	3,263	-	3,763
Balance as at 1 January 2019	**500**	**3,263**	**-**	**3,763**
Total comprehensive income for the year	**-**	**-**	**-**	**-**
Share-based payment transactions	**-**	**(1,598)**	**-**	**(1,598)**
Balance as at 31 December 2019	**500**	**1,665**	**-**	**2,165**

The notes on pages 32 to 49 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These consolidated and separate financial statements have been prepared in compliance with United Kingdom accounting standards, including FRS 102 and the Companies Act 2006, and under the historical cost convention modified to include the revaluation of heritage assets and the recognition of certain financial assets and liabilities measured at fair value. The financial statements are prepared in sterling, which is the functional currency of the Group.

BASIS OF CONSOLIDATION

As a consolidated statement of comprehensive income 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. The Company had no cash flows in the period, and therefore a separate statement of cash flows for the parent has also been omitted.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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, provide it with firm foundations for ongoing success, even in an adverse economic climate.

The Group's profit for the year was £19.2m (2018: £3.4m). As at 31 December 2019 the Group had net assets of £69.7m (2018: £51.0m) and net current assets of £12.2m (2018: current liabilities of £1.9m). However, the directors consider that the current economic outlook, exacerbated by the COVID-19 crisis, presents very significant challenges in terms of uncertainty over commercial rights income, recovery of amounts from sponsors and securing additional funding as required. Whilst the directors have instituted measures to preserve cash and have, during April 2020, secured additional finance (see note 34), there remains uncertainty over future income and cash flows.

The Group's revenue from its Formula One activities is principally derived from sponsorship and commercial rights income. Following the announcement of race postponements as a result of the impact of COVID-19 on the F1 race calendar there is uncertainty over the amount and timing of commercial rights income to be received through 2020 and into 2021, with a significant reduction expected. Current Revenue and cost estimates are based on a 15 to 18 race season in 2020.

The Group has mitigated much of this impact through cost saving measures within the company. Formula One Management are also seeking to support all teams through changes to reduce development activity for upcoming seasons and, therefore, deferring and reducing costs.

Sponsorship income is typically determined ahead of time with contracted payments on a fixed schedule. The Group has recently terminated its agreement with the ROK Group of Companies, representing a loss of both its title partner (ROKiT) and a significant sponsor (ROK Drinks). The Group has other sponsors on agreements of differing lengths and will seek to sign a new title partner and further sponsors through the year. The likelihood of securing new partners and cashflows from any such new agreements are difficult to forecast.

The Group has prepared, and the Board reviewed, cash flow forecasts for a period of twelve months from the date of approval of these financial statements and also considered whether significant matters are expected to arise thereafter. These forecasts include contracted and uncontracted sponsorship revenue, estimates of other income and expected expenses. The base case forecasts indicate that, by the start of 2021, the Group may not have sufficient funds to meet its liabilities as they fall due. Any operational shortfall from the base case cash flow forecasts will increase the amount of additional funding required and the directors' severe but plausible downside forecasts indicate that significant additional funding would be required in the period covered by the forecasts.

In order to meet the shortfall the Group needs to increase its income, such as through incremental sponsorship, disposal of available assets, or receive additional equity investments from new or existing shareholders. The Group continues to closely manage its working capital and explore various options for cost deferral should the need arise. Whilst there will always be a degree of uncertainty around such measures, the directors have reason to be confident that any such required mitigation could be managed to meet the cash flow needs of the business through the forecast period.

Based on the above, the directors believe that on balance it remains appropriate to prepare the financial statements on a going concern basis. However, the current external environment, so dramatically worsened by the uncertainty provoked by the COVID-19 the, successful agreement of new sponsorship arrangements, and availability of such additional funding as is required, together with the other matters described above represents a material uncertainty that may cast significant doubt upon the Group and company's ability to continue as a going concern and, therefore, to continue realising their assets and discharging their liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on the amounts recognised in the financial statements.

REVENUE RECOGNITION FOR WILLIAMS ADVANCED ENGINEERING CONTRACTS

The Group enters into long term contracts to deliver advanced engineering services to customers. These contracts may have a fixed price and extend across a significant period of time. Revenue from these contracts is recognised when the outcome of the contract can be estimated reliably and the relevant services have been performed. Performance is measured by reference to the costs that have been incurred to date as a percentage of the total expected costs for the contract. The revenue recognised could be impacted by future changes in delivery or contract costs that were not considered when the completion of the contract was assessed.

HERITAGE ASSETS

Heritage assets are externally revalued every five years. Valuations are performed by a specialist looking at the cars individually, considering the value inherent in the provenance attached, as well as looking at sales values for similar vehicles where possible. Changes in market conditions could result in a revision to the values that can be attributed to these assets. In 2019, a specialist estimated the sale value of the collection at up to £32.8m and book value at £20.9m. Management have used the prudent estimate in the accounting records.

TAXATION

The Group claims Research and Development Expenditure Credits (“RDEC”) in respect of its research and development expenditure. The Group recognises the value of the RDEC net of tax as other income in the year in which the underlying research and development expenditure was incurred based on an estimate of the expected recovery. The 2019 estimated claim is £9.0m for the Group.

SIGNIFICANT ACCOUNTING POLICIES

REVENUE

The Group principally earns revenue through sponsorship, commercial rights and engineering services.

Where sponsorship arrangements provide the sponsor with multiple deliverables, contractual revenues are allocated to each deliverable based on the relative fair value of the separate components. The majority of sponsorship revenue is recognised evenly over the course of the year. Where sponsors make payment other than in cash, revenue is recognised based on the fair value of the goods or services received or the fair value of the services provided. Where these amounts cannot be reliably estimated, no revenue is recognised.

Commercial rights revenues in relation to performance in the Constructors’ Championship are based on performance in the preceding season. This revenue is recognised across the period of the Constructors’ Championship.

Advanced engineering service revenue is often related to long term contracts which may have fixed pricing and multiple deliverables. Where the outcome of a transaction can be estimated reliably, revenue associated with the transaction is recognised in the income statement by reference to the stage of completion at the period end. Where the costs of delivering a contract are expected to exceed the revenue from the contract, the loss is recognised immediately.

GOVERNMENT GRANTS

Grant income is recognised using the accrual model 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 expensed as incurred.

The Group claims Research and Development Expenditure Credits (“RDEC”) in respect of its research and development expenditure. The Group recognises the value of the RDEC net of tax as other income in the year in which the underlying research and development expenditure was incurred. The net RDEC receivable is recognised within other debtors.

INVESTMENTS

Investments in subsidiary companies are held at cost less accumulated impairment losses.

JOINT OPERATIONS, JOINT VENTURES AND ASSOCIATES

The accounting treatment for joint operations, joint ventures and associates requires an assessment to determine the degree of control or influence that the Group may exercise over them and the form of that control. The Group's interest in joint arrangements is classified as either: a joint operation, whereby the joint controlling parties have rights to the assets and obligations for the liabilities, relating to the arrangement; or a joint venture, whereby the joint controlling parties have rights to the net assets of the arrangement. Associates are those entities over which the Group is in a position to exercise significant influence, but not control or joint control.

The results, assets and liabilities of joint ventures and associates are accounted for using the equity method. Investments in joint ventures and associates are carried in the balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the joint venture or associate, less any impairment. Losses of a joint venture or associate in excess of the Group's interest in that entity are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the entity.

HERITAGE ASSETS

The Group maintains a collection of historic Formula One cars and other vehicles of significance to the Group. These assets are held on the balance sheet at valuation. The valuation has been performed by a specialist looking at the cars individually, considering the value inherent in the provenance attached (e.g. championship winning cars), as well as looking at sales values for similar vehicles where possible. Assets are externally revalued every five years and gains and losses are recognised in other comprehensive income. Formula One racing cars and other vehicles retained at the end of each year are initially recorded as heritage assets with a value of £50,000 up until a revaluation takes place.

PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment is initially recorded at cost. Depreciation is calculated so as to write off the cost of an asset, over the useful economic life of that asset as shown below.

Assets classified as plant, wind tunnel, pit & motor vehicles and computer hardware are presented as plant and machinery assets in the notes to the accounts. A nil depreciation rate is provided in respect of freehold land. No depreciation is charged during the period of construction. Assets in the course of construction are stated at cost and are not depreciated until they are available for use. Upon completion of construction, such assets will be transferred to appropriate asset categories and depreciated accordingly.

Asset class	Depreciation method and rate
Freehold buildings	50 years straight-line
Plant	6 years straight-line
Wind tunnel	Between 8 and 25 years straight-line
Pit & motor vehicles	3 years straight-line
Computer hardware	3 years straight-line
Fixtures and fittings	6 years straight-line

INTANGIBLE ASSETS

Intangible assets comprise software which is initially recorded at cost. Amortisation is calculated so as to write off the cost of an asset over a useful economic life of three year

STOCK AND WORK IN PROGRESS

Stock and work in progress are valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to complete and selling costs. Cost includes all direct costs and other costs incurred in bringing inventories to their present location and condition.

LEASING AND HIRE PURCHASE COMMITMENTS

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Group, and hire purchase contracts are capitalised in the balance sheet and depreciated over the shorter of the lease term and asset's useful lives. A corresponding liability is recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments in the balance sheet. Lease payments are apportioned between the reduction of the lease liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability.

Rentals payable under operating leases are recognised as an expense on a straight line basis over the lease term.

EQUITY-BASED COMPENSATION

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant, using observable market data. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest, with a corresponding entry in equity.

Cash-settled share-based payments are measured at fair value at the balance sheet date. The Group recognises a liability at the balance sheet date based on these fair values, taking into account the estimated number of options that will actually vest and the current proportion of the vesting period. Changes in the fair value of the liability are recognised in the income statement.

The Company has no employees and thus there is no charge in its income statement for share-based payments. The charge for share-based payments has been recognised as an increase in cost of investment in subsidiaries.

DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses forward foreign currency contracts to reduce exposure to foreign exchange rates.
Derivative financial instruments are initially measured at fair value on the date at which the derivative contract is entered into and are subsequently measured at fair value through profit or loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The fair value of the forward contracts is calculated by reference to current forward exchange contracts with similar maturity profiles.

TRADE PAYABLES AND RECEIVABLES

Trade payables and trade receivables are not interest bearing and are payable or receivable within one year. They are recorded at their nominal value less any allowance for estimated irrecoverable amounts. Any losses arising from impairment are recognised in the income statement.

BANK BORROWINGS AND OVERDRAFTS

Interest bearing loans and overdrafts are initially measured at fair value (which is equal to cost at inception), and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds net of transaction costs and the amount due on settlement of borrowings is recognised over the term of the borrowing.

FOREIGN CURRENCY

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 recognised within the income statement

PENSIONS

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.

TREASURY SHARES

Treasury shares held by the Employee Benefit Trust are classified in capital and reserves and recognised at cost. Consideration received for the sale of such shares is also recognised in equity, with any difference between the proceeds from sale and the original cost taken to retained earnings. No gain or loss is recognised on the purchase, sale, issue or cancellation of equity shares.

2. SEGMENTAL ANALYSIS

The Directors monitor the performance of the Group by reference to the results of core activities. Core activities relate to Formula One, Advanced Engineering and Other activity.

YEAR ENDED 31 DECEMBER 2019

	Continuing operations		Discontinued operations	
	Formula One	Other	WAE	Total
	£000	£000	£000	£000
Revenue	95,426	1,126	63,653	160,205
Other operating income	8,235	228	3,220	11,683
	103,661	1,354	66,873	171,888
EBITDA	(10,130)	(10,290)	7,454	(12,966)
Net profit/(loss) before taxation	(14,961)	(2,153)	36,326	19,212
Net assets	2,994	66,741	-	69,735

YEAR ENDED 31 DECEMBER 2018

	Continuing operations		Discontinued operations	
	Formula One	Other	WAE	Total
	£000	£000	£000	£000
Revenue	130,743	979	44,761	176,483
Other operating income	6,911	136	1,645	8,692
	137,654	1,115	46,406	185,175
EBITDA	15,977	(8,181)	5,121	12,917
Net profit/(loss) before taxation	12,506	(13,502)	4,413	3,417
Net (liabilities)/assets	(586)	52,853	(1,228)	51,039

Revenue from three commercial partners, each representing more than 10% of continuing operations revenues were approximately 15%, 14% and 12% respectively (2018: 31%, 13%, 10%).

RECONCILIATION OF EBITDA TO NET PROFIT BEFORE TAXATION

	2019	2018
	£000	£000
EBITDA	**(12,966)**	12,917
Exceptional profit on disposal of WAE	**35,803**	-
EBITDA including exceptional items	**22,837**	12,917
Movement on derivative financial instruments at fair value through profit and loss	**1,474**	(560)
Equity-settled share-based payment expenses	**1,507**	(1,388)
Depreciation of tangible fixed assets	**(4,541)**	(5,710)
Amortisation of intangible fixed assets	**(1,246)**	(1,100)
Interest payable and similar expenses	**(819)**	(742)
Net profit before taxation	**19,212**	3,417

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2019	2018
	£000	£000
Operating leases – plant and machinery	**644**	560
Foreign exchange losses	**1,139**	1,294
Profit on sale of tangible fixed assets	**(513)**	(2,040)
Exceptional profit on sale of subsidiary	**(35,803)**	-
Depreciation of tangible fixed assets	**4,541**	5,710
Amortisation of intangible fixed assets	**1,246**	1,100
Auditor's remuneration	**206**	192
Research and development expenditure credit	**(9,045)**	(8,006)
Government grants receivable	**(3,046)**	(1,750)

4. EXCEPTIONAL ITEM

SALE OF WILLIAMS ADVANCED ENGINEERING

On 31 December 2019, Williams Grand Prix Engineering sold its holding in Williams Advanced Engineering and its subsidiaries Williams Technology Ventures Limited, Williams Advanced Engineering Technologies Limited, and its 50% interest in Hyperbat Limited to EMK Capital partners. Simultaneously, Williams Grand Prix Engineering Limited subscribed to a minority interest of the ordinary shares in Joule Jersey Holdco Limited, the new ultimate parent company of the WAE sub-group. EMK Capital Partners own the majority share of Joule Jersey Holdco Limited. A 25% minority interest in Joule Jersey Holdco Ltd was received as 12,898,002 preference shares with nominal value £1, to a total value of £12.9m. 20,000 ordinary shares with nominal value £1 were also received.

Total consideration of £37.8m was received, of which £3.6m of the consideration is contingent on receipt from a customer, expected in the next 12 months. Costs of £2.0m were recognised in respect of consultancy fees and other disposal related costs resulting in an exceptional profit on disposal in the income statement of £35.8m. Total cash received of £44.1m includes settlement of intercompany amounts owed by WAE and £6.2m deferred as rental income.

Gains and losses on subsidiaries are classified as exceptional on the basis that such disposals occur infrequently or at values significantly different to their previously assessed residual value. As such, the amounts earned or charged in any given year is not indicative of a trend in financial performance.

5. AUDITOR'S REMUNERATION

	2019	2018
	£000	£000
Audit of the financial statements	**172**	149
Fees payable to the Company's auditor and its associates for other services:		
Other assurance services	**34**	43

6. PARTICULARS OF EMPLOYEES

The average number of persons employed by the Group (including Directors) during the year, analysed by category was as follows:

	2019	2018
	No.	No.
Administration and support	**132**	116
Research and development	**734**	701
Marketing	**42**	45
	908	862

The aggregate payroll costs were as follows:

	2019	2018
	£000	£000
Wages and salaries	**61,582**	59,495
Social security costs	**6,613**	7,142
Other pension schemes	**2,594**	2,541
	70,789	69,178

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.

7. DIRECTORS' REMUNERATION

The Directors' remuneration for the year was as follows:

	2019	2018
	£000	£000
Remuneration	**5,262**	7,527
Contributions paid to money purchase schemes	**66**	67
	5,328	7,594

During they year the number of Directors who were receiving benefits and share incentives were as follows:

	2019	2018
	No.	No.
Accruing benefits under money purchase pension schemes	**3**	2
Accruing benefits under long term incentive schemes	**4**	5

In respect of the highest paid Director:

	2019	2018
	£000	£000
Remuneration	**2,577**	4,438
Company contributions to money purchase pension schemes	**-**	-
	2,577	4,438

8. SHARE-BASED PAYMENTS

During 2015 and 2017, the Group granted share options to certain employees. The options were granted with a zero exercise price and a vesting period of three years, subject to continued employment within the Group.

Details of the share options outstanding during the year are as follows:

	2019		2018	
	Share options	**Weighted average exercise price**	Share options	Weighted average exercise price
	No.	**£**	No.	£
Outstanding at 1 January	**375,000**	**-**	425,000	-
Exercised during the year	**-**	**-**	(50,000)	-
Lapsed during the year	**(275,000)**	**-**	-	-
Outstanding at 31 December	**100,000**	**-**	375,000	-
Exercisable at 31 December	**90,000**	**-**	165,000	-

The Group recognised total credits of £1,507,000 in relation to equity-settled share-based payment transactions in the year (2018: £1,388,000), comprising share-based payment expenses of £1,324,000 (2018: £1,286,000) and £183,000 in relation to associated payroll taxes (2018: £102,000). The share-based payment credit for each option was calculated using the market share price of the Company as at the grant date and spread evenly over the vesting period.

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019	2018
	£000	£000
Interest on bank borrowings	**646**	650
Interest on other loans	**158**	25
Interest payable on finance leases and hire purchase agreements	**15**	67
	819	742

10. TAXATION

Tax on profit on ordinary activities

	2019	2018
	£000	£000
Current tax		
Corporation tax charge	**-**	-
	-	-

The Group has estimated losses of approximately £110.3m and £93.5m available to carry forward against future trading profits. No deferred tax asset has been recognised in respect of these losses due to the uncertainty of the period over which they will be offset against taxable profits.

The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020.

10. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax on profit on ordinary activities for the year is lower (2018: lower) than the standard rate of corporation tax in the UK of 19% (2018: 19%).

The differences are reconciled below:

	2019	2018
	£000	£000
Profit on ordinary activities before tax	**19,212**	3,417
Corporation tax at standard rate	**3,650**	649
Permanent fixed asset differences	**221**	319
Expenses not deductible for tax purposes	**1,200**	522
Income not taxable	**(8,150)**	-
Adjustment in research and development tax credit	**95**	10
Chargeable gains	**30**	-
Adjustments in respect of prior periods	**-**	-
Unrelieved tax losses utilised	**-**	(1,481)
Losses brought forward to future periods	**2,954**	-
Other differences	**-**	(19)
Total tax charge	**-**	-

A reduction in the UK corporation tax rate from 19% to 17% from 1 April 2020 was substantively enacted on 6 September 2016.

11. EARNINGS PER SHARE

	2019	2018
	No.	No.
Ordinary shares in issue	**10,000,000**	10,000,000
Weighted average number of shares held by WGP Trust	**(323,500)**	(331,486)
Weighted average number of shares outstanding for the purposes of basic earnings per share	**9,676,500**	9,668,514
Effect of share options outstanding during the year	**270,822**	390,068
Weighted average number of shares outstanding for the purposes of diluted earnings per share	**9,947,322**	10,058,582

12. PROFIT ATTRIBUTABLE TO THE PARENT COMPANY

The profit for the year to 31 December 2019 dealt with in the accounts of the parent company (Williams Grand Prix Holdings PLC) was £nil (2018: £nil).

13. LONG TERM FINANCIAL ASSET

GROUP

	2018	2019
	£000	£000
Cost and net book value as at 1 January	-	-
Additions	12,897	-
Cost and net book value as at 31 December	**12,897**	**-**

14. INVESTMENT IN ASSOCIATE

GROUP

	2019	2018
	£000	£000
Cost and net book value as at 1 January	-	-
Additions	20	-
Cost and net book value as at 31 December	**20**	**-**

15. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

COMPANY

	2019	2018
	£000	£000
Cost and net book value as at 1 January	3,763	3,027
Share-based payments	1,598	736
Cost and net book value as at 31 December	2,165	**3,763**

16. INTANGIBLE FIXED ASSETS

GROUP

	Software	Total
	£000	£000
Cost		
At 1 January 2019	5,127	5,127
Additions	516	516
Disposal of WAE assets	(1,641)	(1,641)
At 31 December 2019	**4,002**	**4,002**
Amortisation		
At 1 January 2019	2,732	2,732
Charge for the year	1,246	1,246
Disposal of WAE assets	(1,455)	(1,455)
At 31 December 2019	**2,523**	**2,523**
Net book value		
At 31 December 2019	**1,479**	**1,479**
At 31 December 2018	2,395	2,395

17. HERITAGE ASSETS

GROUP

	£000
Valuation	
At 1 January 2019	19,958
Additions	150
Disposals	(313)
Revaluation	1,245
At 31 December 2019	**21,040**

Five year financial summary of heritage asset transactions:

	2019	2018	2017	2016	2015
	£000	£000	£000	£000	£000
Additions	150	200	200	200	200
Disposals – carrying value	313	1,925	225	838	675
Disposals – sale proceeds	750	3,902	450	1,171	754
Impairment	-	-	-	-	**50**

The additions in the period relate to three cars capitalised as heritage assets. The last valuation of heritage assets was carried out in September 2019 by Girardo & Co, a specialist in high performance road and racing cars. The valuation was performed by looking at the cars individually, considering the value inherent in the provenance attached (e.g. championship winning cars), as well as looking at sales values for similar vehicles where possible. So far as the Directors are aware, there are no indicators of impairment that would affect the valuation as at the statement of financial position date.

18. TANGIBLE FIXED ASSETS

GROUP

	Freehold land and buildings	Plant and machinery	Fixtures and fittings	Total
	£000	£000	£000	£000
Cost				
At 1 January 2019	30,667	57,775	2,906	91,348
Additions	687	1,807	63	2,557
Disposals	(236)	(142)	-	(378)
Disposal of WAE assets	-	(4,156)	(415)	(4,571)
At 31 December 2019	**31,118**	**55,284**	**2,554**	**88,956**
Depreciation				
At 1 January 2019	1,378	49,003	1,613	51,994
Charge for the year	362	3,884	295	4,541
Disposals	-	(37)	-	(37)
Disposal of WAE assets	-	(2,186)	(260)	(2,446)
At 31 December 2019	**1,740**	**50,664**	**1,648**	**54,052**
Net book value				
At 31 December 2019	**29,378**	**4,620**	**906**	**34,904**
At 31 December 2018	29,289	8,772	1,293	39,354

LEASED ASSETS

Included within the net book value of tangible fixed assets is £170,000 (2018: £469,000) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £302,000 (2018: £312,000).

19. STOCKS

GROUP

	2019	2018
	£000	£000
Stock and work in progress	**4,938**	3,129
	4,938	3,129

20. DEBTORS

GROUP

	2019	2018
	£000	£000
Trade debtors	14,907	14,587
Prepayments and accrued income	8,752	29,910
Other debtors	10,487	13,262
Derivative financial asset	914	-
	35,060	57,759

Within accrued income is £3.6m contingent consideration arising from the sale of WAE. This amount is contingent on receipt by WAE of amounts due from a customer.

21. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£000	£000
Bank loans and overdrafts	1,635	12,231
Obligations under finance lease and hire purchase contracts	189	362
Trade creditors	2,008	6,136
Other taxes and social security	1,439	2,103
Accruals	16,452	11,666
Deferred income	30,013	30,690
Other creditors	340	8,461
Derivative financial liabilities	-	560
	52,076	72,209

22. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019	2018
	£000	£000
Bank loans and overdrafts	7,000	8,635
Obligations under finance lease and hire purchase contracts	-	189
Deferred income	5,810	-
	12,810	8,824

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. Within deferred income is £5.8m rental income deferred over 20 years.

23. BANK BORROWINGS

	2019	2018
	£000	£000
Amounts repayable:		
In less than one year	1,635	12,231
In more than one year but less than two years	7,000	1,635
In more than two years but not more than five years	-	7,000
	8,635	20,866

24. FINANCIAL INSTRUMENTS

The Group has the following financial instruments:

	2019	2018
	£000	£000
Financial assets measured at amortised cost		
Trade and other debtors	**25,394**	27,849
	25,394	27,849
Financial assets/(liabilities) measured at fair value through profit or loss		
Derivative financial instruments	**914**	(560)
	914	(560)
Financial liabilities measured at amortised cost		
Bank loans and overdrafts	**(8,635)**	(20,866)
Obligations under finance lease and hire purchase contracts	**(189)**	(551)
Trade and other creditors	**(2,348)**	(14,597)
	(11,172)	(36,014)

Objectives, policies and strategies for managing risks relating to financial instruments are disclosed within the Strategic Report on pages 7 to 12.

DERIVATIVE FINANCIAL INSTRUMENTS

The Group enters into forward foreign currency contracts to reduce exposure to foreign exchange rates. At 31 December 2019, the outstanding contracts were all due to mature within 12 months of the year end. All of the contracts were forward contracts between USD and GBP. The fair value of these contracts as at 31 December 2019 has been calculated by a third party, and is an asset of £914,000 (2018: liability of £560,000).

BANK LOANS AND OVERDRAFTS

The fair value of cash is considered to be equal to its book value. The fair value of bank borrowings in both periods is approximately 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 debt facilities comprise:

- A loan of £10,000,000 repayable in six instalments over a three year term. These instalments are £500,000 on 30 April 2018 and every six months thereafter until 30 April 2021, with all outstanding sums repaid in full on 31 October 2021. The outstanding amount was £8,000,000 at 31 December 2019. This facility carries interest at 2.4% over LIBOR.
- A loan of £5,000,000 repayable in sixty instalments over a five year term. These instalments are interest and capital repayments of £107,000 on 31 January 2019 and every month thereafter, with all outstanding sums repaid in full on 30 June 2020. The outstanding amount was £635,000 on 31 December 2019.

The Group is required to fulfil certain covenant conditions in relation to the cash flows available to cover debt servicing obligations and the valuation of specified property and assets.

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

25. OBLIGATIONS UNDER LEASES AND HIRE PURCHASE CONTRACTS

AMOUNTS REPAYABLE UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS:

GROUP

	2019	2018
	£000	£000
Within one year	**189**	370
In two to five years	**-**	198
	189	568
Less finance charges allocated to future periods	**(1)**	(17)
	188	551

As at 31 December the Group had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2019	2018
	£000	£000
Within one year	**640**	644
Within two to five years	**1,403**	2,009
In more than five years	**-**	34
	2,043	2,687

26. CONTINGENT LIABILITIES

The Group and Company had no contingent liabilities as at 31 December 2019 or as at 31 December 2018.

27. RELATED PARTY TRANSACTIONS

Sir Frank Williams is the Group's controlling party by virtue of his 52.25% beneficial interest in the ordinary share capital of the Company. In his role as Team Principal during the year, Sir Frank Williams received remuneration of £550,000 (2018: £559,000) from Williams Grand Prix Engineering Limited.

During the year, Williams Grand Prix Engineering Limited sold £nil (2018: £434,000) of services to Hollinger Motorsports LLC, a company of which Brad Hollinger, a Director of the Company, is the majority shareholder. The amount outstanding from Hollinger Motorsports LLC as at 31 December 2019 was £nil (2018: £84,000)

During the year, Williams Advanced Engineering Limited sold £nil (2018: £10,000) of services to Vibra Healthcare, a company of which Brad Hollinger, a Director of the Company, is the majority shareholder. The amount outstanding from Vibra Healthcare as at 31 December 2019 was £nil (2018: £4,000).

Williams Grand Prix Engineering Limited has an agreement with Marc Harris Sports Management Limited to provide certain services in association with the identification and management of drivers. Marc Harris Sports Management Limited is controlled by Marc Harris who is married to Claire Williams, a Director of the Company. During the year a total of £197,000 (2018: £156,000) was paid to Marc Harris Sports Management Limited for services provided. The amount outstanding to Marc Harris Sports Management Limited as at 31 December 2019 was £25,000 (2018: £156,000).

Williams Grand Prix Engineering has a number of agreements in place with Williams Advanced Engineering to provide property rental and technical and support services to the company under its new ownership from 1 January 2020. These agreements vary from transitional arrangements lasting only a few months to long terms agreements with an open ended timeframe. Areas covered by the agreements are principally IT and engineering and component manufacturing services. These services have been provided on an arms' length basis apart from rental of premises for which the value of a market rent has been deferred from the consideration received from the sale of WAE (see note 22).

28. SHARE CAPITAL AND OTHER RESERVES

ALLOTTED, CALLED UP AND FULLY PAID SHARES

	2019		2018	
	No.	£000	No.	£000
Ordinary shares of 5p each	10,000,000	500	10,000,000	500

There is a single class of ordinary shares which carry no right to fixed income.

OTHER GROUP RESERVES

The revaluation reserve represents the cumulative effect of revaluations of heritage assets.

Other reserves represent share-based payment entries and shares issued as part of the Group reorganisation in 2011.

29. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

RECONCILIATION OF PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Note	2019	2018
		£000	£000
Profit for the year before tax		19,212	3,417
Net finance costs		819	742
Movement on derivative financial instruments at fair value through profit and loss		(1,474)	560
Depreciation and amortisation charges	16, 18	5,787	6,810
Equity based compensation	8	(1,506)	1,028
Profit on disposal of fixed assets	3	(513)	(2,040)
Profit on disposal of subsidiaries	3	(35,803)	-
Increase in stocks		(1,809)	(1,652)
Decrease/(increase) in debtors		12,778	(4,089)
(Decrease)/increase in creditors		(11,485)	2,706
Taxation paid		-	-
Net cash (outflow)/inflow from operating activities		(13,994)	7,482

RECONCILIATION OF CASH FLOW FROM OPERATING ACTIVITIES TO OPERATING FREE CASH FLOW

	2019	2018
	£000	£000
Net cash (outflow)/inflow from operating activities	(13,994)	7,482
Payments to acquire fixed assets	(3,073)	(5,197)
Receipts from the sale of fixed assets	1,166	4,031
Operating free cash flow	(15,901)	6,316

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2019	2018
	£000	£000
Increase in cash in the year	**14,806**	4,991
Net cash outflow/(inflow) from bank loans	**12,231**	277
Change in net debt resulting from cash flows	**27,037**	5,268
Decrease in net debt from finance leases	**362**	306
Movement in net debt in the year	**27,399**	5,574
Net debt at 1 January	**(11,940)**	(17,514)
Net cash/(debt) at 31 December	**15,459**	(11,940)

30. ANALYSIS OF NET DEBT

	At 31 December 2018	Cash flows	Non-cash movement	**At 31 December 2019**
	£000	£000	£000	**£000**
Net cash:				
Cash in hand and at bank	9,477	14,806	-	**24,283**
Debt				
Debt due within one year	(12,231)	10,596	-	**(1,635)**
Debt due after one year	(8,635)	1,635	-	**(7,000)**
Finance leases	(551)	355	7	**(189)**
	(21,417)	12,586	7	**(8,824)**
Net debt	(11,940)	27,392	7	**15,459**

31. CAPITAL COMMITMENTS

GROUP

Amounts contracted for but not provided in the financial statements amounted to £237,000 (2018: £492,000).

32. CONTROLLING RELATED PARTY

Sir Frank Williams is the Group's controlling related party by virtue of his 52.25% beneficial interest in the ordinary share capital of the Company.

33. 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 Advanced Engineering Limited*	Group	100%	Engineering and consultancy
Williams Advanced Engineering Technologies Limited*	Group	100%	Engineering and consultancy
Williams Technology Ventures Limited*	Group	100%	Engineering and consultancy
WGP Trustees Limited	Company	100%	Trustee
Williams F1 Limited	Group	100%	Dormant
The Williams F1 Team Foundation	Group	Limited by guarantee	Dormant

The companies above represent all subsidiaries of the Group, and all are incorporated in England and Wales. All shares held were ordinary shares.

JOINT VENTURE ENTITIES

Name	Owner	Shares held	Activity
Hyperbat Limited	Group	50% ordinary shares	Engineering and consultancy

On 31 December 2019, the WAE sub-group (entities marked with * above) was sold to EMK Capital Partners LLP. This group consisted of Williams Advanced Engineering Limited, Williams Advanced Engineering Technologies Limited, Williams Technology Ventures Limited and the joint venture Hyperbat Limited.

34. EVENTS AFTER THE BALANCE SHEET DATE

On 3 April 2020 the Group concluded a refinancing to repay amounts owed to HSBC and receive additional funding from new financing partners. As part of this refinancing, amounts owing to HSBC plc under financing initially agreed in 2015, were settled. These loans are detailed in note 24. Financial Instruments.

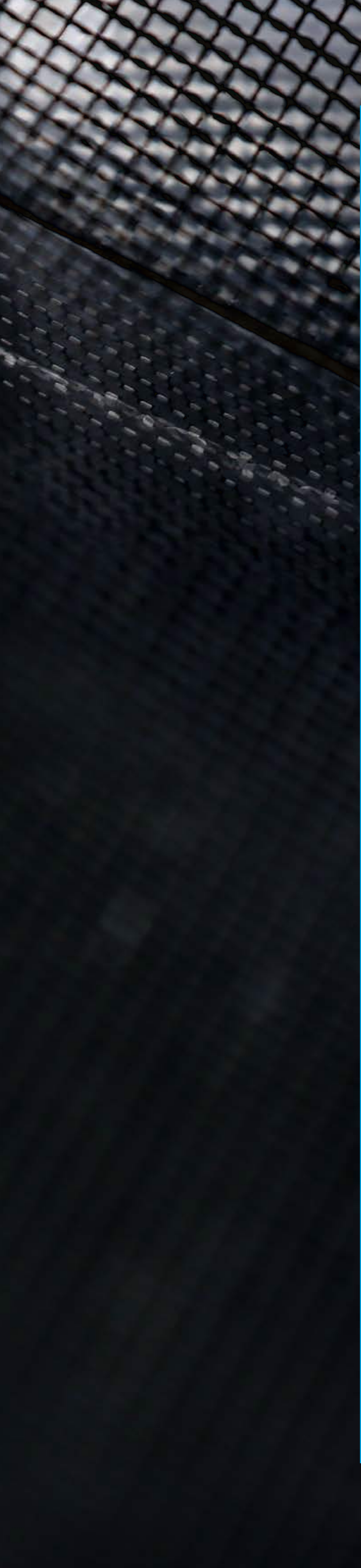
The new refinancing arrangements retain long-standing banking partners HSBC in combination with new financing partners. The total funds provided to the Group under this new arrangement is $45m.

Under these new arrangements, $25m has been received secured against the Group's land, building, plant and machinery, repayable in full in April 2022. Interest of 5% is payable annually and further interest of 5% per annum is rolled up to be repaid in April 2022. The principal of the loan is to be repaid promptly upon receipt of proceeds of any assets the lending is secured against.

A further $20m has been received secured against the Group's heritage assets. Interest of 5% is payable annually commencing from April 2020 whilst the principal of the loan will be repaid by equal annual instalments over a 5 year period ending in 2026. The principal of the loan is also to be repaid promptly upon receipt of proceeds of any assets the lending is secured against.

The total amount received by the group in pound sterling, net of any charges and repayment of amounts owing to HSBC, was £28m.

The Group has terminated all agreements with ROKiT. At the balance sheet date an amount of $1m was owed by ROKiT and carried within trade debtors relating to the 2019 season. There is an additional £9m within both trade debtors and deferred income at 31 December 2019 relating to ROKiT sponsorship of the 2020 season.



COMPANY INFORMATION

DIRECTORS
M Biddle
B Hollinger
D Lafferty
M O'Driscoll
N Rose
C Williams

COMPANY SECRETARY
M Biddle

REGISTERED OFFICE
Grove
Wantage
Oxfordshire
OX12 0DQ

BANKER
HSBC Bank PLC
Cornmarket Street
Oxford
Oxfordshire
OX1 3HY

AUDITOR
KPMG LLP
Chartered Accountants
2 Forbury Place
33 Forbury Road
Reading
RG1 3AD

DEFINITION OF TERMS

THE CODE
The UK Corporate Governance Code.

EBITDA
Earnings before interest, taxes, depreciation and amortisation and excluding non-cash share-based payment charges, mark-to-market charges on financial derivatives and exceptional items.

FRS 102
Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland".

OPERATING FREE CASH FLOW
Cash flows from operating activities including capital expenditure and disposals of fixed assets, but excluding other investment activities such as the disposal of companies.

RDEC
Research and Development Expenditure Credits.

WILLIAMS

GROVE
OXFORDSHIRE
OX12 0DQ

T +44 (0) 1235 777 700
F +44 (0) 1235 777 960
WILLIAMSF1.COM