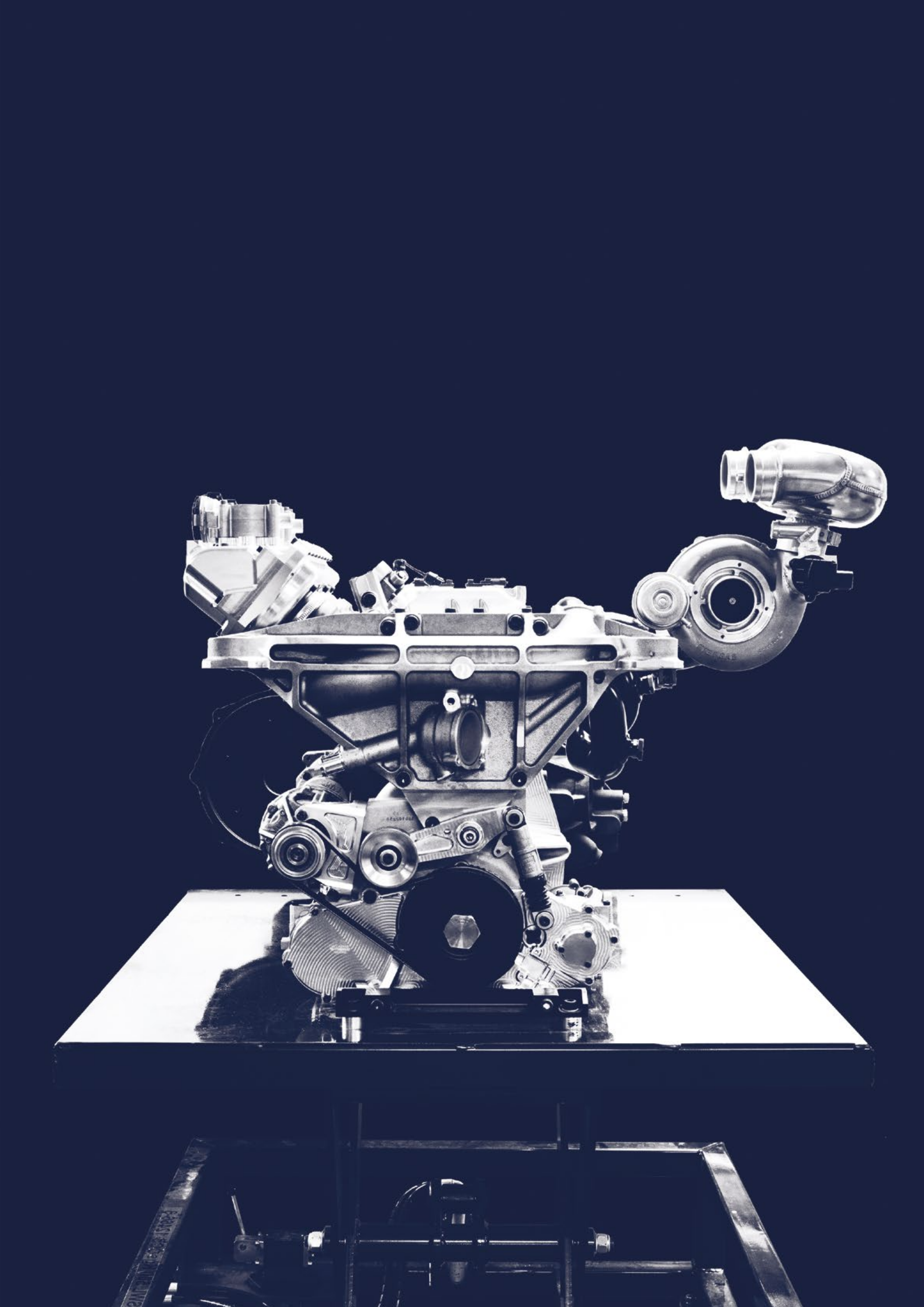
WILLIAMS GRAND PRIX HOLDINGS PLC

ANNUAL REPORT 2015

WILLIAMS GRAND PRIX HOLDINGS PLC

ANNUAL REPORT & CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015



CONTENTS

GROUP OVERVIEW

Williams Grand Prix Holdings PLC ("the Company") is the holding company for Williams Grand Prix Engineering Limited ("WGPE") as well as a small number of trustee or dormant companies (together "the Group"). The Company is listed on the Open Market (Entry Standard segment) of the Frankfurt Stock Exchange.

The Group comprises a Formula One racing team and an advanced engineering business. The Group is based in Oxfordshire on a 33 hectare site which is a hub for all 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 the provision of Formula One derived technologies through Williams Advanced Engineering ("WAE").

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. The team has specialist experience in offering improved systems solutions, cutting edge aerodynamics, vehicle chassis dynamics and holistic integration capability, all within accelerated development timeframes. Working in close collaboration with its customers, WAE helps them improve their performance, market position and brand image whilst meeting the sustainability challenges of today.

CHAIRMAN'S STATEMENT

Williams has come a long way since I became Chairman in March 2012. Our Formula One team has undergone a successful rebranding as Williams Martini Racing, and this has coincided with a strong turnaround in our on-track performance in the last two years. In 2015 we finished third in the Formula One Constructors' Championship – a repeat of our performance in 2014. This compares to a disappointing ninth place in 2013 which proved to be the catalyst for wholesale reform of the Williams organisation.

Our much improved racing performance is the result of a carefully considered programme of strategic investments in core areas of the business. We have welcomed new technical personnel, headed up by Chief Technical Officer Pat Symonds, and Pat has spearheaded an overhaul of our organisational processes to make sure we work in a smarter and more efficient way. This has been aided by investments in the latest technology to ensure that Williams has the necessary infrastructure to compete for many years to come. The result is that we are now able to compete with and regularly beat teams with significantly larger budgets. The 2016 season is in its very early stages, but the FW38 is already looking like a promising car.

In 2015 Williams Advanced Engineering continued to expand its operations and this has included exciting new opportunities in aerospace and defence. It is now working with a greater number of customers on a greater number of projects than at any point in its history. Its focus in 2016 will be on successful project delivery, and further cementing its reputation as a leading player in the green technology sector.

These financial results are a significant improvement compared to 2014, with strong revenue growth and positive cash flow. We are headed in the right direction. We are fully aware of, and committed to, the work that needs to be done in order to get Williams back to profitability and winning races once again.

NICK ROSE
CHAIRMAN

STRATEGIC REPORT

GROUP CHIEF EXECUTIVE OFFICER'S REVIEW

GROUP STRATEGY

We are continuing to execute the strategic plan we initiated mid-way through 2013. At its core, it focuses on reinvigorating the Formula One team, building a profitable Advanced Engineering business, and divesting non-core assets.

The restructuring of our core activities, coupled with the streamlining of our Group in 2014, has resulted in a significant improvement in our Formula One operation, and the development of our very promising Advanced Engineering business. In 2015 we were able to consolidate on the progress we had made, and continue with the modernisation of all aspects of our operation to ensure that the momentum of change is maintained.

The financial results for 2015 represented a marked improvement compared to the previous year, as we started to realise the financial benefits of our restructuring actions. Group revenue increased by 39%, from £90.2m in 2014 to £125.6m in 2015, and EBITDA improved from a loss of £37.0m to a loss of £3.3m. Furthermore, the Group generated operating free cash flow of £2.7m for the full year. The significant increase in revenue and operating results is primarily due to substantially increased commercial rights and sponsorship income following a significant improvement in on-track performance.

FORMULA ONE

We embarked on a complete overhaul of our Formula One operations during 2013, following consecutive years of very poor performance. Strategic investments have been made in new technical personnel and processes across the organisation, and underpinned by a complete transformation of the digital infrastructure.

The results of this restructuring have been very satisfying. In 2015 we finished third in the Formula One World Championship for the second successive season. Williams' highly competitive performances in 2014 and 2015, with a total of 13 podium finishes, represents a clear step change in our Formula One performance. The on-track performance is especially impressive in the context of competitive expenditures, given that budgets of many leading teams are two to three times higher.

The improved performance of our Formula One team is reflected in higher commercial rights income in 2015, since it is paid a year in arrears and reflects our resurgence in 2014. Our commercial rights income in 2016 will again be based on our third place finish in the Constructor's Championship.

Our improved competitiveness on the race track has also increased our power in the sponsorship market. Our poor racing performance in 2012 and 2013 hindered our ability to sign new partnership agreements. The subsequent rebranding under the Williams Martini Racing banner, coupled with our improved performance, has attracted major new partners such as Unilever, BT and Hackett. Our partnership community is a vibrant collection of high value, successful brands at the forefront of their respective industries. Our digital transformation has also been supported by new partnership agreements in 2015 with Avanade, Symantec and Dtex Systems. We anticipate that our partnership community will continue to grow through the next year, as we add new brands to our roster.

> THE RESTRUCTURING OF OUR CORE ACTIVITIES HAS RESULTED IN A SIGNIFICANT IMPROVEMENT IN OUR FORMULA ONE OPERATION, AND THE DEVELOPMENT OF OUR VERY PROMISING ADVANCED ENGINEERING BUSINESS

At the same time, we continue to face headwinds in the form of cost escalation, especially since the introduction of the new hybrid power units in 2014. We work aggressively to control our design and manufacturing costs, and continue to advocate, through our position in the Formula One Strategy Group, for cost controls, in an effort to further lower the cost of participation.

The 2016 Formula One season will undoubtedly be extremely competitive, but we are well-placed to continue the progress we have seen over the last few years. The continued retention of our driver pairing of Felipe Massa and Valtteri Bottas pairs a proven race winner with one of the sport's most talented emerging drivers. We have also expanded our driver development programme to ensure we have talented young racing drivers pushing for an opportunity in the world's premier motorsport arena.

The 2017 Formula One season will see the introduction of far-reaching regulation changes designed to deliver faster racing and an improved spectacle. Changes of this nature often shake-up the Formula One grid and we see this as a terrific opportunity for our team. The last major regulation change in 2014 saw our team make great strides forward. We will be looking to do the same again in 2017.

WILLIAMS ADVANCED ENGINEERING

Williams Advanced Engineering is positioned to exploit the knowledge, technology and skills we have developed in Formula One over the past four decades. It focuses on providing energy efficient performance solutions to help customers meet the sustainability challenges of the twenty-first century across a growing number of key sectors such as motorsport, automotive, aerospace, defence and energy.

Innovative technology and engineering excellence is at the core of Williams Advanced Engineering. The business delivers a range of services, from system provision through to complete technology solutions. Our expertise includes:

- High performance hybrid and electric propulsion, where we offer research, design and prototyping solutions in high power and energy density batteries and hybrid or fully electric powertrains for a range of market sectors.
- Lightweight materials technology, where our knowledge and skills in carbon composites, metal alloys, and intelligent combinations of functionality have applicability across all major industrial sectors.
- Aerodynamic and thermodynamics, where our comprehensive experimental and CFD resources (two wind tunnels on-site) are employed to deliver positive downforce, low drag, and active solutions for an impressive roster of clients.
- Advanced dynamics, where we have an expert team capable of active and passive systems.
- Specialist low volume operations where our team can deliver turnkey procurement and manufacturing solutions for high performance, high margin product system optimisation, and a broad range of application specific requirements.

Williams Advanced Engineering deepened its relationship with its key customers in 2015, and started to diversify into new market sectors, notably aerospace and defence. During the past year, the business announced a new major defence contract with General Dynamics; a seven-year deal to supply the "data backbone" for a new armoured vehicle for the British Army. This was one of a number of new contracts with global defence companies.

We are also continuing to win business and cement our reputation as a leading player in our two core markets of automotive and motorsport. New motorsport projects include a multi-year deal with Jaguar to operate their Formula E racing team, and a project to supply the Manor Formula One team with core components for the 2016 Formula One season. Notable projects during the period in the automotive sector include the design and manufacture of a fully electric demonstrator vehicle for Aston Martin, and the creation of new C-X75 cars for Jaguar Land Rover that appeared in the latest James Bond film, *SPECTRE*.

We have also expanded our customer base, with the number of projects increasing from six at the beginning of 2014 to more than 30 at the end of last year. This is increasing the stability of the business and we expect this trend to continue into 2016. There has also been an encouraging move towards signing longer term deals with customers; our multi-year deal with General Dynamics a good example.

The business has also created a new technology ventures division that will be investing in exciting green technology through start-up companies. We will be using our engineering skills and the power of the Williams brand to accelerate the pace to market, with a financial return for Williams Advanced Engineering based on revenues from future sales. The first such project has been a collaboration with Aerofoil Energy Ltd to create new retrofittable aerofoil devices that reduce the energy consumption of supermarket fridges. These devices are being trialled by major supermarket chains such as Sainsbury's, and in-store trials are showing reductions in energy usage by as much as 25%.

Williams Advanced Engineering has a solid platform for continued growth and we are excited by the potential of this still relatively young business.

MIKE O'DRISCOLL
GROUP CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER'S REVIEW

OUR FINANCIAL PERFORMANCE

On the track, 2015 represented a year of consolidation for Williams, whilst off the track it was a year of substantial progress. The financial results of the company improved significantly predominantly due to the performance of the Formula One business unit and growth in our Advanced Engineering business. We operate in a fast-paced environment, characterised by continual innovation and an on-going requirement to drive technology in the pursuit of performance. In this environment, we need to be disciplined in our approach to investment, control our cost base and optimise our commercial opportunities.

Achieving third position in the Constructors' Championship for the second year running was a great achievement for the team. We are competing against teams with bigger budgets, who are supported by large commercial organisations. Our performance in 2015 reflects the tremendous team work we demonstrated during the year, as well as the imagination and dedication of our people.

2015 saw an increase in our revenues to £125.6m (2014: £90.2m) whilst costs were well-controlled. Cost of sales fell to £38.6m (2014: £41.5m) whilst operating expenditure rose to £103.4m (2014: £94.0m), principally as a result of delivering the additional revenue. This resulted in an EBITDA loss in 2015 of £3.3m, a significant improvement on the EBITDA loss of £37.0m in 2014. The loss on ordinary activities before taxation was £11.2m at the end of the year (2014: £34.5m).

Although the financial results have improved, further action is required to balance our income and expenditure. This reflects the significant financial pressures that result from competing at the highest level in motorsports. The loss before tax in our Formula One division was £3.8m.

Cost pressures are being addressed through greater concentration on the cost base and improving our investment appraisal approach, targeting spend where it has the greatest impact on performance through rigorous prioritisation. We continue to support cost reduction initiatives across Formula One through our involvement in the Strategy Group, however costs of participation in the sport continue to rise. With substantial regulatory changes for the 2017 season, this represents significant cost headwinds for 2016 and beyond.

Our Advanced Engineering business is strengthening and has focussed on diversification this year which has required an investment in capability. EBITDA grew modestly to £2.1m from £1.5m in 2014. The business has developed a good platform for growth servicing customers in automotive, motorsport, defence, aerospace, healthcare, sports science and technology.

INCOME

Formula One revenue is generated from commercial rights revenue from the rights holder, partnership income and merchandising and licencing income. Commercial rights revenue contains a performance component that depends on performance in the previous year's Constructors' Championship. The commercial rights revenue for 2015 is based on the third place position in the Constructors' Championship secured in 2014.

Most of our partnership income is generated through multiple year deals reflecting the successful strategic relationships we build between the Williams brand and our partners' brands. For the 2015 season we successfully added a number of new partners including Unilever, BT, Avanade and Hackett, complementing our existing set of high quality partners.

We also seek to exploit our brand through licencing and merchandising arrangements. This currently represents a small proportion of our income and is an area that is under review.

The increase in Formula One revenue to £101.5m (2014: £70.2m) is due to new partnership arrangements, uplifts in existing partnership arrangements and the impact of the increase in commercial rights revenue from finishing in P3 in 2014 (2013: P9).

Williams Advanced Engineering is demonstrating how its specialist services and low volume manufacturing can add value to its customers. Revenue has grown to £21.3m (2014: £17.8m) as the business unit has delivered new projects with existing customers, as well as securing new customers by successfully demonstrating delivery capability in new market segments.

Income from other areas such as our Conference Centre, Williams Heritage, and income from projects outside of Williams Advanced Engineering and Formula One is reported within 'Other' in note 2 to the financial statements.

EXPENDITURE

As an independent Formula One team, managing our cost base is very important and a major part of our financial management process.

The expenditure we undertake in Formula One represents the investment required to compete in a technology-driven racing series. Prioritisation of the developments and upgrades we undertake is key and ensuring that everything we do can be measured in terms of return in performance on the track.

> WE OPERATE IN A FAST-PACED ENVIRONMENT, CHARACTERISED BY CONTINUAL INNOVATION AND AN ON-GOING REQUIREMENT TO DRIVE TECHNOLOGY IN THE PURSUIT OF PERFORMANCE

Only those developments that bring the greatest performance enhancements are undertaken and we maximise the components we carry over from the year to year.

People costs are a big part of our cost base. We look to attract and retain talented people by offering a competitive reward package and a comfortable working environment. Where possible we make use of technology to operate more efficiently. For example, we use BT's high performance network services globally, allowing us to analyse more data at our headquarters and therefore reducing the cost of individuals travelling to events.

Some elements of our cost base are performance-related, such as driver and Formula One team payments. These payments are based on the team's performance in the Constructors' Championship.

Williams Advanced Engineering's costs are higher due to the investment in people and processes required to diversify the business. This creates an organisation that is well placed to take advantage of the growing cross sectoral interest in its core competencies, which are predominantly centred on creating high-performing energy-efficient solutions for customers.

BUSINESS MODEL AND SUSTAINABILITY

We build strong relationships with our partners and customers. This can be through co-developing an exciting new marketing strategy or working to find technological solutions for customers' business challenges. We employ great engineers and creative thinkers who specialise in developing innovative ways to tackle problems. Through this we create deep connections that help us sustain and grow our commercial operations.

We believe in transparency and fairness. We develop many solutions in our own purpose-built facilities and in addition our business supports a significant supplier base. We act in a professional and respectful way with our suppliers and endeavour to ensure that everyone is paid on time.

Whether in Formula One or Williams Advanced Engineering, being at the cutting edge gives us a commercial advantage. New technology means new ideas and these come from our people. We offer competitive benefits to retain talented people. We make a significant investment in our employees not just through pay but also through extensive training and the facilities and benefits we provide. We believe that nurturing new talent is critical which is why we take on apprentices and give them structured learning and career paths. We also want Williams to be an easy place to succeed so we are constantly looking to develop our systems and processes and improve our ways of working.

Williams makes a significant contribution to the knowledge economy through research and development in both our Formula One and Advanced Engineering divisions. Some of our technology starts off in specialist applications before making its way into broader usage. We are very proud of the pioneering work we have carried out on high-performance electrical energy systems which will power the next generation of cleaner vehicles. Our Advanced Engineering business is well positioned to commercialise the innovations that we develop across our organisation.

CASH AND WORKING CAPITAL

There is seasonality in our Formula One working capital cycle because we build the new cars at the start of the fiscal year and our income tends to be received over the course of the Formula One season. We look to optimise the working capital cycle while meeting supplier payment commitments.

FINANCING AND INVESTMENT

We have a mix of long term debt and working capital facilities. We achieve competitive rates on this funding due to our strong asset base which includes freehold land and buildings at our headquarters in Oxfordshire, UK. We make appropriate investment in these buildings and plant to ensure that we retain or 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, considers that it is important to identify key risks and put in place appropriate internal controls. The Board provides strategic direction on risk-related decision making to ensure that 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.

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.

Revenue from Williams Advanced Engineering activities represents the Group's commercial exploitation of its brand and intellectual property, with income derived from the sale of goods and consultancy services.

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 reviewed.

The costs of Williams Advanced Engineering arise from research, development, materials and production activity. Revenues are monitored against contracts agreed with customers, while revenues and costs are compared to budgets and forecasts.

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

The recruitment, retention and development of talented people is important for the Group's success. Management design reward schemes to be competitive and put in place training and development plans to help retain talented people.

These risks will continue to be monitored by the Group in 2016 and beyond.

RESULTS AND DIVIDENDS

The Group's loss per share of 116.16 pence (2014: 391.18 pence) reflects the loss of 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 2015 (2014: £nil).

The loss for the financial year attributable to members of the parent company amounted to £11.2 million (2014: £37.7 million).

CHANGES IN ACCOUNTING POLICY

The Group has changed accounting policies to adopt the requirements of FRS 102. The results for 2014 have been restated on this basis. A summary of the impact of the changes is presented in the notes to the financial statements.

ALAN KINCH
CHIEF FINANCIAL OFFICER

The Strategic Report, as set out on pages 7 to 13, has been approved by the Board
ON BEHALF OF THE BOARD

MARK BIDDLE
GENERAL COUNSEL AND COMPANY SECRETARY

11 APRIL 2016

DIRECTORS' REPORT

DIRECTORS OF THE COMPANY

The Directors of the Company who held office during the year were as follows:

M. Biddle - Company secretary and director

E. Charlton

A. Kinch

M. O'Driscoll

N. Rose

C. Williams

BOARD MEETINGS

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

Director	Meetings attended	Meetings eligible to attend
M Biddle	8	8
E Charlton	8	8
A Kinch	8	8
M O'Driscoll	7	8
N Rose	8	8
C Williams	8	8

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), Eddie Charlton.

Remuneration and Nomination Committee: Eddie Charlton (chairman), Nick Rose.

The Report of the Audit Committee is presented below. Six meetings of the Remuneration and Nomination Committee were 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.

During the year, a number of share awards were allocated to certain employees. Details of the awards granted and outstanding at the end of the year 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 2015 are shown below:

	Shares in which beneficial interest held	
Director	31 Dec 2014	31 Dec 2015
M Biddle	-	-
E Charlton	750	750
A Kinch	-	-
M O'Driscoll	-	-
N Rose	4,208	4,208
C Williams	-	-

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

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards and applicable law (United Kingdom 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 the Company and of their profit or loss for that period. In preparing each of the Group and Company financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions, disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Company and to prevent and detect fraud and other irregularities.

POLITICAL CONTRIBUTIONS

The Group made no political contributions in the year (2014: £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.

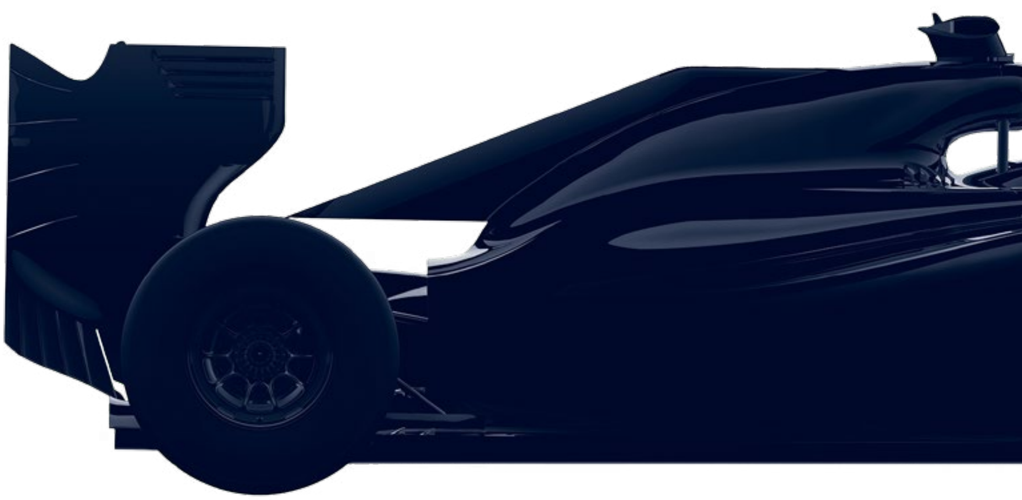
AUDITOR

KPMG LLP have expressed their willingness to continue in office. An ordinary resolution to reappoint KPMG LLP as auditor for the next financial year shall be put to members of the Company pursuant to section 485 (4) of the Companies Act 2006 at the Company's 2016 Annual General Meeting.

ON BEHALF OF THE BOARD

MIKE O'DRISCOLL
DIRECTOR

11 APRIL 2016



GOVERNANCE REVIEW

BOARD OF DIRECTORS

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 focused 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. In March 2014, Nick was appointed 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 and Chairman of the Audit Committee.

EDDIE CHARLTON
INDEPENDENT NON-EXECUTIVE DIRECTOR

Eddie Charlton qualified as a lawyer in the City of London before choosing a career in banking. Eddie then continued his career at Hambros Bank and subsequently held directorships at Banque Paribas, Henry Ansbacher & Co, and HSBC. He was also CEO of Banque Internationale a Luxembourg in London for 14 years and, more recently, held a position as Senior Advisor to Citibank N.A., Citibank International PLC, Citibank (Switzerland) and Citibank Global Markets Limited. During his career he has held a wide range of outside directorships, trusteeships and consultancies in the media, leisure, sports, property, IT, health and hedge fund sectors, including chairing the board of Diligent Corporation. Eddie is currently a Non-Executive Director of Sportfolio Trading Limited and Chairman of Strabens Hall Limited. Eddie was appointed to the Board in September 2011 and is the Senior Independent Director and Chairman of the Remuneration and Nomination Committee.

MARK BIDDLE
GENERAL COUNSEL AND 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.

ALAN KINCH
CHIEF FINANCIAL OFFICER

Alan Kinch started his career at KPMG having graduated from the University of Reading with a degree in Statistics. Alan qualified as a chartered accountant, gaining experience in audit and transaction services. In 2005, Alan joined Cable & Wireless PLC where he held numerous senior roles across finance and operations before becoming Group Financial Controller of Cable & Wireless Worldwide in 2010. Following the acquisition of Cable & Wireless Worldwide by Vodafone in 2012, Alan played a key role in the business integration of Cable & Wireless into Vodafone. Alan continued to work for Vodafone until December 2014, leading finance for a number of business units. From 2012 to 2014 Alan was also a non-executive director of Apollo Submarine Cables Ltd. Alan was appointed Chief Financial Officer and appointed to the Board in December 2014.

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 U.S.A. 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 continues to serve as a Director of Jaguar Heritage. 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 & COMMERCIAL DIRECTOR

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 Director of Marketing and Communications in April 2012 and extended her role to Deputy Team Principal and Commercial Director in March 2013.

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 2014 (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 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.

Eddie Charlton is the Senior Independent Director. The Senior Independent Director acts as a sounding board for the Chairman and as an intermediary for other directors where appropriate.

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. Both 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 below. During the year the Remuneration and Nomination Committee met six times 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, both of whom are non-executive and independent. 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 below. The Audit Committee comprises two independent 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 March 2016.

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) is 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 180% of base salary.

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

DIRECTORS' EMOLUMENTS AND COMPENSATION

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

Director	Basic salary £000	Bonus £000	Benefits £000	2015 total excluding pension £000	2015 pension £000	2014 total excluding pension £000	2014 pension £000
M Biddle	200	88	8	296	12	182	9
E Charlton	80	-	-	80	-	70	-
A Kinch	230	10	8	248	10	70	1
M O'Driscoll	450	251	70	771	18	570	22
N Rose	100	-	-	100	-	90	-
C Williams	325	134	-	459	13	200	8
Total	1,385	483	86	1,954	53	1,182	40

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, by including investor relations as a standing item on the Board meeting agenda.

AUDIT COMMITTEE REPORT

The Audit Committee comprises two Non-Executive Directors, Eddie Charlton and Nick Rose. Nick Rose is the Chairman of the Committee. The Committee held four 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 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

We have audited the financial statements of Williams Grand Prix Holdings PLC for the year ended 31 December 2015 set out on pages 25 to 48. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 (The Financial Reporting Standard applicable in the UK and Republic of Ireland).

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 16, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

OPINION ON THE FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2015 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Simon Haydn-Jones (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Reading

11 APRIL 2016

WILLIAMS GRAND PRIX HOLDINGS PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015	2014		
		Total	Continuing operations	Discontinued operations	Total
		£000	£000	£000	£000
Revenue	2	**125,620**	88,984	1,190	90,174
Cost of sales		**(38,604)**	(39,472)	(2,001)	(41,473)
Gross profit		**87,016**	49,512	(811)	48,701
Other operating charges		**(103,433)**	(93,849)	(194)	(94,043)
Other operating income	2	**6,353**	5,306	118	5,424
Group operating loss	3	**(10,064)**	(39,031)	(887)	(39,918)
Exceptional profit on sale or termination of operations	5	-	-	5,621	5,621
Other interest receivable and similar income	9	-	40	-	40
Interest payable and similar charges	10	**(1,145)**	(224)	-	(224)
(Loss)/profit on ordinary activities before taxation		**(11,209)**	(39,215)	4,734	(34,481)
Tax on (loss)/profit on ordinary activities	11	-	-	-	-
(Loss)/profit on ordinary activities after taxation		**(11,209)**	(39,215)	4,734	(34,481)
Minority interest		-	-	(3,268)	(3,268)
(Loss)/profit for the financial year atributable to members of the parent company		**(11,209)**	(39,215)	1,466	(37,749)
Total comprehensive (loss)/income for the year		**(11,209)**	(39,215)	1,466	(37,749)
(Loss)/earnings per share					
Basic and diluted (loss)/ earnings per share (pence)	12	(116.16)	(406.37)	15.19	(391.18)

Results for the year ended 31 December 2015 are derived entirely from continuing operations.

WILLIAMS GRAND PRIX HOLDINGS PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

(REGISTRATION NUMBER: 07475805)

	Note	2015	2014
		£000	£000
Fixed assets			
Intangible assets	14	**278**	391
Heritage assets	15	**22,346**	22,871
Tangible assets	16	**41,488**	43,332
		64,112	66,594
Current assets			
Stocks	18	**473**	230
Debtors	19	**39,037**	29,478
Cash at bank and in hand		**1,036**	831
		40,546	30,539
Creditors: Amounts falling due within one year	20	**(66,516)**	(41,839)
Net current liabilities		**(25,970)**	(11,300)
Total assets less current liabilities		**38,142**	55,294
Creditors: Amounts falling due after more than one year	21	**(13,135)**	(19,978)
Net assets		**25,007**	35,316
Capital and reserves			
Called up share capital	27	**500**	500
Revaluation reserve		**22,046**	22,721
Other reserves		**(400)**	(268)
Profit and loss account		**2,861**	12,363
Total equity		**25,007**	35,316

Approved and authorised by the Board on 11 April 2016 and signed on its behalf by:

M O'DRISCOLL
DIRECTOR

The notes on pages 30 to 48 form an integral part of these financial statements.

WILLIAMS GRAND PRIX HOLDINGS PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2015

	Called up share capital	Revaluation reserve	Other reserves	Profit and loss account	Equity attributable to the equity owners of the parent	Non-controlling interest	Total equity
	£000	£000	£000	£000	£000	£000	£000
Balance as at 1 January 2014	500	23,183	(268)	49,650	73,065	(1,202)	71,863
(Loss)/profit for the year	-	-	-	(37,749)	(37,749)	3,268	(34,481)
Total comprehensive (loss)/income for the year	-	-	-	(37,749)	(37,749)	3,268	(34,481)
Realisation of profit on revalued assets	-	(462)	-	462	-	-	-
Non-controlling interest in disposal of subsidiary	-	-	-	-	-	(2,066)	(2,066)
Balance as at 31 December 2014	500	22,721	(268)	12,363	35,316	-	35,316
Balance as at 1 January 2015	500	22,721	(268)	12,363	35,316	-	35,316
Loss for the year	-	-	-	(11,209)	(11,209)	-	(11,209)
Total comprehensive income for the year	-	-	-	(11,209)	(11,209)	-	(11,209)
Share-based payment transactions	-	-	(132)	1,032	900	-	900
Realisation of profit on revalued assets	-	(675)	-	675	-	-	-
Balance as at 31 December 2015	500	22,046	(400)	2,861	25,007	-	25,007

The notes on pages 30 to 48 form an integral part of these financial statements.

WILLIAMS GRAND PRIX HOLDINGS PLC

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015	2014
		£000	£000
Net cash inflow/(outflow) from operating activities	28	**4,788**	(33,142)
Investing activities			
Interest received		-	40
Disposal of investments in subsidiary undertakings		-	5,360
Payments to acquire fixed assets		**(3,429)**	(4,653)
Receipts from the sale of fixed assets		**1,293**	789
Net cash flow from investing activities		**(2,136)**	1,536
Financing activities			
Interest paid		**(1,098)**	(274)
Value of new loans obtained during the period		**500**	25,750
Repayment of loans and borrowings		**(1,500)**	(8,133)
Repayment of capital element of finance leases and HP contracts		**(349)**	(53)
Net cash flow from financing activities		**(2,447)**	17,290
Increase/(decrease) in cash and cash equivalents	29	**205**	(14,316)
Cash and cash equivalents at 1 January		**831**	15,157
Effects of exchange rates on cash and cash equivalents		-	(10)
Cash and cash equivalents at 31 December		**1,036**	831
Cash and cash equivalents consists of:			
Cash at bank and in hand		**1,036**	831
Cash and cash equivalents		**1,036**	831

The notes on pages 30 to 48 form an integral part of these financial statements.

WILLIAMS GRAND PRIX HOLDINGS PLC

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015
(REGISTRATION NUMBER: 07475805)

	Note	2015	2014
		£000	£000
Fixed assets			
Investments	17	**1,400**	500
Net assets		**1,400**	500
Capital and reserves			
Called-up share capital	27	**500**	500
Other reserves		-	132
Profit and loss account		**900**	(132)
Total equity		**1,400**	500

Approved and authorised by the Board on 11 April 2016 and signed on its behalf by:

M O'DRISCOLL
DIRECTOR

WILLIAMS GRAND PRIX HOLDINGS PLC

COMPANY STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2015

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000
Balance as at 1 January 2014	**500**	132	**(132)**	500
Total comprehensive income for the year	-	-	-	-
Balance as at 31 December 2014	**500**	132	**(132)**	500
Balance as at 1 January 2015	**500**	**132**	**(132)**	**500**
Total comprehensive income for the year	-	-	-	-
Share-based payment transactions	-	**(132)**	**1,032**	**900**
Balance as at 31 December 2015	**500**	-	**900**	**1,400**

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. This is the first year that the Group has adopted FRS 102; details of the transition are given in note 34.

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.

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.

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

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 loss for the year was £11.2 million (2014: £37.7 million). As at 31 December 2015 the Group had net assets of £25.0 million (2014: £35.3 million) and net current liabilities of £26.0 million (2014: £11.3 million).

The Group's revenue from its Formula One activities is derived from sponsorship and commercial rights income. This means that in common with all other Formula One racing teams, the timing and amount of the Group's cash flows can be variable and difficult to predict accurately. Historically, sponsorship contract activity was complete before the start of the race season, however the increasing profile of both Williams Martini Racing and Formula One in general means that there remains scope for further sponsorship contracts to be agreed throughout the year.

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

The Board has reviewed cash flow forecasts for the twelve months from 11 April 2016. These forecasts include sponsorship revenue which is already contracted. The Directors have reviewed the Group's plans to meet obligations as they fall due and are satisfied at the current time that these plans are appropriate and adequate. The Group has considerable other assets which could be sold or used as security for other fundraising.

As at 31 December 2015 the Group had cash of £1,036,000. The Directors believe that this, together with the Group's borrowing facilities with HSBC Bank PLC will provide adequate funding for the next twelve months, including meeting the covenant conditions in relation to the Group's borrowings and the repayment of borrowings due during 2016.

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

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

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.

TANGIBLE FIXED ASSETS

The depreciation charge for the year is derived after determining an estimate of an asset's expected useful life. Expected useful lives are considered when assets are acquired, and at the end of each year an assessment is made for any indicators that would suggest that these values have changed.

During the year, the Directors have reviewed the depreciation method and useful lives applied to tangible fixed assets. As a result of this review, it was decided to update the depreciation methods and useful lives to reflect current estimates of the pattern of consumption of economic benefits of assets. The changes to depreciation methods and useful lives have been recognised prospectively from the date of change, leading to an increase in the depreciation charge recorded in the year.

HERITAGE ASSETS

Heritage assets are revalued every five years. The valuation has been 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.

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.

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. Other commercial rights revenue is recognised as the respective rights are delivered to the customer.

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 method 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.

HERITAGE ASSETS

The Group maintains a collection of historic Formula One cars. 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 revalued every five years and gains and losses are recognised in other comprehensive income. Formula One racing cars retained at the end of each season 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. Finance costs on fixed asset additions are capitalised during the period of construction and written off as part of the total cost. No depreciation is charged during the period of construction. 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 years.

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 completion and selling costs. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

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. 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.

The Company has no employees and thus there is no charge in the 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 statement of comprehensive income.

DISCONTINUED OPERATIONS

The Group recognises as discontinued operations components which have been disposed of which represented a separate major line of business or operation.

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 the profit and loss reserve. 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 motorsport and advanced engineering activity. A segmental analysis of the Group's performance is attached below.

YEAR ENDED 31 DECEMBER 2015

	Formula One	WAE	Other	Continuing	Discontinued	Total
	£000	£000	£000	£000	£000	£000
Revenue	**101,493**	**21,258**	**2,869**	**125,620**	-	**125,620**
Other operating income	**4,832**	**1,442**	**79**	**6,353**	-	**6,353**
	106,325	**22,700**	**2,948**	**131,973**	-	**131,973**
Net (loss)/profit on ordinary activities before taxation	**(3,843)**	**1,284**	**(8,650)**	**(11,209)**	-	**(11,209)**
Net assets	**7,437**	**8,903**	**8,667**	**25,007**	-	**25,007**

YEAR ENDED 31 DECEMBER 2014

	Formula One	WAE	Other	Continuing	Discontinued	Total
	£000	£000	£000	£000	£000	£000
Revenue	70,218	17,786	980	88,984	1,190	90,174
Other operating income	4,144	1,162	-	5,306	118	5,424
	74,362	18,948	980	94,290	1,308	95,598
Net profit/(loss) on ordinary activities before taxation	(33,768)	1,253	(6,700)	(39,215)	4,734	(34,481)
Net assets	10,163	9,198	15,955	35,316	-	35,316

Revenues recorded within the Formula One reporting segment include amounts from Formula One World Championship Limited and certain sponsors that individually are more than 10% of the Group's external revenues. The sponsorship agreements in question are multi-year in nature, with none due to end within 12 months of the statement of financial position date.

Revenues recorded in the WAE reporting segment represent the Group's commercial exploitation of its brand and intellectual property, with income derived from the sale of goods and consultancy services.

3. OPERATING LOSS

Operating loss is stated after charging/(crediting):	2015	2014
	£000	£000
Operating leases – plant and machinery	**613**	609
Foreign exchange losses	**316**	133
Profit on sale of tangible fixed assets	**(529)**	(307)
Depreciation of tangible fixed assets	**4,984**	2,783
Amortisation of intangible fixed assets	**438**	115
Impairment of heritage assets	**50**	-
Auditor's remuneration	**70**	73
Research and development expenditure credit	**(5,900)**	(4,747)
Government grants receivable	**(290)**	(361)

4. AUDITOR'S REMUNERATION

	2015	2014
	£000	£000
Audit of the financial statements	55	52
Fees payable to the Company's auditor and its associates for other services:		
Other assurance services	15	21

5. EXCEPTIONAL ITEMS

	2015	2014
	£000	£000
Exceptional profit on sale of WHP	-	5,621
	-	5,621

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

The consideration payable for the disposal comprised cash consideration payable at completion, together with potential uncapped additional consideration based upon future sales of WHP products in the following 10 years. That additional consideration will be calculated at 3.5% of sales in each of the first five years, declining on a stepped basis to 1.5% by the end of the 10 year period, and shall only be payable to the extent that it cumulatively exceeds £4m. At both the time of the disposal and the balance sheet date, management expected that additional consideration was likely to arise under the terms of the contract. However, given the uncertainty over value and timing, management's assessment under FRS 102 is that no amount should be included at this time. The total consideration arising on the disposal of WHP will continue to be reassessed at each accounting period end and any movement will be recognised through the profit and loss account at that time.

In the Group's financial statements the results in respect of WHP have been disclosed as discontinued operations. The exceptional profit on the disposal of WHP in 2014 includes cash proceeds of £8m less consideration due to minority interest, direct costs of the disposal transaction, the net value of WHP assets at completion and unamortised goodwill.

The share of non-operating exceptional items belonging to minority interests is £nil (2014: £306,000).

The tax effect in the profit and loss account relating to the exceptional items recognised below operating profit is £nil (2014: £nil).

6. PARTICULARS OF EMPLOYEES

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

	2015	2014
	No.	No.
Administration and support	91	80
Research and development	532	534
Marketing	30	24
	653	638

The aggregate payroll costs were as follows:	2015	2014
	£000	£000
Wages and salaries	42,179	37,108
Social security costs	4,945	4,400
Other pension schemes	1,838	1,726
	48,962	43,234

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:

	2015	2014
	£000	£000
Remuneration	1,954	1,343
Contributions paid to money purchase schemes	53	50
	2,007	1,393

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2015	2014
	No.	No.
Accruing benefits under money purchase pension schemes	4	4
Accruing benefits under long term incentive schemes	4	-

In respect of the highest paid director:

	2015	2014
	£000	£000
Remuneration	771	570
Company contributions to money purchase pension schemes	18	23
	789	593

8. SHARE-BASED PAYMENTS

During the year, 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:

	2015		2014	
	Share options	Weighted average exercise price	Share options	Weighted average exercise price
	No.	£	No.	£
Outstanding at 1 January	-	-	-	-
Granted during the year	290,000	-	-	-
Outstanding at 31 December	**290,000**	-	-	-
Exercisable at 31 December	-	-	-	-

The Group recognised total expenses of £1,024,000 in relation to equity-settled share-based payment transactions in the year (2014: £nil), comprising share-based payment expenses of £900,000 and £124,000 in relation to associated payroll taxes. The share-based payment expense 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. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2015	2014
	£000	£000
Other interest receivable	-	40
	-	40

10. INTEREST PAYABLE AND SIMILAR CHARGES

	2015	2014
	£000	£000
Interest on bank borrowings	**1,048**	249
Interest on other loans	**33**	6
Other interest payable	-	(50)
Interest payable on finance leases and hire purchase agreements	**64**	19
	1,145	224

11. TAXATION

TAX ON LOSS ON ORDINARY ACTIVITIES

	2015	2014
	£000	£000
Current tax		
Corporation tax charge	-	-
	-	-

The Group has estimated losses of approximately £120.1 million (2014: £119.4 million) 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.

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax on loss on ordinary activities for the year is higher (2014: higher) than the standard rate of corporation tax in the UK of 20.25% (2014: 21.5%).

The differences are reconciled below:

	2015	2014
	£000	£000
Loss on ordinary activities before tax	(11,209)	(34,481)
Corporation tax at standard rate	(2,270)	(7,413)
Permanent fixed asset differences	377	744
Non-taxable income	-	(1,029)
Expenses not deductible for tax purposes	325	1,202
Adjustment in research and development tax credit	303	1,300
Unrelieved tax losses carried forward	-	5,165
Adjustments to deferred tax not recognised	1,264	-
Other differences	1	31
Total tax charge	-	-

Reductions in the UK corporation tax rate to 19% and 18% (effective from 1 April 2017 and 1 April 2020 respectively) were substantively enacted on 26 October 2015. A further reduction in the UK corporation tax rate to 17% from 1 April 2020 was announced in the Budget on 16 March 2016.

12. (LOSS)/EARNINGS PER SHARE

	2015	2014
	No.	No.
Ordinary shares in issue	**10,000,000**	10,000,000
Weighted average number of shares held by WGP Trust	**(350,000)**	(350,000)
Weighted average number of shares outstanding	**9,650,000**	9,650,000

13. LOSS ATTRIBUTABLE TO THE PARENT COMPANY

The loss for the year to 31 December 2015 dealt with in the accounts of the parent company (Williams Grand Prix Holdings PLC) was £nil (2014: £nil).

14. INTANGIBLE FIXED ASSETS

GROUP

	Software	Total
	£000	£000
Cost		
At 1 January 2015	837	837
Additions	325	325
Disposals	(80)	(80)
At 31 December 2015	**1,082**	**1,082**
Amortisation		
At 1 January 2015	446	446
Charge for the year	438	438
Eliminated on disposals	(80)	(80)
At 31 December 2015	**804**	**804**
Net book value		
At 31 December 2015	**278**	**278**
At 31 December 2014	391	391

15. HERITAGE ASSETS

GROUP

	£000
Valuation	
At 1 January 2015	22,871
Additions	200
Disposals	(675)
Impairment	(50)
At 31 December 2015	**22,346**

Five year financial summary of heritage asset transactions:

	2015	2014	2013	2012	2011
	£000	£000	£000	£000	£000
Additions	200	150	-	-	-
Disposals – carrying value	675	462	-	-	-
Disposals – sale proceeds	754	735	-	-	-
Impairment	50	-	-	-	-

The additions in the period relate to four cars capitalised as heritage assets. The last valuation of heritage assets was carried out in July 2014 by Cars International. 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.

16. TANGIBLE FIXED ASSETS

GROUP

	Freehold land and buildings	Plant and machinery	Fixtures and fittings	Assets in the course of construction	Total
	£000	£000	£000	£000	£000
Cost					
At 1 January 2015	29,862	56,675	6,016	-	92,553
Additions	106	1,276	159	1,688	3,229
Disposals	-	(12,959)	(4,587)	-	(17,546)
At 31 December 2015	**29,968**	**44,992**	**1,588**	**1,688**	**78,236**
Depreciation					
At 1 January 2015	-	44,216	5,005	-	49,221
Charge for the year	329	4,220	435	-	4,984
Eliminated on disposals	-	(12,870)	(4,587)	-	(17,457)
At 31 December 2015	**329**	**35,566**	**853**	-	**36,748**
Net book value					
At 31 December 2015	**29,639**	**9,426**	**735**	**1,688**	**41,488**
At 31 December 2014	29,862	12,459	1,011	-	43,332

LEASED ASSETS

Included within the net book value of tangible fixed assets is £1,566,000 (2014: £1,535,000) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £377,000 (2014: £163,000).

17. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

COMPANY

	£000
Cost and net book value as at 1 January 2015	500
Share-based payments	900
Cost and net book value as at 31 December 2015	**1,400**

18. STOCKS

GROUP

	2015	2014
	£000	£000
Stock and work in progress	**473**	230
	473	230

19. DEBTORS

GROUP

	2015	2014
	£000	£000
Trade debtors	**23,632**	17,989
Prepayments and accrued income	**8,674**	6,180
Other debtors	**6,731**	5,309
	39,037	29,478

20. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

GROUP	2015	2014
	£000	£000
Bank loans and overdrafts	**12,820**	7,000
Obligations under finance lease and hire purchase contracts	**341**	259
Trade creditors	**9,689**	8,067
Other taxes and social security	**1,697**	1,339
Accruals and deferred income	**30,652**	18,042
Other creditors	**10,993**	7,132
Derivative financial liabilities	**324**	-
	66,516	41,839

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

GROUP

	2015	2014
	£000	£000
Bank loans and overdrafts	**11,930**	18,750
Obligations under finance lease and hire purchase contracts	**1,205**	1,228
	13,135	19,978

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.

22. BANK BORROWINGS

	2015	2014
	£000	£000
Amounts repayable:		
In less than one year	**12,820**	7,000
In more than one year but less than two years	**2,133**	1,000
In more than two years but not more than five years	**9,797**	17,750
	24,750	25,750

See note 23 for further details of bank borrowings held.

23. FINANCIAL INSTRUMENTS

The group has the following financial instruments:

	2015	2014
	£000	£000
Financial assets measured at amortised cost		
Trade and other debtors	**30,363**	23,298
	30,363	23,298
Financial liabilities measured at fair value through profit or loss		
Derivative financial instruments	**(324)**	-
	(324)	-
Financial liabilities measured at amortised cost		
Bank loans and overdrafts	**(24,750)**	(25,750)
Obligations under finance lease and hire purchase contracts	**(1,546)**	(1,487)
Trade and other creditors	**(20,681)**	(15,199)
	(46,977)	(42,436)

Objectives, policies and strategies for managing risks relating to financial instruments are disclosed within the Strategic Report on pages 12 and 13.

DERIVATIVE FINANCIAL INSTRUMENTS

The Group enters into forward foreign currency contracts to reduce exposure to foreign exchange rates. At 31 December 2015, the outstanding contracts were all due to mature within 11 months of the year end, subject to the following conditions:

(i) If at any time the spot exchange rate trades at or above an upper threshold set in the contract, the trade will be terminated and there will be no settlement;

(ii) If (i) does not occur and at expiry of the contract the spot exchange rate is trading at or above the forward rate, the Group may sell a fixed amount of USD for GBP at that rate;

23. FINANCIAL INSTRUMENTS (CONTINUED)

(iii) If at any time the spot exchange rate trades below a lower threshold set in the contract and (i) has not occurred, and at expiry of the contract the spot exchange rate is trading below the forward rate, the Group will be obliged to sell a fixed amount of USD for GBP at that rate; and

(iv) If (i) and (iii) do not occur and at expiry of the contract the spot exchange rate is trading below the forward rate there will be no settlement.

The fair value of these contracts as at 31 December 2015 has been calculated by a third party, and is £(324,000).

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 facility of £8,750,000 repayable in six instalments over a four year term. These instalments are £500,000 on 30 October 2014 and every six months thereafter until 30 April 2018, with all outstanding sums repaid in full on 29 June 2019. This facility carries interest at 2.6% over LIBOR.
- A loan facility of £11,000,000 repayable in full on 31 December 2016. This facility carries interest at 3.25% over LIBOR.
- A loan facility of £5,000,000 repayable in fifty-four instalments over a five year term. These instalments are interest payments of £18,000 on 30 January 2016, £18,000 on 29 February 2016 and £16,000 on 30 March 2016, followed by interest and capital repayments of £107,000 on 30 April 2016 and every month thereafter, with all outstanding sums repaid in full on 30 June 2020.
- A revolving credit facility of £10,000,000 to be made available throughout the period ending 29 June 2019. This facility carries interest at 2.6% over LIBOR.
- An overdraft facility of £5,000,000. This facility carries interest at 2.6% over the Bank of England Base Rate.

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 HSBC Bank PLC held over all assets of the Group, present and future.

24. OBLIGATIONS UNDER LEASES AND HIRE PURCHASE CONTRACTS

AMOUNTS REPAYABLE UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS:

GROUP	2015	2014
	£000	£000
Within one year	**395**	288
In two to five years	**1,291**	1,344
	1,686	1,632
Less finance charges allocated to future periods	**(140)**	(145)
	1,546	1,487

24. OBLIGATIONS UNDER LEASES AND HIRE PURCHASE CONTRACTS (CONTINUED)

As at 31 December 2015 the Group had annual commitments under non-cancellable operating leases as follows:

	2015	2014
	£000	£000
Within one year	106	6
Within two to five years	298	314
	404	320

25. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group and Company had no contingent liabilities as at 31 December 2015 or as at 31 December 2014.

The Group has a claim outstanding against a guarantor of a former customer. Based on negotiations prior to 31 December 2015, the directors believed that it was probable that their claim would be successful and that a sum of £3.0m would be recovered. Subsequent to year end, but prior to issuing the accounts, the court case was ruled in favour of the Group, and during February and March 2016, the Group received a total of £3.0m in cash as part settlement of this claim, with additional consideration to the value of £0.5m in the form of cash and loan notes expected to follow.

26. 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 £754,000 (2014: £773,000) from Williams Grand Prix Engineering Limited. Williams Grand Prix Engineering Limited is party to a two-year sub-lease with Tri-leg Leasing Limited for an aircraft for use by Sir Frank Williams on Group business. Tri-leg Leasing Limited leases the aircraft from its owner, Arnab Global Limited, a company of which Sir Frank Williams is sole beneficial owner. In addition Sir Frank Williams holds a mortgage over the aircraft. During the year the Group incurred costs of £193,000 (2014: £197,000) to Tri-Leg Leasing Limited and the amount outstanding as at 31 December 2015 was £6,000 (2014: £6,000).

27. SHARE CAPITAL AND OTHER RESERVES

ALLOTED, CALLED UP AND FULLY PAID SHARES

	2015		2014	
	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 shares issued as part of the Group reorganisation in 2011.

28. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

RECONCILIATION OF OPERATING LOSS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Note	2015	2014
		£000	£000
Operating loss		(10,064)	(39,918)
Movement on derivative financial instruments at fair value through profit and loss		324	-
Impairment of heritage assets	15	50	-
Depreciation and amortisation charges	14, 16	5,422	2,898
Equity based compensation	8	900	-
Profit on disposal of fixed assets	3	(529)	(307)
Increase in stocks	18	(243)	(13)
Increase in debtors	19	(9,559)	(14,342)
Increase in creditors		18,487	18,551
Taxation paid		-	(11)
Net cash inflow/(outflow) from operating activities		4,788	(33,142)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2015	2014
	£000	£000
Increase/(decrease) in cash in the year	205	(14,316)
Net cash inflow/(outflow) from bank loans	1,000	(17,617)
Change in net debt resulting from cash flows	1,205	(31,933)
Increase in net debt from finance leases	(59)	(1,487)
Translation differences	-	(10)
Movement in net cash in the year	1,146	(33,430)
Net (debt)/cash at 1 January	(26,406)	7,024
Net debt at 31 December	(25,260)	(26,406)

29. ANALYSIS OF NET DEBT

	At 31 December 2014	Cash flows	Non-cash movement	**At 31 December 2015**
	£000	£000	£000	**£000**
Net cash:				
Cash in hand and at bank	831	205	-	**1,036**
Debt:				
Debt due within 1 year	(7,000)	(5,820)	-	**(12,820)**
Debt due after 1 year	(18,750)	6,820	-	**(11,930)**
Finance leases	(1,487)	349	(408)	**(1,546)**
	(27,237)	1,349	(408)	**(26,296)**
Net debt	(26,406)	1,554	(408)	**(25,260)**

30. CAPITAL COMMITMENTS

GROUP

Amounts contracted for but not provided in the financial statements amounted to £1,974,000 (2014: £114,000).

31. EVENTS AFTER THE REPORTING PERIOD

During February and March 2016, the Group received a total of £3.0m in cash as part settlement of a legal claim. See note 25 for further details.

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%	Dormant
WGP Trustees Limited	Company	100%	Trustee
Williams F1 Limited (formerly Engineering Designs 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.

34. TRANSITION TO FRS 102

The Group transitioned to FRS 102 from previously extant UK GAAP as at 1 January 2014. The impact of the transition to FRS 102 is as follows:

RECONCILIATION OF EQUITY AT 1 JANUARY 2014 AND 31 DECEMBER 2014

	GROUP		COMPANY	
	At 1 January 2014	At 31 December 2014	At 1 January 2014	At 31 December 2014
	£000	£000	£000	£000
Equity reported under previous UK GAAP	72,123	35,576	500	500
Holiday pay accrual	(260)	(260)	-	-
Equity reported under FRS 102	**71,863**	**35,316**	**500**	**500**

HOLIDAY PAY ACCRUAL

Under previous UK GAAP, the Group did not accrue for holiday pay that was earned but the holiday entitlement was expected to be taken in the subsequent financial year. Under FRS 102, the Group is required to accrue for all short term compensated absences as holiday entitlement earned but not taken at the date of the statement of financial position. The impact is to increase holiday pay accrued by £260,000 for the Group at both 1 January 2014 and 31 December 2014 respectively.

INTANGIBLE ASSETS

Software that is not an integral part of the related hardware is now treated as an intangible asset. Under previous UK GAAP these amounts would have been classified in property, plant and equipment.

COMPANY INFORMATION

DIRECTORS

M Biddle
E Charlton
A Kinch
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
Chartered Accountants
Arlington Business Park
Theale
Reading
RG7 4SD

DEFINITION OF TERMS

THE CODE	The UK Corporate Governance Code 2014.
EBITDA	Earnings before interest, taxes, depreciation and amortisation and excluding non-cash share-based payment charges and mark-to-market charges on financial derivatives.
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.
UK GAAP	UK Generally Accepted Accounting Practice.

WILLIAMS

GROVE
OXFORDSHIRE
OX12 0DQ

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