WILLIAMS

ANNUAL REPORT 2016

WILLIAMS GRAND PRIX HOLDINGS PLC

ANNUAL REPORT & CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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ANNUAL REPORT

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 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

The Williams Formula One team continues to prosper, albeit under fierce competitive conditions, and our Williams Advanced Engineering business is making significant progress and is demonstrating tremendous potential.

In 2016 we finished fifth in the Formula One Constructors' Championship. After consecutive third place finishes in the previous two years, this was something of a set-back, but underlines the competitiveness of the sport, and the intense rivalry at the front of the grid.

In an effort to challenge for a higher standing in the Championship, we have recently appointed Paddy Lowe as the new Chief Technical Officer for the Group. Paddy started his Formula One career with Williams, and has had a wonderfully successful career, with numerous Constructors' Championships to his name. Paddy is not the only exciting new talent that we have recently added to our engineering team. We are committed to continuing the investment programme we have begun, to ensure that Williams has the capability to take its fight to the front of the grid.

We are very optimistic about the opportunities ahead for Formula One, under the leadership of Liberty Media. The strategic plan that they have outlined is exciting and we are wholly committed to doing all we can to support them in their drive to make the sport yet more successful and exciting for the fans in the years ahead.

In 2016 Williams Advanced Engineering continued to expand its operations. It is currently managing more than 30 projects, for a diverse range of "blue-chip" clients. Its focus continues to be on successful project delivery, and further cementing its reputation as a leading player in the green technology sector.

These financial results show a significant improvement in revenue and EBITDA compared to 2015 across the business. There remains tremendous potential, both on and off the track. We are excited about the opportunities ahead, and fully committed to continuing the progress we have made since we started our restructuring just a few years ago.

NICK ROSE
CHAIRMAN

STRATEGIC REPORT

GROUP CHIEF EXECUTIVE OFFICER'S REVIEW

GROUP STRATEGY

Our strategic objective is to build a Championship winning Formula One team, alongside a robust and profitable advanced engineering business. The organisation has tremendous potential, evidenced by the progress we've made since we restructured the business just a few years ago. In 2016 we were able to focus on the creation of a stable financial platform to support growth and investment in the years ahead. We move forward with a clear vision of the business's potential, and the performance we are capable of delivering when we operate at our best.

Our Formula One team achieved fifth place in the Constructors' Championship in 2016, following successive third place finishes the previous two years. Although we performed strongly in many respects, we were unable to sustain the levels achieved by a few of the leading teams. We have recently made significant new appointments to our technical team, in our push to improve on-track performance, and drive Williams Martini Racing to the front of the grid.

Williams Advanced Engineering, although still a developing business, continues to make excellent progress. The performance is proof of our strong belief in our capability to deliver engineering excellence to a wide range of customers. We have shown, once again, that we have the ability to create compelling customer propositions.

Our financial performance reflects strong gains in revenue and profitability across both our Formula One and Williams Advanced Engineering divisions. We continued to invest in infrastructure improvements to enhance our capacity and technical capabilities.

These financial results demonstrate that we are continuing to build a stronger and more capable organisation, and a solid foundation for future sporting and commercial success.

FORMULA ONE

Our Formula One division continued to operate profitably at EBITDA level, despite enormous levels of competitive spending in what is arguably the sport's toughest financial environment. Performing at the pinnacle of motorsport is an immense challenge that requires a huge degree of focus, dedication and ingenuity. While there were some strong elements to the package we brought to the track, our performance fell short of the front running teams.

There can be no room for complacency in Formula One. The pace of change is relentless. While we pushed hard during the year, we did not match the performance improvements from some of our closest competitors. We have already reviewed our performance and embarked on appropriate actions to improve. Obviously it will take some time to fully deploy the range of initiatives required to fully achieve our objectives.

Our Formula One financial performance did improve in 2016. The commercial rights income we received was based on the third place finish we secured in 2015. We successfully controlled costs, while simultaneously making targeted investments, which included the start of an investment programme into new production technologies.

Despite a strong financial performance in 2016, the cost of competing continues to be challenging for an independent team in a sport where technological advancement continues at a fast pace, and there is no financial limitation on team expenditures, as in many other sports. We are frequently faced with a tough choice of balancing continued technical development with financial prudence; a choice most of the front running competitors do not face.

We are enthusiastic about the prospect of further evolution in the sport following change in ownership of the Formula One Group. There is a huge opportunity to deliver much greater fan engagement, reach a new generation of enthusiasts, and boost the profitability of the sport for all participants. We believe Liberty Media is exceptionally well positioned to create enhanced value across the spectrum.

Significant regulatory change also marks 2017, which promises to be an exciting year in Formula One. There have been some exciting changes in our driver line up as we move into 2017. We have welcomed Lance Stroll, the European F3 champion and a major emerging talent, to Williams, replacing Valtteri Bottas. Lance is partnered with returning Williams favourite, Felipe Massa. We are proud of the value we delivered to our partners during the year, and we are excited to have welcomed JCB and Bombardier to the Williams family for the 2017 season.

WILLIAMS ADVANCED ENGINEERING

Williams Advanced Engineering made significant progress in 2016, and has continued to build and strengthen its customer base. Its project portfolio has expanded significantly over the past twelve months, which is reflected in the 74% growth in revenue over the prior year. Our expertise in battery and EV technology, coupled with expertise in lightweight materials, aerodynamics and systems integration, offers substantial opportunities in the years ahead.

We believe that Williams Advanced Engineering has a solid platform for continued expansion. Creating a successful business delivering complex solutions tailored to our customers' requirements demands a resolute focus on execution. The fact so many of our partnerships result in further work demonstrates that we consistently get this right. Solutions are about more than technology, they are about the creative application of innovation that comes from looking at problems in a different way. This demands great communication across the organisation and the ability to bring together effective project teams.

In 2016 Jaguar returned to global motorsport with an entry into the third season of the FIA Formula E Championship. Williams Advanced Engineering is acting as technical partner and is responsible for the operational running of the Jaguar Formula E race team. The championship provides an exciting showcase of the capability and performance available from electric vehicles. In addition, it provides Jaguar with the opportunity to gain further insight and experience with this technology in challenging conditions.

As the business grows, our capabilities are expanding. We are a becoming a destination employer in the sector and attracting talented engineers and managers. Our increased scale is helping us diversify our project portfolio and helping us win larger contracts. We are making substantial investment in developing robust systems and processes to support delivery as we grow. This is helping us achieve increased levels of profitability and allowing us to further refine our delivery.

In a new collaboration with leading investment manager, Foresight Group, we launched the Foresight Williams Technology EIS Fund. The Fund is expected to target a portfolio of early stage UK SMEs with strong intellectual property in their own specialist fields. This will enable Williams Advanced Engineering to support the next generation of British engineering technology success stories.

The year has been characterised by the successful delivery of a number of high profile projects. To have continued to deliver high levels of customer satisfaction and improved profitability is a testament to our organisation. 2017 represents a year where we will continue to focus on improving our capabilities and processes. These efforts will help us unlock further customer value for the future.

MIKE O'DRISCOLL
GROUP CHIEF EXECUTIVE OFFICER

STRATEGIC REPORT

CHIEF FINANCIAL OFFICER'S REVIEW

The following Review has been prepared by Jon Boaden, who is serving as Interim Chief Financial Officer, following the departure of Alan Kinch at the end of January 2017. We made considerable progress during Alan's tenure, and the Board is indebted to him for his service.

OUR FINANCIAL PERFORMANCE

The Group delivered a marked improvement at EBITDA level this year through a combination of strong project delivery, a focus on cost control and the benefit of commercial rights income derived from our third place Constructors' Championship place in 2015. We achieved stretching targets in Williams Advanced Engineering where we deliver creative and innovative solutions to customers. We were unable to repeat our successes of the previous year on the Formula One track which is an indication of the challenging pace of change in the sport and the consequent requirement for continual investment.

Securing strong earnings during the year allowed us to commence a programme of strategic investment and start a phased approach to the renewal of facilities and infrastructure. All of our significant investment decisions undergo rigorous review and prioritisation to ensure we are delivering greater efficiency and performance. In particular we have a continuing focus on maintaining world-class production facilities, leading simulation capability and facilities to develop energy efficient solutions.

The improvement in Group EBITDA of £18.8m to a profit of £15.5m (2015: loss of £3.3m) is a step forward and reflects a year where strong project delivery coincided with some beneficial non-recurring items that are discussed in more detail below. Cost of sales increased to £58.1m (2015: £38.6m) and operating expenditure rose to £112.8m (2015: £103.4m), principally as a result of delivering the additional revenue. There was an outflow at an operating free cash flow level of £9.9m (2015: inflow of £2.7m). This was due to a higher level of capital investment in infrastructure, lower accruals for performance related compensation and the timing of some significant receipts including the research and development expenditure credit.

As we move forward, we will continue to strike a balance between delivering strategic investment and operational performance. Changes to Formula One regulations that govern the technical characteristics of the cars will put pressure on production costs in the immediate future because there is a reduced opportunity to carry over spares from one period to another. Our commercial rights income in 2017 will be based on the fifth place position we secured in the 2016 Formula One Constructors' Championship. Despite these pressures on cost and income, we have plans to continue our capital investment programme and further develop our infrastructure. In addition, we continue to support cost reduction initiatives in Formula One through our involvement in the Strategy Group, however costs of participation in the sport continue to rise.

Williams Advanced Engineering is successfully applying innovative technical solutions to solve complex customer challenges. The achievements in the areas of high-performance energy efficient propulsion and energy storage and deployment are examples of this business delivering market-leading solutions. The growth in EBITDA of £2.1m to £4.2m (2015: £2.1m) demonstrates the momentum this business is developing. Much of this progress has been delivered in the competitive motorsport sector, an area where technology is frequently established before transferring to broader applications. There are plans in place to continue the diversification of the project and customer portfolio during 2017.

INCOME

The Group derives revenue from a number of sources. These include commercial rights income through participation in Formula One events, partnership income from sponsorship and other branding activities and project income generated through delivering customer requirements including our Williams Advanced Engineering business activities. Commercial rights income represents the receipt of prize fund income based on our results in the previous year's Constructors' Championship.

Partnership income is very important to the team and we are proud of the strategic relationships that we have built with our commercial partners. Formula One provides an excellent platform for organisations to promote their brand to a significant global audience. In addition, we work closely with our partners to understand their business requirements and to transfer and share knowledge between organisations. By building deep relationships with our partners we endeavour to create sustainable and beneficial long-term collaborations. These arrangements are supported by contracts that run for multiple years. In addition, we have a team of highly experienced partner managers who work hard to ensure all of our partners maximise the benefit they get through working with Williams.

Our brand is a fantastic asset and a testament to the hard work that has gone into building Williams to the successful company it is today. We enter into selective licensing arrangements with certain third parties to use the Williams name and brand resulting in the receipt of fixed or variable royalty income. This is a relatively small element of our overall income and is an area we keep under review for further opportunities.

Formula One revenue increased to £116.7m (2015: £101.5m). This included an increase due to foreign exchange rate movements and a benefit from project income. In addition, we were able to successfully recover amounts owing in relation to a contractual dispute from several years ago which improved our income position by £3.2m.

Williams Advanced Engineering delivered an increase in revenue of £15.6m to £36.9m (2015: £21.3m). The majority of this growth was related to electrification projects, where we are well placed to deliver world class technical solutions.

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

EXPENDITURE

There is a significant focus on managing costs throughout the Group. In Williams Advanced Engineering this is vital to ensure that customer projects are delivered within budget and profitably. In Formula One, we are competing with other teams who have greater financial resources. To be able to succeed at the highest level, it is crucial that we make every pound we spend deliver the maximum performance possible.

We make decisions on where to focus investment based on a comprehensive review of the expected benefits. This incorporates financial and non-financial measures depending on the investment that is under consideration. As the Group grows, it is important for us to scale our operations to meet our commercial requirements. During the year our principal infrastructure investments were in Formula One related equipment for use at our headquarters and at the track, in improving our manufacturing capability and to support customer projects in Williams Advanced Engineering.

People related costs are the biggest single item in our cost base. We offer a competitive benefits package and have a strong focus on our employees' health and wellbeing. During the year we opened a large and well equipped gym and training facility at our headquarters for all staff to use. We make a significant investment in people through apprenticeship schemes and through work-based coaching and development.

Formula One expenditure was subject to inflationary cost pressures, particularly in the second half of the year as the value of the pound weakened against other currencies. There are a number of payments that we make which have a performance related element based on our finishing position in the Constructors' Championship. Our fifth place finishing position this year resulted in lower expenditure on these items.

As Williams Advanced Engineering grows, there is an associated increase in costs. Overall the business division is more profitable and the increase in the level of project activity is delivering associated economies of scale.

BUSINESS MODEL AND SUSTAINABILITY

Williams has developed important relationships with partners, customers and suppliers. Our success in working with these organisations is through good communications and our ability to operate in a flexible and responsive way. We believe in long-term relationships and in dealing with others in a fair way.

We rely upon an extensive network of specialist suppliers. We have high demands in relation to quality and tight lead times. Working closely with our supplier base helps make these requirements possible. We always try to pay our suppliers in accordance with agreed terms.

Technology is central to our business and we are continually striving to innovate. We look to identify opportunities to enhance our knowledge by working closely with specialists. In an organisation where controlling costs is a critical success factor, it is vital for us to make the right choices in relation to new technology.

Williams makes a significant contribution to the knowledge economy through research and development in both our Formula One and Williams 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 Williams Advanced Engineering business is well positioned to commercialise the innovations that develop across our organisation.

CASH AND WORKING CAPITAL

We receive more cash in the first half of the year due to the timing of receipts of partnership income. We incur significant expense in Formula One at the start of the year when we are building the new season's car and creating an adequate stock of spare parts corresponding to the new design. We look to optimise the working capital cycle while meeting supplier payment commitments.

There was a material impact on working capital this year due to lower accruals for performance related payments for staff and other third parties. There were also timing differences including deferring submission of our research and development expenditure credit into the following financial year to improve the efficiency of the claim process.

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. We make appropriate investment in these buildings and plant to ensure that we retain and enhance the value of these assets over time. The Directors believe that the value of the freehold property is in excess of its current carrying amount.

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

IDENTIFICATION AND MANAGEMENT OF RISKS

The Board of Directors for Williams, which has overall responsibility for risk management and internal control, 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 the appropriate policies are adopted within the Group.

The Audit Committee is responsible for ensuring that risks are appropriately identified and managed by senior management and that appropriate controls are in place and operating effectively.

Senior managers have responsibility for identifying and evaluating risks relating to their areas of responsibility. They are also responsible for implementing and monitoring effective controls to manage these risks. Where necessary they will bring in expertise from outside the Group to ensure matters are addressed appropriately.

The key risks to the Group continue to be revenue generation, expenditure control, cash management and the recruitment, retention and development of talented people.

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 are reviewed.

The costs of Williams Advanced Engineering arise from research, development, materials and production activity. Revenues are monitored against contracts agreed with customers. 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 Group is exposed to changes in the economic environment including the impact of Brexit. The Board ensures it is kept informed of Brexit developments so it can assess the impact on the Group and take action as appropriate.

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

These risks will continue to be monitored by the Group in 2017 and beyond.

RESULTS AND DIVIDENDS

The Group's earnings per share of 61.17 pence (2015: loss per share of 116.16 pence) reflects the profit for the Group for the shares in issue, excluding those held by the Employee Benefit Trust. The Group does not propose to pay a dividend in respect of the year ended 31 December 2016 (2015: £nil).

The profit for the financial year attributable to the members of the parent company amounted to £5.9 million (2015: loss of £11.2 million).

CHANGES IN ACCOUNTING POLICY

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

JON BOADEN
INTERIM CHIEF FINANCIAL OFFICER

The Strategic Report, as set out on pages 9 to 14, has been approved by the Board
ON BEHALF OF THE BOARD

MARK BIDDLE
GENERAL COUNSEL AND COMPANY SECRETARY

4 APRIL 2017

DIRECTORS' REPORT

DIRECTORS OF THE COMPANY

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

M. Biddle - Company Secretary and Director

E. Charlton

B. Hollinger - Appointed 11 April 2016

A. Kinch - Resigned 31 January 2017

P. Lowe - Appointed 16 March 2017

M. O'Driscoll

N. Rose

C. Williams

BOARD MEETINGS

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

Director	Meetings attended	Meetings eligible to attend
M Biddle	7	7
E Charlton	7	7
B Hollinger	5	5
A Kinch	7	7
M O'Driscoll	7	7
N Rose	5	7
C Williams	7	7

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, Brad Hollinger.

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

The Report of the Audit Committee is presented on pages 22 and 23. Three 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 2015, a number of share awards were allocated to certain employees. Details of the awards granted and outstanding at the end of 2016 are given in note 7 to the financial statements.

DIRECTORS' INTERESTS AND DEALINGS

Directors' beneficial interests in the ordinary share capital of the Company as at 31 December 2016 are shown below:

	Shares in which beneficial interest held	
Director	31 Dec 2016	31 Dec 2015
M Biddle	-	-
E Charlton	750	750
A Kinch	-	-
B Hollinger	1,640,630	N/A
M O'Driscoll	-	-
N Rose	4,208	4,208
C Williams	-	-

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

The Directors are responsible for preparing the Annual Report, 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 Group and the Company 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and 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.

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

POLITICAL CONTRIBUTIONS

The Group made no political contributions in the year (2015: £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 2017 Annual General Meeting.

ON BEHALF OF THE BOARD

MIKE O’DRISCOLL
DIRECTOR

4 APRIL 2017

GOVERNANCE REVIEW

BOARD OF DIRECTORS

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

NICK ROSE
INDEPENDENT NON-EXECUTIVE CHAIRMAN

Nick Rose was educated at Oxford University, from where he has a Masters in Chemistry. He started his career with Ford Motor Company. In 1992, Nick joined Grand Metropolitan PLC as Group Treasurer before promotion to Group Controller and Chief Finance Officer of the drinks division. Nick played a key part in the merger with Guinness to create Diageo PLC and the company's subsequent manoeuvre into a 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, and is non-executive Chairman of Galore SPV1 Limited, a company that owns the Loch Lomond Scotch whisky business. Nick is also Founding Patron of SITraN (Sheffield Institute for Translational Neuroscience), involved in raising funds to build a leading research institute to find a cure for Motor Neurone disease. Nick was appointed to the Board in November 2011 and is Chairman of the Board and Chairman of the Audit Committee.

EDDIE CHARLTON
INDEPENDENT NON-EXECUTIVE DIRECTOR

Eddie Charlton qualified as a lawyer in the City of London before deciding to become a banker. 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, mining, health and hedge fund sectors, including chairing the board of publicly-quoted 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.

BRAD HOLLINGER
NON-EXECUTIVE DIRECTOR

Brad Hollinger was appointed as a Non-Executive Director of Williams Grand Prix Holdings PLC in April 2016, and has been a shareholder in the company since 2014. Brad is Chairman and Chief Executive Officer of Vibra Healthcare, an American specialty acute care hospital company based in Pennsylvania with over 10,000 employees, 92 hospitals and transitional care centres within the United States, and annual revenues of over $1billion. In this role Brad is responsible for the strategic direction, operational execution and profitability of Vibra Healthcare. Brad is also founder and CEO of The Hollinger Group, a senior care company with 17 facilities operating in four US states. Prior to founding Vibra Healthcare, he co-founded and served as Chairman and CEO of Balanced Care Corporation, a publicly traded senior care company that grew to 87 facilities in 11 US states. In addition, Brad served as chief development officer and executive vice president of the contract services group of Continental Medical Systems, a NYSE $1.5 billion dollar company.

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.

PADDY LOWE
CHIEF TECHNICAL OFFICER

Paddy was born in Nairobi, Kenya to Irish parents and grew up in East Africa and the UK. As a child the East African Safari Rally used to go past his house, generating his first interest in motorsport. After graduating from the University of Cambridge in 1984 with a degree in Engineering, followed by a year sailing across the Atlantic, Paddy started work for the company which had sponsored him through university: the Metal Box Company based in Grove just around the corner from where Williams are located today. In 1987 he joined Williams as a Control Systems Engineer, based at that time in Didcot. He spent six years with Williams, during which time he oversaw the development of the active suspension used on the iconic FW14B and the FW15C, which led Nigel Mansell and Alain Prost to their World Championship successes in 1992 and 1993. After several years away Paddy returned to Williams in 2017 as Chief Technical Officer and was appointed to the board in March 2017.

MIKE O'DRISCOLL
GROUP CHIEF EXECUTIVE OFFICER

Mike O'Driscoll started his career in the UK with Jaguar Rover Triumph as a business student. He obtained an MBA from the University of Warwick, and held various positions in Finance, Product Development and Marketing, prior to his move to the 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 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 AND 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 Commercial Director in April 2012 and extended her role to Deputy Team Principal in March 2013. In June 2016, it was announced that Claire was appointed an Officer of the Order of the British Empire (OBE) in the Queen's Birthday Honours List in recognition of her services to Formula One.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

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

LEADERSHIP

The Board is collectively responsible to shareholders for the creation and delivery of strong, sustainable performance and the creation of long-term shareholder value. However, there are separate roles for each member of the Board and we have agreed a clear division of responsibilities between the Chairman and Group Chief Executive 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. All 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 three 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 three members, all of whom are non-executive. The Board believes that these committees continue to perform effectively due to the exceptional experience of the Non-Executive Directors.

Directors are subject to re-election every three years.

ACCOUNTABILITY

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

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

There is an Audit Committee and its report is presented below. The Audit Committee comprises three 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) was granted share options during 2015 and an equity-linked bonus award during 2016 (each with a vesting period of three years). Each such Director is also eligible to receive an annual bonus which is calculated by reference to performance criteria set out each year by the Remuneration and Nomination Committee. These criteria are stretching and designed to promote the long term success of the Group. The maximum bonus payable shall not exceed 180% of base salary.

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

RELATIONS WITH SHAREHOLDERS

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

We ensure that Directors are informed of any significant matters impacting on our shareholders, and provide the opportunity for the Directors to comment, by including investor relations as a standing item on the Board meeting agenda.

AUDIT COMMITTEE REPORT

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

During the year the Committee:

- reviewed and recommended that the Board approve the year end and interim accounts;
- recommended the re-appointment of KPMG 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 2016 set out on pages 29 to 50. 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 17, 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 2016 and of the group's profit 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 MATTERS 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.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

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

4 APRIL 2017

FINANCIAL STATEMENTS

WILLIAMS GRAND PRIX HOLDINGS PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016	2015
		£000	£000
Revenue	2	**167,415**	125,620
Cost of sales		**(58,059)**	(38,604)
Gross profit		**109,356**	87,016
Other operating expenses		**(112,752)**	(103,433)
Other operating income	2	**10,239**	6,353
Group operating profit/(loss)	3	**6,843**	(10,064)
Interest payable and similar expenses	8	**(940)**	(1,145)
Profit/(loss) before taxation	2	**5,903**	(11,209)
Tax on profit/(loss)	9	**-**	-
Profit/(loss) after taxation		**5,903**	(11,209)
Total comprehensive income/(loss) for the year		**5,903**	(11,209)
Earnings/(loss) per share			
Basic earnings/(loss) per share (pence)	10	**61.17**	(116.16)
Diluted earnings/(loss) per share (pence)	10	**59.45**	(116.16)

Results for the year ended 31 December 2016 are derived entirely from continuing operations.

The notes on pages 34 to 50 form an integral part of these financial statements.

WILLIAMS GRAND PRIX HOLDINGS PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

(REGISTRATION NUMBER: 07475805)

	Note	2016	2015
		£000	£000
Fixed assets			
Intangible assets	12	**1,102**	278
Heritage assets	13	**21,708**	22,346
Tangible assets	14	**44,275**	41,488
		67,085	64,112
Current assets			
Stocks	16	**1,201**	473
Debtors	17	**60,445**	39,037
Cash at bank and in hand		**31**	1,036
		61,677	40,546
Creditors: Amounts falling due within one year	18	**(86,647)**	(66,516)
Net current liabilities		**(24,970)**	(25,970)
Total assets less current liabilities		**42,115**	38,142
Creditors: Amounts falling due after more than one year	19	**(10,648)**	(13,135)
Net assets		**31,467**	25,007
Capital and reserves			
Called up share capital	25	**500**	500
Revaluation reserve		**21,258**	22,046
Other reserves		**1,057**	500
Retained earnings		**8,652**	1,961
Total equity		**31,467**	25,007

Approved and authorised by the Board on 4 April 2017 and signed on its behalf by:

M O'DRISCOLL

DIRECTOR

The notes on pages 34 to 50 form an integral part of these financial statements.

WILLIAMS GRAND PRIX HOLDINGS PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2016

	Called up share capital	Revaluation reserve	Other reserves	Retained earnings	Total equity
	£000	£000	£000	£000	£000
Balance as at 1 January 2015	500	22,721	(268)	12,363	35,316
Loss for the year	-	-	-	(11,209)	(11,209)
Total comprehensive loss for the year	-	-	-	(11,209)	(11,209)
Share-based payment transactions	-	-	768	132	900
Realisation of profit on revalued assets	-	(675)	-	675	-
Balance as at 31 December 2015	500	22,046	500	1,961	25,007
Balance as at 1 January 2016	**500**	**22,046**	**500**	**1,961**	**25,007**
Profit for the year	-	-	-	**5,903**	**5,903**
Total comprehensive income for the year	-	-	-	**5,903**	**5,903**
Share-based payment transactions	-	-	**557**	-	**557**
Realisation of profit on revalued assets	-	**(788)**	-	**788**	-
Balance as at 31 December 2016	**500**	**21,258**	**1,057**	**8,652**	**31,467**

The notes on pages 34 to 50 form an integral part of these financial statements.

WILLIAMS GRAND PRIX HOLDINGS PLC

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016	2015
		£000	£000
Net cash (outflow)/inflow from operating activities	26	**(2,937)**	4,788
Investing activities			
Payments to acquire fixed assets		**(8,141)**	(3,429)
Receipts from the sale of fixed assets		**1,182**	1,293
Net cash flow from investing activities		**(6,959)**	(2,136)
Financing activities			
Interest paid		**(940)**	(1,098)
Value of new loans obtained during the period		**10,000**	500
Repayment of loans and borrowings		**(1,820)**	(1,500)
Repayment of capital element of finance leases and HP contracts		**(341)**	(349)
Net cash flow from financing activities		**6,899**	(2,447)
(Decrease)/increase in cash and cash equivalents		**(2,997)**	205
Cash and cash equivalents at 1 January		**1,036**	831
Cash and cash equivalents at 31 December		**(1,961)**	1,036
Cash and cash equivalents consists of:			
Cash at bank and in hand		**31**	1,036
Bank overdrafts		**(1,992)**	-
Cash and cash equivalents		**(1,961)**	1,036

The notes on pages 34 to 50 form an integral part of these financial statements.

WILLIAMS GRAND PRIX HOLDINGS PLC

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

(REGISTRATION NUMBER: 07475805)

	Note	2016	2015
		£000	£000
Fixed assets			
Investments	15	**1,957**	1,400
Net assets		**1,957**	1,400
Capital and reserves			
Called-up share capital	25	**500**	500
Other reserves		**1,457**	900
Retained earnings		**-**	-
Total equity		**1,957**	1,400

Approved and authorised by the Board on 4 April 2017 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 2016

	Called up share capital	Other reserves	Retained earnings	Total equity
	£000	£000	£000	£000
Balance as at 1 January 2015	**500**	132	**(132)**	500
Total comprehensive income for the year	-	-	-	-
Share-based payment transactions	-	768	132	900
Balance as at 31 December 2015	**500**	900	-	1,400
Balance as at 1 January 2016	**500**	**900**	**-**	**1,400**
Total comprehensive income for the year	-	-	-	-
Share-based payment transactions	-	**557**	**-**	**557**
Balance as at 31 December 2016	**500**	**1,457**	**-**	**1,957**

The notes on pages 34 to 50 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

The financial statements are prepared in sterling, which is the functional currency of the Group.

BASIS OF CONSOLIDATION

As a consolidated statement of comprehensive income is published, a separate profit and loss account for the parent is omitted from the Group consolidated financial statements by virtue of section 408 of the Companies Act 2006. The Company had no cash flows in the period, and therefore a separate statement of cash flows for the parent has also been omitted.

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

GOING CONCERN

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

The Group's profit for the year was £5.9 million (2015: loss of £11.2 million). As at 31 December 2016 the Group had net assets of £31.5 million (2015: £25.0 million) and net current liabilities of £25.0 million (2015: £26.0 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 significant elements of the Group's cash flows can be variable and difficult to predict accurately. This unpredictability increases the longer the time period considered. 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 Williams 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 4 April 2017. These forecasts only include sponsorship revenue which is already contracted, estimates of other income and expenses and cash outflows due to loan repayments due within the next twelve months. 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.

The Directors believe that the Group's borrowing facilities with HSBC Bank PLC and anticipated future cash inflows from operations 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 2017 as detailed in notes 20 and 21. The Directors are satisfied that specific actions can be taken if required, including but not limited to the sale of assets already earmarked for disposal or the renegotiation of the Group's borrowings in order to ensure that the Group's obligations are met as they fall due.

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.

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 model and included within other operating income.

RESEARCH AND DEVELOPMENT

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

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

INVESTMENTS

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

HERITAGE ASSETS

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

PROPERTY, PLANT AND EQUIPMENT

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

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

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

INTANGIBLE ASSETS

Intangible assets comprise software which is initially recorded at cost. Amortisation is calculated so as to write off the cost of an asset over a useful economic life of three 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, using observable market data. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest, with a corresponding entry in equity.

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

DERIVATIVE FINANCIAL INSTRUMENTS

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

TRADE PAYABLES AND RECEIVABLES

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

BANK BORROWINGS AND OVERDRAFTS

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

FOREIGN CURRENCY

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange prevailing at the transaction date. All profits and losses on exchange are recognised within the statement of comprehensive income.

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 retained earnings. No gain or loss is recognised on the purchase, sale, issue or cancellation of equity shares.

2. SEGMENTAL ANALYSIS

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

YEAR ENDED 31 DECEMBER 2016

	Formula One	WAE	Other	Total
	£000	£000	£000	£000
Revenue	**116,691**	**36,937**	**13,787**	**167,415**
Other operating income	**9,287**	**806**	**146**	**10,239**
	125,978	**37,743**	**13,933**	**177,654**
Net profit/(loss) before taxation	**9,083**	**3,790**	**(6,970)**	**5,903**
Net assets	**12,110**	**4,886**	**14,471**	**31,467**

YEAR ENDED 31 DECEMBER 2015

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

Revenue from two commercial partners, each representing more than 10% of Group revenues comprised of Formula One, WAE and Other, amounted to approximately 39% and 15% of total Group revenues respectively (2015: 46% and less than 10%).

RECONCILIATION OF EBITDA TO NET PROFIT/(LOSS) BEFORE TAXATION

	2016	2015
	£000	£000
EBITDA	**15,492**	(3,294)
Movement on derivative financial instruments at fair value through profit and loss	**(3,685)**	(324)
Equity-settled share-based payment expenses	**(634)**	(1,024)
Depreciation of tangible fixed assets	**(4,074)**	(4,984)
Amortisation of intangible fixed assets	**(256)**	(438)
Interest payable and similar expenses	**(940)**	(1,145)
Net profit/(loss) before taxation	**5,903**	(11,209)

3. OPERATING PROFIT/LOSS

Operating profit/loss is stated after charging/(crediting):	2016	2015
	£000	£000
Operating leases – plant and machinery	787	613
Foreign exchange losses	2,379	316
Profit on sale of tangible fixed assets	(344)	(529)
Depreciation of tangible fixed assets	4,074	4,984
Amortisation of intangible fixed assets	256	438
Impairment of heritage assets	-	50
Auditor's remuneration	76	70
Research and development expenditure credit	(6,631)	(5,900)
Government grants receivable	(49)	(290)

4. AUDITOR'S REMUNERATION

	2016	2015
	£000	£000
Audit of the financial statements	47	55
Fees payable to the Company's auditor and its associates for other services:		
Other assurance services	29	15

5. PARTICULARS OF EMPLOYEES

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

	2016	2015
	No.	No.
Administration and support	90	91
Research and development	594	532
Marketing	35	30
	719	653

The aggregate payroll costs were as follows:	2016	2015
	£000	£000
Wages and salaries	44,742	42,179
Social security costs	5,020	4,945
Other pension schemes	1,989	1,838
	51,751	48,962

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.

6. DIRECTORS' REMUNERATION

The Directors' remuneration for the year was as follows:

	2016	2015
	£000	£000
Remuneration	**3,388**	1,954
Contributions paid to money purchase schemes	**38**	53
	3,426	2,007

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

	2016	2015
	No.	No.
Accruing benefits under money purchase pension schemes	**4**	4
Accruing benefits under long term incentive schemes	**5**	4

In respect of the highest paid Director:

	2016	2015
	£000	£000
Remuneration	**1,300**	771
Company contributions to money purchase pension schemes	**6**	18
	1,306	789

7. SHARE-BASED PAYMENTS

During 2015, 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:

	2016		2015	
	Share options	Weighted average exercise price	Share options	Weighted average exercise price
	No.	£	No.	£
Outstanding at 1 January	**290,000**	-	-	-
Granted during the year	-	-	290,000	-
Forfeited during the year	**(75,000)**	-	-	-
Outstanding at 31 December	**215,000**	-	**290,000**	-
Exercisable at 31 December	-	-	-	-

The Group recognised total expenses of £634,000 in relation to equity-settled share-based payment transactions in the year (2015: £1,024,000), comprising share-based payment expenses of £557,000 (2015: £900,000) and £77,000 in relation to associated payroll taxes (2015: £124,000). 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.

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2016	2015
	£000	£000
Interest on bank borrowings	834	1,048
Interest on other loans	51	33
Interest payable on finance leases and hire purchase agreements	55	64
	940	1,145

9. TAXATION

TAX ON LOSS ON ORDINARY ACTIVITIES

	2016	2015
	£000	£000
Current tax		
Corporation tax charge	-	-
	-	-

The Group has estimated losses of approximately £119.6 million (2015: £120.1 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 profit on ordinary activities for the year is lower (2015: higher) than the standard rate of corporation tax in the UK of 20% (2015: 20.25%).

The differences are reconciled below:

	2016	2015
	£000	£000
Profit/(loss) on ordinary activities before tax	5,903	(11,209)
Corporation tax at standard rate	1,181	(2,270)
Permanent fixed asset differences	238	377
Non-taxable income	(5)	-
Expenses not deductible for tax purposes	379	325
Adjustment in research and development tax credit	178	303
Unrelieved tax losses carried forward	(1,971)	1,264
Other differences	-	1
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.

10. EARNINGS/LOSS PER SHARE

	2016	2015
	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 for the purposes of basic earnings per share	**9,650,000**	9,650,000
Effect of share options outstanding during the year	**279,003**	-
Weighted average number of shares outstanding for the purposes of diluted earnings per share	**9,929,003**	9,650,000

11. PROFIT ATTRIBUTABLE TO THE PARENT COMPANY

The profit for the year to 31 December 2016 dealt with in the accounts of the parent company (Williams Grand Prix Holdings PLC) was £nil (2015: £nil).

12. INTANGIBLE FIXED ASSETS

GROUP

	Software	Total
	£000	£000
Cost		
At 1 January 2016	1,082	1,082
Additions	1,029	1,029
Transfers	51	51
At 31 December 2016	**2,162**	**2,162**
Amortisation		
At 1 January 2016	804	804
Charge for the year	256	256
At 31 December 2016	**1,060**	**1,060**
Net book value		
At 31 December 2016	**1,102**	**1,102**
At 31 December 2015	278	278

13. HERITAGE ASSETS

GROUP

	£000
Valuation	
At 1 January 2016	22,346
Additions	200
Disposals	(838)
At 31 December 2016	**21,708**

Five year financial summary of heritage asset transactions:

	2016	2015	2014	2013	2012
	£000	£000	£000	£000	£000
Additions	200	200	150	-	-
Disposals – carrying value	838	675	462	-	-
Disposals – sale proceeds	1,171	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, a specialist in high performance road and racing cars. The valuation was performed by looking at the cars individually, considering the value inherent in the provenance attached (e.g. championship winning cars), as well as looking at sales values for similar vehicles where possible. So far as the Directors are aware, there are no indicators of impairment that would affect the valuation as at the statement of financial position date.

14. 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 2016	29,968	44,992	1,588	1,688	78,236
Additions	794	6,079	39	-	6,912
Transfers	199	1,438	-	(1,688)	(51)
At 31 December 2016	**30,961**	**52,509**	**1,627**	**-**	**85,097**
Depreciation					
At 1 January 2016	329	35,566	853	-	36,748
Charge for the year	342	3,500	232	-	4,074
At 31 December 2016	**671**	**39,066**	**1,085**	-	**40,822**
Net book value					
At 31 December 2016	**30,290**	**13,443**	**542**	**-**	**44,275**
At 31 December 2015	29,639	9,426	735	1,688	41,488

LEASED ASSETS

Included within the net book value of tangible fixed assets is £1,173,000 (2015: £1,566,000) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £393,000 (2015: £377,000).

15. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

COMPANY

	£000
Cost and net book value as at 1 January 2016	1,400
Share-based payments	557
Cost and net book value as at 31 December 2016	**1,957**

16. STOCKS

GROUP

	2016	2015
	£000	£000
Stock and work in progress	**1,201**	473
	1,201	473

17. DEBTORS

GROUP

	2016	2015
	£000	£000
Trade debtors	**34,113**	23,632
Prepayments and accrued income	**13,808**	8,674
Other debtors	**12,524**	6,731
	60,445	39,037

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

GROUP	2016	2015
	£000	£000
Bank loans and overdrafts	**25,125**	12,820
Obligations under finance lease and hire purchase contracts	**354**	341
Trade creditors	**7,991**	9,689
Other taxes and social security	**274**	1,697
Accruals and deferred income	**37,782**	30,652
Other creditors	**11,112**	10,993
Derivative financial liabilities	**4,009**	324
	86,647	66,516

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

GROUP

	2016	2015
	£000	£000
Bank loans and overdrafts	**9,797**	11,930
Obligations under finance lease and hire purchase contracts	**851**	1,205
	10,648	13,135

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.

20. BANK BORROWINGS

	2016	2015
	£000	£000
Amounts repayable:		
In less than one year	**25,125**	12,820
In more than one year but less than two years	**1,681**	2,133
In more than two years but not more than five years	**8,116**	9,797
	34,922	24,750

See note 21 for further details of bank borrowings held.

21. FINANCIAL INSTRUMENTS

The Group has the following financial instruments:

	2016	2015
	£000	£000
Financial assets measured at amortised cost		
Trade and other debtors	**46,637**	30,363
	46,637	30,363
Financial liabilities measured at fair value through profit or loss		
Derivative financial instruments	**(4,009)**	(324)
	(4,009)	(324)
Financial liabilities measured at amortised cost		
Bank loans and overdrafts	**(34,922)**	(24,750)
Obligations under finance lease and hire purchase contracts	**(1,205)**	(1,546)
Trade and other creditors	**(19,103)**	(20,681)
	(55,230)	(46,977)

Objectives, policies and strategies for managing risks relating to financial instruments are disclosed within the Strategic Report on pages 13 and 14.

DERIVATIVE FINANCIAL INSTRUMENTS

The Group enters into forward foreign currency contracts to reduce exposure to foreign exchange rates. At 31 December 2016, the outstanding contracts were all due to mature within 11 months of the year end, subject to the following conditions:

(i) If at a specified 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;

21. FINANCIAL INSTRUMENTS (CONTINUED)

(iii) If at a specified 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 2016 has been calculated by a third party, and is £(4,009,000).

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 £7,750,000 repayable in four instalments over a three year term. These instalments are £500,000 on 30 April 2017 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 2017. This facility carries interest at 3.25% over LIBOR.
- A loan facility of £4,180,000 repayable in forty-two instalments over a four year term. These instalments are interest and capital repayments of £107,000 on 30 January 2017 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.

22. OBLIGATIONS UNDER LEASES AND HIRE PURCHASE CONTRACTS

AMOUNTS REPAYABLE UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS:

GROUP	2016	2015
	£000	£000
Within one year	**395**	395
In two to five years	**895**	1,291
	1,290	1,686
Less finance charges allocated to future periods	**(85)**	(140)
	1,205	1,546

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

As at 31 December 2016 the Group had annual commitments under non-cancellable operating leases, all related to plant and machinery, as follows:

	2016	2015
	£000	£000
Within one year	91	106
Within two to five years	64	298
In more than five years	323	-
	478	404

23. CONTINGENT LIABILITIES

The Group and Company had no contingent liabilities as at 31 December 2016 or as at 31 December 2015.

24. 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 £761,000 (2015: £754,000) 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 £151,000 (2015: £193,000) to Tri-Leg Leasing Limited and the amount outstanding as at 31 December 2016 was £6,000 (2015: £6,000).

During the year, Williams Grand Prix Engineering Limited sold £156,000 (2015: £nil) of services to Vibra Healthcare, a company of which Brad Hollinger, a Director of the Company, is the majority shareholder. The amount outstanding from Vibra Healthcare as at 31 December 2016 was £35,000 (2015: £nil).

25. SHARE CAPITAL AND OTHER RESERVES

ALLOTED, CALLED UP AND FULLY PAID SHARES

	2016		2015	
	No.	£000	No.	£000
Ordinary shares of 5p each	10,000,000	500	10,000,000	500

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

OTHER GROUP RESERVES

The revaluation reserve represents the cumulative effect of revaluations of heritage assets.
Other reserves represent share-based payment entries and shares issued as part of the Group reorganisation in 2011.

26. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

RECONCILIATION OF OPERATING LOSS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Note	2016	2015
		£000	£000
Profit/(loss) for the year		5,903	(11,209)
Net finance costs		940	1,145
Movement on derivative financial instruments at fair value through profit and loss		3,685	324
Impairment of heritage assets		-	50
Depreciation and amortisation charges	12, 14	4,330	5,422
Equity based compensation	7	557	900
Profit on disposal of fixed assets	3	(344)	(529)
Increase in stocks	16	(728)	(243)
Increase in debtors	17	(21,408)	(9,559)
Increase in creditors		4,128	18,487
Taxation paid		-	-
Net cash (outflow)/inflow from operating activities		(2,937)	4,788

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

	2016	2015
	£000	£000
Net cash (outflow)/inflow from operating activities	(2,937)	4,788
Payments to acquire fixed assets	(8,141)	(3,429)
Receipts from the sale of fixed assets	1,182	1,293
Operating free cash flow	(9,896)	2,652

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2016	2015
	£000	£000
(Decrease)/increase in cash in the year	(2,997)	205
Net cash (inflow)/outflow from bank loans	(8,180)	1,000
Change in net debt resulting from cash flows	(11,177)	1,205
Decrease/(increase) in net debt from finance leases	341	(59)
Movement in net debt in the year	(10,836)	1,146
Net debt at 1 January	(25,260)	(26,406)
Net debt at 31 December	(36,096)	(25,260)

27. ANALYSIS OF NET DEBT

	At 31 December 2015	Cash flows	Non-cash movement	At 31 December 2016
	£000	£000	£000	£000
Net cash:				
Cash in hand and at bank	1,036	(1,005)	-	**31**
Debt:				
Debt due within 1 year	(12,820)	(12,305)	-	**(25,125)**
Debt due after 1 year	(11,930)	2,133	-	**(9,797)**
Finance leases	(1,546)	395	(54)	**(1,205)**
	(26,296)	(9,777)	(54)	**(36,127)**
Net debt	(25,260)	(10,782)	(54)	**(36,096)**

28. CAPITAL COMMITMENTS

GROUP

Amounts contracted for but not provided in the financial statements amounted to £697,000 (2015: £1,974,000).

29. 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.

30. 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
Williams Technology Ventures Limited	Group	100%	Dormant
WGP Trustees Limited	Company	100%	Trustee
Williams F1 Limited	Group	100%	Dormant
The Williams F1 Team Foundation	Group	Limited by guarantee	Dormant

The companies above represent all subsidiaries of the Group, and all are incorporated in England and Wales.

COMPANY INFORMATION

DIRECTORS
M Biddle
E Charlton
B Hollinger
P Lowe
M O'Driscoll
N Rose
C Williams

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M Biddle

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DEFINITION OF TERMS

THE CODE
The UK Corporate Governance Code.

EBITDA
Earnings before interest, taxes, depreciation and amortisation and excluding non-cash share-based payment charges 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.

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