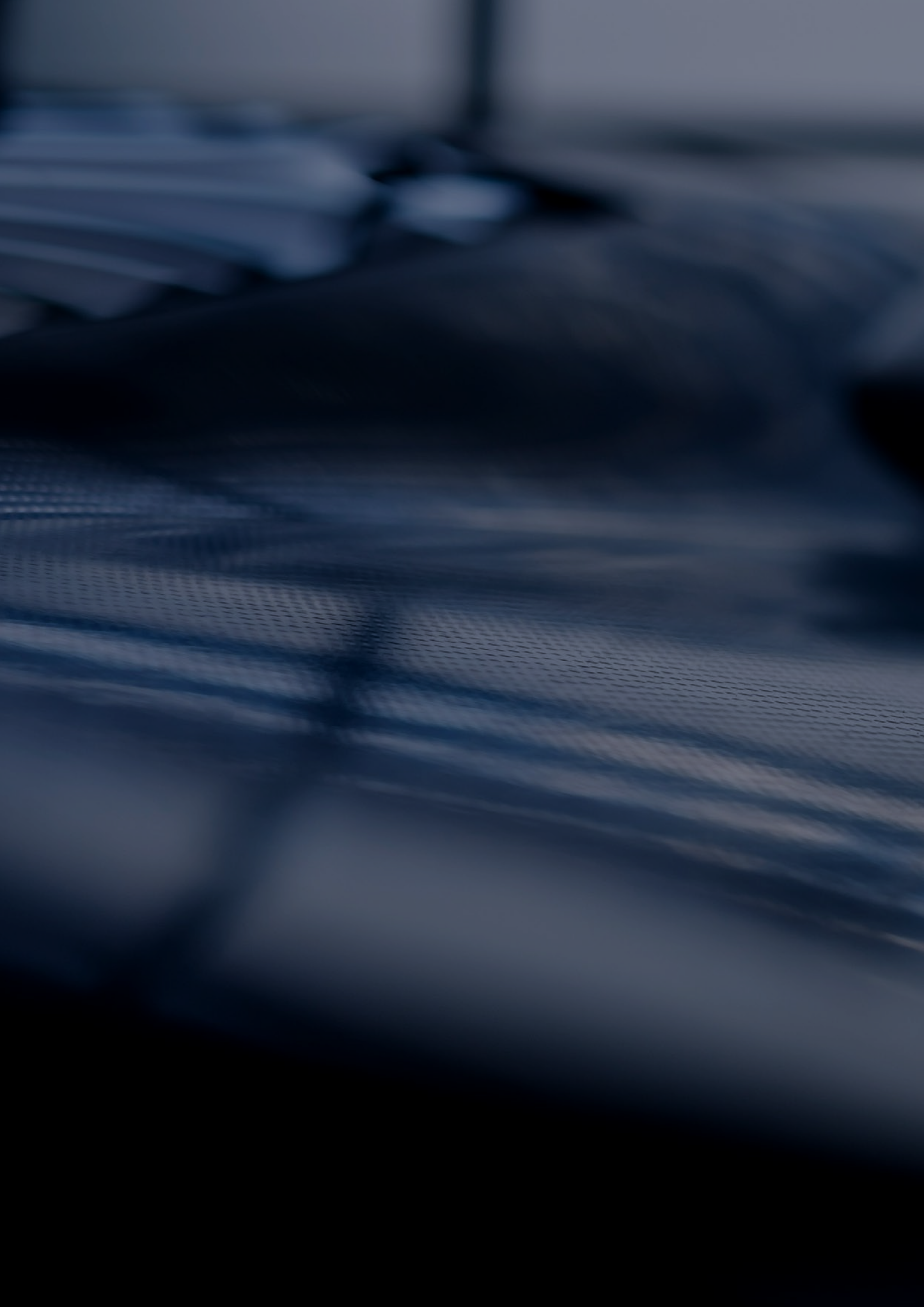
ANNUAL REPORT 2017



WILLIAMS GRAND PRIX HOLDINGS PLC

ANNUAL REPORT & CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

CONTENTS

ANNUAL REPORT

GROUP OVERVIEW

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

The Group comprises a Formula One racing team and an advanced engineering business. The Group is based in Oxfordshire on a dedicated 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.

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 Group continues to demonstrate its durability, delivering an encouraging set of results amidst a challenging Formula One environment, whilst Williams Advanced Engineering remains an exciting, growing business.

In 2017 we maintained our fifth position in the Formula One Constructors' Championship. The grid is becoming increasingly competitive but we remain fully focussed on improving our performance. We continue to invest in our technological capabilities in addition to successfully attracting new leaders into our engineering department and bringing new talent to the wider organisation. Although our difficult start to 2018 underlines how competitive the grid is today, we remain focussed on the medium term objective of competing with the very best teams.

The sport itself is in an interesting period following the first year of Liberty Media's ownership. We are eager to learn how they will execute their strategic plan to the benefit of the sport and its participants. We remain convinced that the sport can be made more successful, as well as more exciting and engaging for the fans, and will fully support initiatives that move Formula One in that direction.

Williams Advanced Engineering continues to gain traction and credibility, demonstrating its range of capabilities through engagement in project work with leading organisations across many industries. It has demonstrated a strong track record in creating innovative technological solutions within the green technology sector and we are proud of the fact it has been the recipient of several awards for its work in this area. During 2017 we have also made investments in our own technology to utilise our in-house expertise in the fields of electrification, light-weighting and composites.

These financial results demonstrate Williams' ability to deliver a robust financial position whilst operating in a very dynamic environment. Overall Group revenue is relatively flat year on year whilst EBITDA, although down when compared to 2016, remains healthy for a company operating in the motorsport and technology sectors. Enormous potential exists within the business and we remain committed to continuing our progress both on the track and with Williams Advanced Engineering.

NICK ROSE

CHAIRMAN

STRATEGIC REPORT

GROUP CHIEF EXECUTIVE OFFICER'S REVIEW

GROUP STRATEGY

We set ourselves stretching strategic objectives and continue to execute a plan with the aim of achieving them. Our aspiration of once again becoming a championship winning Formula One team remains unchanged, as does our desire to continue to grow Williams Advanced Engineering into a robust and profitable business. The organisation has gone through a significant period of change over the last few years but operating in the environments that we do, it is imperative we carry on evolving, establishing a sustainable platform from which to continue to build. There remains significant potential and we are resolute in our determination to fulfil that both on the track and within the business.

Our Formula One team once again achieved fifth place in the Constructors' Championship in 2017 having finished in the same position in 2016. The midfield battle, where we currently find ourselves, is intense and despite a strong start to the season our pace of development was bettered by some of our closest rivals, whilst we also lost ground to the leading teams. We continue to invest in our technical capabilities, as well as our key personnel, to try to bridge this gap and improve performance against our competition.

Williams Advanced Engineering has enjoyed another year of growth and continues to expand its customer base. Our growing reputation for providing fast, effective, innovative solutions to our customers' technical challenges means the company has continued to deliver major projects in partnership with some of the world's leading organisations. We are proud of what is being achieved in this business and are confident in our ability to continue to attract exciting projects that will allow us to deliver on our strategic intent.

Our financial performance in 2017 reflects a modest decline in overall revenue where increases in both Formula One and Williams Advanced Engineering have been offset by a reduction in non-recurring project revenue. This theme flows through to EBITDA where we report a group EBITDA of £10.8m for 2017 down from £15.5m in 2016. These results are achieved whilst operating in a complex, fast paced and competitive environment. We are determined to continue to build a strong organisation capable of facing these challenges whilst being positioned to take advantage of the future sporting and commercial opportunities we believe exist.

FORMULA ONE

Our Formula One division remains profitable which is notable given the competitive environment in which we exist. Our Formula One income in 2017 was impacted by our fifth place finish in 2016, resulting in reduced commercial rights income versus the prior year. The competition is not only fierce on the track but also in the commercial environment where we work hard to attract, retain and develop commercial partners. We are fortunate to have a diverse partner community and continue to work hard to bring new partners to our roster.

The 2017 season started positively and we enjoyed some highlights during the year including seeing Lance Stroll become the youngest ever 'rookie' to reach the Formula One podium. Indeed, we were the only team outside of the top three to achieve a podium in 2017, highlighting the gap between the leading teams and the rest of the grid. Our performance dipped towards the end of the season as other midfield teams developed at a faster pace and we are cognisant of the fact we need to respond positively in 2018. We have stated previously that there can be no room for complacency in Formula One and as we enter the 2018 season this has never been truer.

During 2017 we introduced several new senior leaders to our engineering department which we anticipate will have a positive impact on performance as we move forward. The pace of change in Formula One remains unprecedented however and despite these continued investments in people, and our technical and production capabilities, there remains a gap to the leading teams. Our programme of targeted investments will continue and we will remain focussed on keeping costs balanced and under control to remain on a solid financial footing. Our financial prudence is not unique within the sport, however, the front runners, with whom we are aiming to compete, continue to benefit from inflated commercial rights income on top of significantly larger budgets for investment and development.

Our strong financial performance in 2017 is encouraging but operating as an independent team in this sport continues to prove challenging. We remain optimistic that under Liberty Media's management the value of the sport for all participants can be enhanced and are hopeful that the direction of the sport in terms of future sporting regulations, as well as revenue distribution and cost control, will be clarified promptly and positively in 2018.

The season ahead will no doubt prove to be another exciting one. Lance Stroll will enter his second year with the team having performed well in his rookie season. Following Felipe Massa's retirement at the end of 2017 the team is excited to offer Sergey Sirotkin an opportunity to prove his Formula One credentials following successful stints in other series, including F3. With Lance and Sergey we have a young, ambitious driver line up and the team will be doing everything it can to provide them with the tools they need to succeed.

WILLIAMS ADVANCED ENGINEERING

Williams Advanced Engineering continued to grow in 2017 with revenues reaching £39.5m, an increase of £2.6m (7.0%) when compared to 2016. This revenue has been generated across a diverse range of projects and we continue to attract many new partners given our growing reputation for outstanding delivery. The focus remains on providing energy-efficient and technically advanced performance solutions in sectors as diverse as motorsport, aerospace, defence and healthcare. We are also engaged in a small number of low volume manufacturing projects in the automotive industry.

We believe Williams Advanced Engineering is maturing into an established business capable of sustained delivery. The Williams brand continues to be an important contributor to attracting world renowned organisations to our customer base and we employ a highly talented workforce with expertise in areas such as battery technology, design engineering, aerodynamics and composites to fulfil these requirements. Given the nature of the projects we are engaged in, and our growing reputation, we are becoming a destination employer in the sector and our workforce is acknowledged as industry leading.

We have worked on a vast array of projects in 2017 with partners including Aston Martin, BAE Systems, Thales, Singer Vehicle Design, Porsche and Airbus. All of these projects deliver significant benefits through innovative solutions and creative application of the latest technologies. There is also a strong link to Formula E whereby Williams Advanced Engineering continues to provide all the batteries to each car on the grid for season 4. We continue to partner with, and operationally run, the Jaguar Formula E race team and after a solid debut in season 3 are looking forward to improved performance in season 4 and beyond.

In 2017, we also invested in our own technology in various areas including vehicle electrification, light-weighting and thermodynamics. This was showcased in the FW-EVX concept platform which was launched at the Low Carbon Vehicle Show at Millbrook. Developed internally, the concept highlights our in-house expertise in accelerating ground up innovations into demonstrable products available to our customers. We take great confidence from the interest the FW-EVX generated and will continue to invest in our own technology as we move forward.

The Foresight Williams Technology EIS Fund launched in 2017 continues to evolve positively and has made a range of investments in early stage UK SMEs with strong intellectual property in their own specialist fields. Williams Advanced Engineering is able to support these enterprises in creating what we hope will be a series of technology success stories.

Williams Advanced Engineering has shown consistent growth over a number of years now and in 2018 we plan to fully utilise the organisational excellence we have created to continue the business on its journey.

MIKE O'DRISCOLL

GROUP CHIEF EXECUTIVE OFFICER

STRATEGIC REPORT

CHIEF FINANCIAL OFFICER'S REVIEW

OUR FINANCIAL PERFORMANCE

The Group operates at the pinnacle of motorsport and the forefront of technology. Remaining competitive in both fields requires continual innovation, investment in research and development and the renewal and improvement of our infrastructure. It has been possible to maintain this position while delivering a strong EBITDA performance by concentrating on maximising the return on assets, controlling costs and prioritising our expenditure.

Our financial stability allowed us to continue in our programme of strategic investment focusing on the renewal and improvement of our world-class facilities and capabilities. It is critically important that we optimise spend and therefore we place a strong emphasis on the rigorous prioritisation and review of investment spend. We make resource allocation decisions based on optimum return whether that be in lap time or profitability, and striking the right balance between these is key.

Group EBITDA reduced to £10.8m (2016: £15.5m) reflecting the timing of certain significant projects and non-recurring items. Cost of sales increased to £66.5m (2016: £58.1m) due to a combination of cost pressures associated with new Formula One regulations and the changing mix of project related delivery. Operating expenditure reduced slightly to £109.9m (2016: £112.8m) which included the benefit of some foreign exchange hedging instruments.

Operating free cash flow increased significantly to £19.4m (2016: outflow of £9.9m). This included the benefit of the disposal of land that was surplus to Group requirements and reflects differences in the timing of significant receipts including the research and development expenditure credit and some sponsorship income.

Running the Group efficiently requires a balance between delivering strategic investment and operational performance. Formula One technical rules continue to evolve while more significant structural changes to the operation of the sport and future regulations remain a topic of debate. 2017 represented a year of significant change in relation to the aerodynamic attributes of our Formula One cars and despite the associated cost pressure resulting from lower levels of carry over parts, we continued to make investment in our facilities. In addition, we continue to support value creation opportunities and cost reduction initiatives in Formula One through our involvement in the Strategy Group, however costs of participation in the sport continue to rise.

The success of Williams Advanced Engineering is demonstrated in its continued financial growth, delivered through the successful application of innovative technical solutions to solve complex customer challenges. The increase in EBITDA to £5.0m (2016: £4.2m) is evidence of the continued momentum this business is demonstrating. The fact that much of this delivery has been achieved in the competitive motorsport and automotive sectors is a further testament to the capabilities and innovation within this division. The continual broadening of Williams Advanced Engineering's customer base means we are able to demonstrate our credentials and access opportunities in new areas. We expect this to continue in 2018.

INCOME

The Group generates revenue from several 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 largely 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 which 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 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 group 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 £125.6m (2016: £116.7m). This included higher sponsorship income which offset the impact of receiving lower commercial rights income based on our fifth place Constructors' Championship finish in 2016. We also achieved an increase in other operating income due to a one-off receipt related to a driver.

Williams Advanced Engineering delivered increased revenue of £39.5m (2016: £36.9m). This represents delivery of engineering consultancy projects, low-volume manufacturing of bespoke products, and some royalty income.

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 profitably and in line with the plan agreed with the customer. In Formula One, we are competing with other teams, many of whom 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 remain 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. We have 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.

In Formula One, we look to reuse parts in subsequent seasons to reduce expenditure. Due to significant changes in the aerodynamic technical regulations for 2017, the level of suitable parts available from the previous season was lower than in other years. This had a cost implication, particularly in the first half of the year as we built up operational quantities of components.

As Williams Advanced Engineering grows, there is an associated increase in costs. In particular, there has been greater investment in generating novel intellectual property for future exploitation. Overall the division is more profitable and the increase in the level of project activity is delivering associated economies of scale.

BUSINESS MODEL AND SUSTAINABILITY

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

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

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

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

CASH AND WORKING CAPITAL

We typically receive more cash in the first half of the year due to the timing of receipts of partnership income which correlates with 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.

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.

In October, the Group completed a refinancing of its debt facilities. The Group's new debt facilities provide the Group with lower interest costs while extending the maturity of the funding commitments to October 2021. In the same month, the Group completed the disposal of a parcel of surplus land adjacent to its main operational site for consideration of £9.0 million. The net proceeds of this transaction were used to repay borrowings.

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 2018 and beyond.

RESULTS AND DIVIDENDS

The Group's earnings per share of 145.67 pence (2016: 61.17 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 2017 (2016: £nil).

The profit for the financial year attributable to the members of the parent company amounted to £14.1 million (2016: £5.9 million).

CHANGES IN ACCOUNTING POLICY

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

DOUG LAFFERTY
CHIEF FINANCIAL OFFICER

The Strategic Report, as set out on pages 9 to 14, has been approved by the Board

ON BEHALF OF THE BOARD

MARK BIDDLE
GENERAL COUNSEL AND COMPANY SECRETARY
19 APRIL 2018

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 - Resigned 6 September 2017

B. Hollinger

A. Kinch - Resigned 31 January 2017

D. Lafferty - Appointed 6 September 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	4	4
B Hollinger	6	7
D Lafferty	3	3
P Lowe	6	6
M O'Driscoll	7	7
N Rose	7	7
C Williams	6	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) and Brad Hollinger.

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

The Report of the Audit Committee is presented on page 22. Four 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 and 2017, a number of share awards were allocated to certain employees. Details of the awards granted and outstanding at the end of 2017 are given in note 8 to the financial statements.

DIRECTORS' INTERESTS AND DEALINGS

Directors' beneficial interests in the ordinary share capital of the Company as at 31 December 2017 are shown below:

Shares in which beneficial interest held		
Director	31 December 2017	31 December 2016
M Biddle	-	-
E Charlton	750	750
B Hollinger	2,073,630	1,640,630
D Lafferty	-	-
P Lowe	-	-
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 Group and the Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company 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 UK 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 then 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;
- assess the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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 are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and 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 (2016: £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 2018 Annual General Meeting.

ON BEHALF OF THE BOARD

MIKE O'DRISCOLL
DIRECTOR
19 APRIL 2018

GOVERNANCE REVIEW

BOARD OF DIRECTORS

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

NICK ROSE

INDEPENDENT NON-EXECUTIVE CHAIRMAN

Nick Rose was educated at Oxford University, from where he has a Masters in Chemistry. He started his career with Ford Motor Company. In 1992, Nick joined Grand Metropolitan PLC as Group Treasurer before promotion to Group Controller and Chief Finance Officer of the drinks division. Nick played a key part in the merger with Guinness to create Diageo PLC and the company's subsequent manoeuvre into a focussed drinks business. In 1999, Nick was appointed CFO of Diageo. Nick retired from Diageo at the end of December 2010. Nick today serves on the Board of BAE Systems PLC and BT Group PLC, where he is Senior Independent Director at both companies and chairs the respective Audit Committees, and is non-executive Chairman of Galore SPV1 Limited, a company that owns the Loch Lomond Scotch whisky business. Nick is also Founding Patron of SITraN (Sheffield Institute for Translational Neuroscience), involved in raising funds to build a leading research institute to find a cure for Motor Neurone disease. Nick was appointed to the Board in November 2011 and is Chairman of the Board, Chairman of the Audit Committee and Chairman of the Remuneration and Nomination Committee.

BRAD HOLLINGER

NON-EXECUTIVE DIRECTOR

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

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.

DOUG LAFFERTY
CHIEF FINANCIAL OFFICER

Doug graduated from Royal Holloway, University of London with a BSc in Management Studies prior to starting his career as a Graduate Trainee at British American Tobacco (BAT) in 2001. He qualified as a Chartered Management Accountant in 2003 before holding a variety of Finance Director and General Management positions whilst on international assignments with BAT to Greece, Romania, Serbia and Canada. After returning to the UK in 2013 Doug became the first Finance Director of BAT's Next Generation Products business and in 2015 became Group Head of Commercial Finance, working closely with the group's Marketing and Operations leadership teams. Doug's final role at BAT was as Regional Head of Finance for the Americas before being appointed to the Board of Williams, in the capacity of CFO, in September 2017.

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 24 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 USA with Jaguar Cars in 1987, as a marketing and sales executive. Starting in 1995, Mike held a number of senior management positions with Jaguar's parent, Ford Motor Company, prior to his appointment as President of Jaguar Cars North America in 2000. The following year he became President of Aston Martin, Jaguar Land Rover's North American subsidiary. In 2007 he was appointed Managing Director of Jaguar Cars global operations, until he retired in March 2011. Mike was appointed to the Board in September 2011 as a Non-Executive Director and to his current role as Group Chief Executive Officer in May 2013.

CLAIRE WILLIAMS
DEPUTY TEAM PRINCIPAL 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.

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

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

EFFECTIVENESS

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

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

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

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

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

Directors are subject to re-election every three years.

ACCOUNTABILITY

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

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

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

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

REMUNERATION

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

Director salaries are subject to periodic review by the Remuneration and Nomination Committee and were last reviewed in February 2018.

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

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

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

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

RELATIONS WITH SHAREHOLDERS

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

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

AUDIT COMMITTEE REPORT

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

During the year the Committee:

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF WILLIAMS GRAND PRIX HOLDINGS PLC

1. OUR OPINION IS UNMODIFIED

We have audited the financial statements of Williams Grand Prix Holdings PLC ("the Company") for the year ended 31 December 2017 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows, company statement of financial position, company statement of changes in equity, and the related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2017 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

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

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

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

Description	The Risk	Our Response
Going Concern (Group and Parent Company) Refer to pages 36-37	**Accounting Basis** Due to the nature of the industry in which the business operates, the timing of cash inflows and cash outflows can be difficult to predict both in terms of timing and amount. The business is heavily dependent on sponsorship income and Formula 1 prize money. There is limited headroom on available debt financing facilities at certain points in the Group's forecast period, cash inflows are typically generated season to season and can be difficult to forecast. The future of the business depends on continued sponsorship, prize money and commercialization of technology.	Our procedures included: **Key dependency assessment** Comparing the key assumptions used in the cash flow. The key assumptions are those relating to future expenditure and income. We compared each assumption to historical data (where applicable), any known future costs (for example driver remuneration) or income (for example sponsorship income) and reviewed the reasonableness of any other significant assumptions made; **Funding assessment** Review of the funding available to the group to assess the available cash to the business. This included discussions with the Group's lenders and review of borrowing agreements in order to verify repayment dates and any restrictions on availability; **Sensitivity Analysis** Performing breakeven analysis on the key assumptions noted above; **Historical comparisons** Comparing previous forecast revenue growth and EBITDA margins to actual performance to assess the historical accuracy of the group's forecasting; **Evaluating directors intent** Discussions with directors and key management personnel to review the key assumptions made in the cash flow forecasts and their future intentions for the business together with any available mitigating actions; **Assessing transparency** We considered whether the Group's disclosures about their assessment of forecast cashflows reflected the risks inherent in the assessment of the Going Concern basis of preparation.

Description	The Risk	Our Response
Revenue recognition (Advanced Engineering) (2017: £39.5m, 2016: £36.9m) Refer to pages 37-38	**Subjective estimate** Williams Advanced Engineering revenue includes contracts spanning multiple time periods. There is the risk that cut-off could be inappropriately applied. Furthermore some of the contracts under which Williams operates are relatively complex and as such there is the risk that accounting recognition for specific contract terms could be inappropriately applied in order to manipulate results or through estimation error.	Our procedures included: **Control Operation** Testing of the operation of management's controls around review of revenue recognition files and cost analysis; **Historical comparisons** Comparing previous forecast revenue trends and gross margins to actual performance to assess the historical accuracy of the group's estimations; **Personnel interviews** Interviews with project managers to assess the status of projects and key assumptions made. Review of supporting documentation to support their conclusions on revenue recognition; **Project review** For a sample of projects review underlying contracts, invoices, goods or services delivered and payments received to assess the percentage of completion against management's assessment.
Revenue Recognition (F1) (2017: £125.6m, 2016: £116.7m) Refer to pages 37-38	**Accounting Treatment** Williams Grand Prix Engineering enters into a range of contractual arrangements with sponsors and also undertakes other one off projects from time to time. Some of the contracts in place can be relatively complex and as such there is the risk that accounting recognition for specific contract terms could be inappropriately applied in order to manipulate results.	Our procedures included: **Accounting analysis** Review of all contracts Williams Grand Prix Engineering entered into in the year to review key terms and assess accounting treatment; **Testing Application** Assessment of all contracts reviewed above against the financial statements to confirm treatment has been appropriately posted to the financial statement caption.

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

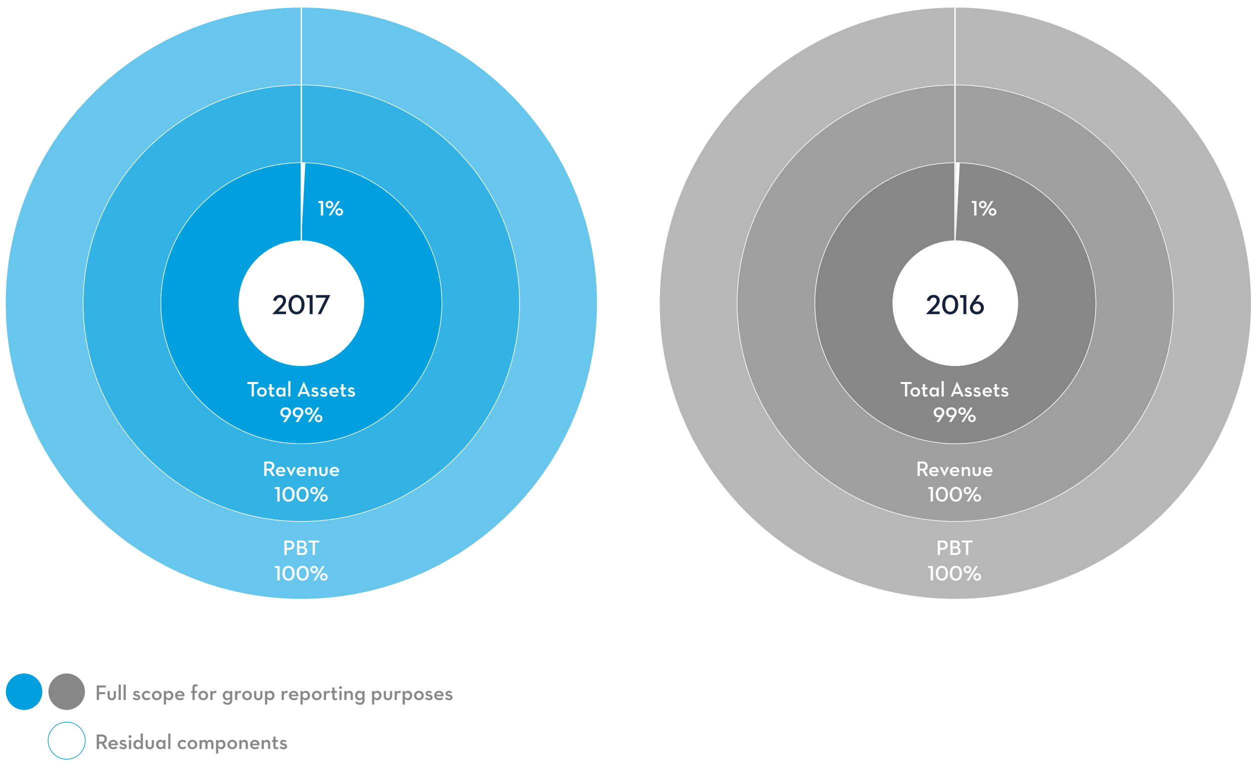
Materiality for the group financial statements as a whole was set at £1.3m, determined with reference to a benchmark of revenue as disclosed in note 2, of which it represents 0.8% (2016: 0.8%). We consider total revenue to be the most appropriate benchmark as it provides a more stable measure year on year than group profit before tax.

Materiality for the parent company financial statements as a whole was set at £0.15m (2016: £0.1m), determined with reference to a benchmark of the company's net assets, of which it represents 5% (2016: 5%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £65,000, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the group's 8 (2016: 5) components, we subjected 4 (2016: 2) to full scope audits for group purposes.

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



The remaining 1% of total group assets is represented by 4 components, all of which were dormant in the year and none of which individually represented more than 0.5% of total group assets. For these residual components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The work on all of the components (2016: all of the components) including the audit of the parent company, was performed by the Group team. The component materialities, ranged from £12,000 to £1,290,000, having regard to the mix of size and risk profile of the Group across the components.

4. WE HAVE NOTHING TO REPORT ON GOING CONCERN

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements.
We have nothing to report in these respects.

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

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

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

Strategic report and directors' report

Based solely on our work on the other information:

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

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

Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

7. RESPECTIVE RESPONSIBILITIES

Directors' responsibilities

As explained more fully in their statement set out on page 17, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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

SIMON HAYDN-JONES

SENIOR STATUTORY AUDITOR

for and on behalf of KPMG LLP, Chartered Accountants and Statutory Auditor

Arlington Business Park
Theale
RG7 4SD

19 APRIL 2018

FINANCIAL STATEMENTS

WILLIAMS GRAND PRIX HOLDINGS PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017	2016
		£000	£000
Revenue	2	**166,232**	167,415
Cost of sales		**(66,468)**	(58,059)
Gross profit		**99,764**	109,356
Other operating expenses		**(109,938)**	(112,752)
Other operating income	2	**17,741**	10,239
Group operating profit	3	**7,567**	6,843
Exceptional profit on sale of land	4	**7,328**	-
Interest payable and similar expenses	9	**(838)**	(940)
Profit before taxation	2	**14,057**	5,903
Tax on profit	10	**-**	-
Profit after taxation		**14,057**	5,903
Total comprehensive income for the year		**14,057**	5,903
Earnings per share			
Basic earnings per share (pence)	11	**145.67**	61.17
Diluted earnings per share (pence)	11	**141.75**	59.45

Results for the Year Ended 31 December 2017 are derived entirely from continuing operations.

The notes on pages 36 to 52 form an integral part of these financial statements.

WILLIAMS GRAND PRIX HOLDINGS PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

(REGISTRATION NUMBER: 07475805)

	Note	2017	2016
		£000	£000
Non-current assets			
Intangible assets	13	**1,767**	1,102
Heritage assets	14	**21,683**	21,708
Tangible assets	15	**41,861**	44,275
		65,311	67,085
Current assets			
Stocks	17	**1,477**	1,201
Debtors	18	**53,429**	60,445
Cash at bank and in hand		**4,486**	31
		59,392	61,677
Creditors: amounts falling due within one year	19	**(66,715)**	(86,647)
Net current liabilities		**(7,323)**	(24,970)
Total assets less current liabilities		**57,988**	42,115
Creditors: amounts falling due after more than one year	20	**(11,394)**	(10,648)
Net assets	2	**46,594**	31,467
Capital and reserves			
Called up share capital	26	**500**	500
Revaluation reserve		**21,033**	21,258
Other reserves		**2,127**	1,057
Retained earnings		**22,934**	8,652
Total equity		**46,594**	31,467

Approved and authorised by the Board on 19 April 2018 and signed on its behalf by:

D LAFFERTY
DIRECTOR

The notes on pages 36 to 52 form an integral part of these financial statements.

WILLIAMS GRAND PRIX HOLDINGS PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2017

	Called up share capital	Revaluation reserve	Other reserves	Retained earnings	Total equity
	£000	£000	£000	£000	£000
Balance as at 1 January 2016	500	22,046	500	1,961	25,007
Profit for the year	-	-	-	5,903	5,903
Total comprehensive loss 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
Balance as at 1 January 2017	**500**	**21,258**	**1,057**	**8,652**	**31,467**
Profit for the year	-	-	-	14,057	14,057
Total comprehensive income for the year	-	-	-	14,057	14,057
Share-based payment transactions	-	-	1,070	-	1,070
Realisation of profit on revalued assets	-	(225)	-	225	-
Balance as at 31 December 2017	**500**	**21,033**	**2,127**	**22,934**	**46,594**

The notes on pages 36 to 52 form an integral part of these financial statements.

WILLIAMS GRAND PRIX HOLDINGS PLC

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017	2016
		£000	£000
Net cash inflow/(outflow) from operating activities	27	**16,105**	(2,937)
Investing activities			
Payments to acquire fixed assets		**(5,675)**	(8,141)
Receipts from the sale of fixed assets		**8,990**	1,182
Net cash flow from investing activities		**3,315**	(6,959)
Financing activities			
Interest paid		**(838)**	(940)
Value of new loans obtained during the period		**18,000**	10,000
Repayment of loans and borrowings		**(29,787)**	(1,820)
Repayment of capital element of finance leases and HP contracts		**(348)**	(341)
Net cash flow from financing activities		**(12,973)**	6,899
Increase/(decrease) in cash and cash equivalents		**6,447**	(2,997)
Cash and cash equivalents at 1 January		**(1,961)**	1,036
Cash and cash equivalents at 31 December		**4,486**	(1,961)
Cash and cash equivalents consists of:			
Cash at bank and in hand		**4,486**	31
Bank overdrafts		**-**	(1,992)
Cash and cash equivalents		**4,486**	(1,961)

The notes on pages 36 to 52 form an integral part of these financial statements.

WILLIAMS GRAND PRIX HOLDINGS PLC

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

(REGISTRATION NUMBER: 07475805)

	Note	2017	2016
		£000	£000
Fixed assets			
Investments	16	**3,027**	1,957
Net assets		**3,027**	1,957
Capital and reserves			
Called-up share capital	26	**500**	500
Other reserves		**2,527**	1,457
Retained earnings		**-**	-
Total equity		**3,027**	1,957

Approved and authorised by the Board on 19 April 2018 and signed on its behalf by:

D LAFFERTY

DIRECTOR

WILLIAMS GRAND PRIX HOLDINGS PLC

COMPANY STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2017

	Called up share capital	Other reserves	Retained earnings	Total equity
	£000	£000	£000	£000
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
Balance as at 1 January 2017	**500**	**1,457**	**-**	**1,957**
Total comprehensive income for the year	**-**	**-**	**-**	**-**
Share-based payment transactions	**-**	**1,070**	**-**	**1,070**
Balance as at 31 December 2017	**500**	**2,527**	**-**	**3,027**

The notes on pages 36 to 52 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 £14.1 million (2016: £5.9 million). As at 31 December 2017 the Group had net assets of £46.6 million (2016: £31.5 million) and net current liabilities of £7.3 million (2016: £25.0 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 ("WAE") 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 Group has prepared and the Board has reviewed cash flow forecasts for a period of twelve months from the date of approval of these financial statements and also considered whether significant matters are expected to arise thereafter. These forecasts only include sponsorship revenue which is already contracted, estimates of other income and expenses and cash outflows due to loan repayments due within the forecast period. 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 should the need arise.

Based on the above analysis, 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, that the Group will remain in compliance with the covenant conditions in relation to the Group's borrowings and that the Group will be able to meet its scheduled repayment of borrowings due during the assessment period as detailed in notes 21 and 22. The Directors are also 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 car 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.

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.

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

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 2017

	Formula One	WAE	Other	Total
	£000	£000	£000	£000
Revenue	125,592	39,537	1,103	166,232
Other operating income	16,009	1,618	114	17,741
	141,601	41,155	1,217	183,973
EBITDA	16,019	5,035	(10,244)	10,810
Net profit/(loss) before taxation	11,626	4,339	(1,908)	14,057
Net assets	9,154	(119)	37,559	46,594

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
EBITDA	12,377	4,223	(1,108)	15,492
Net (loss)/profit before taxation	9,083	3,790	(6,970)	5,903
Net assets	12,110	4,886	14,471	31,467

Revenue from two commercial partners, each representing more than 10% of Group revenues comprised of Formula One, WAE and Other, amounted to approximately 36% and 14% of total Group revenues respectively (2016: 39% and 15%).

RECONCILIATION OF EBITDA TO NET PROFIT BEFORE TAXATION

	2017	2016
	£000	£000
EBITDA	**10,810**	15,492
Movement on derivative financial instruments at fair value through profit and loss	**4,009**	(3,685)
Equity-settled share-based payment expenses	**(1,218)**	(634)
Depreciation of tangible fixed assets	**(5,462)**	(4,074)
Amortisation of intangible fixed assets	**(572)**	(256)
Exceptional items	**7,328**	-
Interest payable and similar expenses	**(838)**	(940)
Net profit/(loss) before taxation	**14,057**	5,903

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2017	2016
	£000	£000
Operating leases – plant and machinery	964	787
Foreign exchange losses	3,362	2,379
Profit on sale of tangible fixed assets	(247)	(344)
Depreciation of tangible fixed assets	5,462	4,074
Amortisation of intangible fixed assets	572	256
Auditor's remuneration	111	76
Research and development expenditure credit	(7,163)	(6,631)
Government grants receivable	(984)	(49)

4. EXCEPTIONAL ITEMS

SALE OF LAND

During the year, the Company sold a plot of land for £9.0 million, while incurring costs of £1.7 million in respect of site valuation, consultancy and other disposal related costs. A net profit of £7.3 million was recognised in the income statement as 'exceptional profit on sale of land'.

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

5. AUDITOR'S REMUNERATION

	2017	2016
	£000	£000
Audit of the financial statements	85	47
Fees payable to the Company's auditor and its associates for other services:		
Other assurance services	26	29

6. PARTICULARS OF EMPLOYEES

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

	2017	2016
	No.	No.
Administration and support	**109**	90
Research and development	**640**	594
Marketing	**44**	35
	793	719

The aggregate payroll costs were as follows:

	2017	2016
	£000	£000
Wages and salaries	**55,270**	44,742
Social security costs	**6,430**	5,020
Other pension schemes	**2,137**	1,989
	63,837	51,751

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

7. DIRECTORS' REMUNERATION

The Directors' remuneration for the year was as follows:

	2017	2016
	£000	£000
Remuneration	**7,563**	3,388
Contributions paid to money purchase schemes	**37**	38
	7,600	3,426

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

	2017	2016
	No.	No.
Accruing benefits under money purchase pension schemes	**3**	4
Accruing benefits under long term incentive schemes	**5**	5

In respect of the highest paid Director:

	2017	2016
	£000	£000
Remuneration	**3,839**	1,300
Company contributions to money purchase pension schemes	**-**	6
	3,839	1,306

8. SHARE-BASED PAYMENTS

During 2015 and 2017, the Group granted share options to certain employees. The options were granted with a zero exercise price and a vesting period of three years, subject to continued employment within the Group. Details of the share options outstanding during the year are as follows:

	2017		2016	
	Share options	**Weighted average exercise price**	Share options	Weighted average exercise price
	No.	**£**	No.	£
Outstanding at 1 January	**215,000**	**-**	290,000	-
Granted during the year	**210,000**	**-**	-	-
Forfeited during the year	**-**	**-**	(75,000)	-
Outstanding at 31 December	**425,000**	**-**	215,000	-
Exercisable at 31 December	**-**	**-**	-	-

The Group recognised total expenses of £1,218,000 in relation to equity-settled share-based payment transactions in the year (2016: £634,000), comprising share-based payment expenses of £1,070,000 (2016: £557,000) and £148,000 in relation to associated payroll taxes (2016: £77,000). 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.

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017	2016
	£000	£000
Interest on bank borrowings	**735**	834
Interest on other loans	**63**	51
Interest payable on finance leases and hire purchase agreements	**40**	55
	838	940

10. TAXATION

Tax on profit on ordinary activities

	2017	2016
	£000	£000
Current tax		
Corporation tax charge	**-**	-
	-	-

The Group has estimated losses of approximately £99.3 million (2016: £119.6 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.

10. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax on profit on ordinary activities for the year is lower (2016: lower) than the standard rate of corporation tax in the UK of 19.25% (2016: 20%).

The differences are reconciled below:

	2017	2016
	£000	£000
Profit on ordinary activities before tax	**14,057**	5,903
Corporation tax at standard rate	**2,706**	1,181
Permanent fixed asset differences	**(1,337)**	238
Non-taxable income	**-**	(5)
Expenses not deductible for tax purposes	**663**	379
Adjustment in research and development tax credit	**(2,584)**	178
Chargeable gains	**1,242**	-
Adjustments in respect of prior periods	**895**	-
Unrelieved tax losses utilised	**(1,585)**	(1,971)
Total tax charge	**-**	-

Reductions in the UK corporation tax rate from 20% 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 substantively enacted on 6 September 2016.

11. EARNINGS PER SHARE

	2017	2016
	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	**266,781**	279,003
Weighted average number of shares outstanding for the purposes of diluted earnings per share	**9,916,781**	9,929,003

12. PROFIT ATTRIBUTABLE TO THE PARENT COMPANY

The profit for the year to 31 December 2017 dealt with in the accounts of the parent company (Williams Grand Prix Holdings PLC) was £nil (2016: £nil).

13. INTANGIBLE FIXED ASSETS

GROUP

	Software	Total
	£000	£000
Cost		
At 1 January 2017	2,162	2,162
Additions	1,237	1,237
At 31 December 2017	**3,399**	**3,399**
Amortisation		
At 1 January 2017	1,060	1,060
Charge for the year	572	572
At 31 December 2017	**1,632**	**1,632**
Net book value		
At 31 December 2017	**1,767**	**1,767**
At 31 December 2016	1,102	1,102

14. HERITAGE ASSETS

GROUP

	£000
Valuation	
At 1 January 2017	21,708
Additions	200
Disposals	(225)
At 31 December 2017	**21,683**

Five year financial summary of heritage asset transactions:

	2017	2016	2015	2014	2013
	£000	£000	£000	£000	£000
Additions	**200**	200	200	150	-
Disposals – carrying value	**225**	838	675	462	-
Disposals – sale proceeds	**450**	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.

15. 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 2017	30,961	52,509	1,627	-	85,097
Additions	794	2,990	454	-	4,238
Disposals	(1,190)	-	-	-	(1,190)
At 31 December 2017	**30,565**	**55,499**	**2,081**	**-**	**88,145**
Depreciation					
At 1 January 2017	671	39,066	1,085	-	40,822
Charge for the year	357	4,866	239	-	5,462
At 31 December 2017	**1,028**	**43,932**	**1,324**	**-**	**46,284**
Net book value					
At 31 December 2017	**29,537**	**11,567**	**757**	**-**	**41,861**
At 31 December 2016	30,290	13,443	542	-	44,275

LEASED ASSETS

Included within the net book value of tangible fixed assets is £781,000 (2016: £1,173,000) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £392,000 (2016: £393,000).

16. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

COMPANY

	£000
Cost and net book value as at 1 January 2017	1,957
Share-based payments	1,070
Cost and net book value as at 31 December 2017	**3,027**

17. STOCKS

GROUP

	2017	2016
	£000	£000
Stock and work in progress	1,477	1,201
	1,477	1,201

18. DEBTORS

GROUP

	2017	2016
	£000	£000
Trade debtors	22,713	34,113
Prepayments and accrued income	18,484	13,808
Other debtors	12,232	12,524
	53,429	60,445

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

GROUP

	2017	2016
	£000	£000
Bank loans and overdrafts	10,277	25,125
Obligations under finance lease and hire purchase contracts	329	354
Trade creditors	6,448	7,991
Other taxes and social security	1,871	274
Accruals and deferred income	31,227	37,782
Other creditors	16,563	11,112
Derivative financial liabilities	-	4,009
	66,715	86,647

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

GROUP

	2017	2016
	£000	£000
Bank loans and overdrafts	10,866	9,797
Obligations under finance lease and hire purchase contracts	528	851
	11,394	10,648

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.

21. BANK BORROWINGS

	2017	2016
	£000	£000
Amounts repayable:		
In less than one year	**10,277**	25,125
In more than one year but less than two years	**2,231**	1,681
In more than two years but not more than five years	**8,635**	8,116
	21,143	34,922

See note 22 for further details of bank borrowings held.

22. FINANCIAL INSTRUMENTS

The Group has the following financial instruments:

	2017	2016
	£000	£000
Financial assets measured at amortised cost		
Trade and other debtors	**34,945**	46,637
	34,945	46,637
Financial liabilities measured at fair value through profit or loss		
Derivative financial instruments	-	(4,009)
	-	(4,009)
Financial liabilities measured at amortised cost		
Bank loans and overdrafts	**(21,143)**	(34,922)
Obligations under finance lease and hire purchase contracts	**(857)**	(1,205)
Trade and other creditors	**(23,011)**	(19,103)
	(45,011)	(55,230)

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 2017, there were no derivative financial instruments outstanding.

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.

22. FINANCIAL INSTRUMENTS (CONTINUED)

The Group's debt facilities comprise:

- A loan facility of £10,000,000 repayable in eight instalments over a four year term. These instalments are £500,000 on 30 April 2018 and every six months thereafter until 30 April 2021, with all outstanding sums repaid in full on 31 October 2021. This facility carries interest at 2.4% over LIBOR.
- A loan facility of £3,144,000 repayable in thirty-one instalments over a three year term. These instalments are interest and capital repayments of £107,000 on 2 January 2018 and then on 31 January 2018 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 31 October 2021. This facility carries interest at 2.4% over LIBOR.
- An overdraft facility of £5,000,000. This facility carries interest at 2.4% 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.

23. OBLIGATIONS UNDER LEASES AND HIRE PURCHASE CONTRACTS

AMOUNTS REPAYABLE UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS:

GROUP

	2017	2016
	£000	£000
Within one year	**357**	395
In two to five years	**545**	895
	902	1,290
Less finance charges allocated to future periods	**(45)**	(85)
	857	1,205

As at 31 December 2017 the Group had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2017	2016
	£000	£000
Within one year	**557**	91
Within two to five years	**2,083**	64
In more than five years	**173**	323
	2,813	478

24. CONTINGENT LIABILITIES

The Group and Company had no contingent liabilities as at 31 December 2017 or as at 31 December 2016.

25. 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 £760,000 (2016: £761,000) 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 £152,000 (2016: £151,000) to Tri-Leg Leasing Limited and the amount outstanding as at 31 December 2017 was £6,000 (2016: £6,000).

During the year, Williams Advanced Engineering Limited sold £394,000 (2016: Williams Grand Prix Engineering Limited sold £156,000) of services to Vibra Healthcare, a company of which Brad Hollinger, a Director of the Company, is the majority shareholder. The amount outstanding from Vibra Healthcare as at 31 December 2017 was £86,000 (2016: £35,000).

26. SHARE CAPITAL AND OTHER RESERVES

ALLOTTED, CALLED UP AND FULLY PAID SHARES

	2017		2016	
	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.

27. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

RECONCILIATION OF PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Note	2017	2016
		£000	£000
Profit for the year		**14,057**	5,903
Exceptional profit on sale of land		**(7,328)**	-
Net finance costs		**838**	940
Movement on derivative financial instruments at fair value through profit and loss		**(4,009)**	3,685
Depreciation and amortisation charges	13, 15	**6,034**	4,330
Equity based compensation	8	**1,070**	557
Profit on disposal of fixed assets	3	**(247)**	(344)
Increase in stocks	17	**(276)**	(728)
Decrease/(increase) in debtors	18	**7,016**	(21,408)
(Decrease)/increase in creditors		**(1,050)**	4,128
Taxation paid		**-**	-
Net cash inflow/(outflow) from operating activities		**16,105**	(2,937)

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

	2017	2016
	£000	£000
Net cash inflow/(outflow) from operating activities	**16,105**	(2,937)
Payments to acquire fixed assets	**(5,675)**	(8,141)
Receipts from the sale of fixed assets	**8,990**	1,182
Operating free cash flow	**19,420**	(9,896)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2017	2016
	£000	£000
Increase/(decrease) in cash in the year	**6,447**	(2,997)
Net cash outflow/(inflow) from bank loans	**11,787**	(8,180)
Change in net debt resulting from cash flows	**18,234**	(11,177)
Decrease in net debt from finance leases	**348**	341
Movement in net debt in the year	**18,582**	(10,836)
Net debt at 1 January	**(36,096)**	(25,260)
Net debt at 31 December	**(17,514)**	(36,096)

28. ANALYSIS OF NET DEBT

	At 31 December 2016	Cash flows	Non-cash movement	**At 31 December 2017**
	£000	£000	£000	**£000**
Net cash:				
Cash in hand and at bank	31	4,455	-	**4,486**
Debt:				
Debt due within 1 year	(25,125)	14,848	-	**(10,277)**
Debt due after 1 year	(9,797)	(1,069)	-	**(10,866)**
Finance leases	(1,205)	388	(40)	**(857)**
	(36,127)	14,167	(40)	**(22,000)**
Net debt	(36,096)	18,622	(40)	**(17,514)**

29. CAPITAL COMMITMENTS

GROUP

Amounts contracted for but not provided in the financial statements amounted to £854,000 (2016: £697,000).

30. CONTROLLING RELATED PARTY

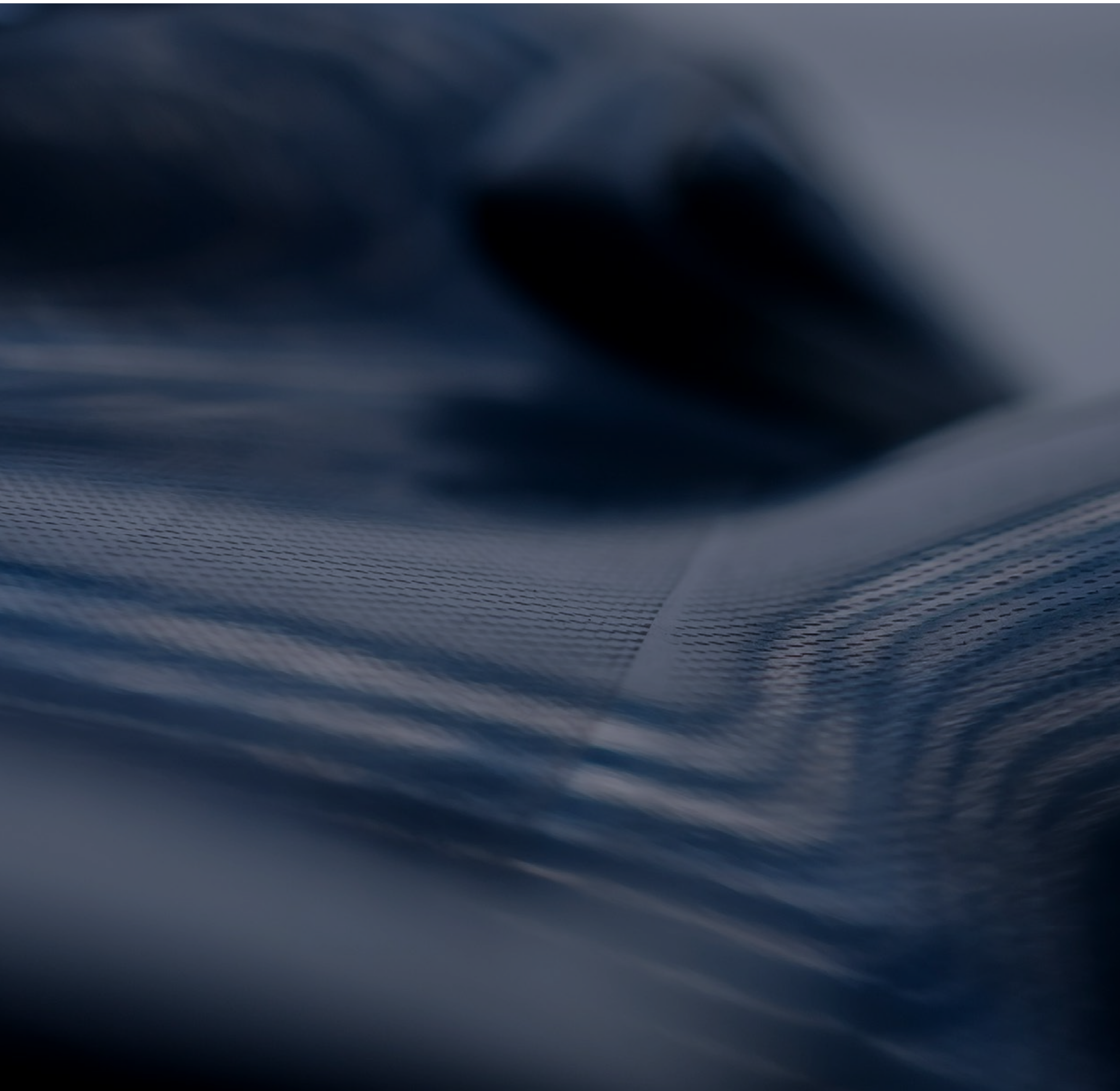
Sir Frank Williams is the Group's controlling related party by virtue of his 52.25% beneficial interest in the ordinary share capital of the Company.

31. GROUP COMPANIES

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

Name	Owner	Shares held	Activity
Williams Grand Prix Engineering Limited	Company	100%	High performance engineering
Williams Advanced Engineering Limited	Group	100%	Engineering and consultancy
Williams Advanced Engineering Technologies Limited	Group	100%	Dormant
Williams Technology Ventures Limited	Group	100%	Engineering and consultancy
WGP Trustees Limited	Company	100%	Trustee
Williams F1 Limited	Group	100%	Dormant
The Williams F1 Team Foundation	Group	Limited by guarantee	Dormant

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



WILLIAMS

GROVE
OXFORDSHIRE
OX12 0DQ

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

WILLIAMS

COMPANY INFORMATION

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

COMPANY SECRETARY
M Biddle

REGISTERED OFFICE
Grove
Wantage
Oxfordshire
OX12 0DQ

BANKER
HSBC Bank PLC
Cornmarket Street
Oxford
Oxfordshire
OX1 3HY

AUDITOR
KPMG LLP
Chartered Accountants
Arlington Business Park
Theale
Reading
RG7 4SD

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.