

10015

Company Number

1297497

STATUTORY COPY

WILLIAMS GRAND PRIX ENGINEERING LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 1996



WILLIAMS GRAND PRIX ENGINEERING LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 1996

INDEX

	Page
Company information	1
Report of the directors	2 - 3
Report of the auditors	4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes to the financial statements	8 - 16

WILLIAMS GRAND PRIX ENGINEERING LIMITED

COMPANY INFORMATION

COMPANY NUMBER : 1297497

DIRECTORS : F.O.G. Williams Esq.
P.M. Head Esq.
D. Mayall Esq.

SECRETARY : D. Mayall Esq.

REGISTERED OFFICE : Grove
Wantage
Oxfordshire
OX12 0DQ

BUSINESS ADDRESS : Grove
Wantage
Oxfordshire
OX12 0DQ

WILLIAMS GRAND PRIX ENGINEERING LIMITED

REPORT OF THE DIRECTORS

FINANCIAL STATEMENTS

The directors present their report and financial statements for the year ended 30 November 1996.

The directors are required by company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss for that period. In preparing the financial statements, suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements have been made. The directors are also responsible for maintaining adequate accounting records, for safeguarding the assets of the company, and for preventing and detecting fraud and other irregularities. The directors are satisfied that the business is a going concern.

PRINCIPAL ACTIVITY

The principal activity of the company continued unchanged as that of running a Formula 1 Grand Prix Racing Team.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The state of the company's affairs and the results for the year are shown by the attached financial statements.

The directors expect that the present level of activity will be sustained for the foreseeable future.

DIVIDENDS AND RESERVES

An interim dividend of £8.56 (1995: £9.95) per ordinary share amounting to £856,000 (1995: £994,500) was paid during the year. The directors recommend a final dividend of £1.44 (1995: £3.40) per ordinary share amounting to £144,000 (1995: £340,000). The profit for the year, after dividends, amounting to £6,083,221 has been carried to reserves.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year and their interests, including their family interests, in the shares of the company, according to the register required to be kept by Section 325 of the Companies Act 1985, were as follows:

	Ordinary shares of £1 each	
	As at 30.11.96	As at 1.12.95
F.O.G. Williams Esq.	70,000	70,000
P.M. Head Esq.	30,000	30,000
D. Mayall Esq.	NIL	NIL

WILLIAMS GRAND PRIX ENGINEERING LIMITED

REPORT OF THE DIRECTORS

FIXED ASSETS

The changes in fixed assets are shown in note 10 to the financial statements.

The directors consider that the market value of the freehold properties is at least equal to their current net book value of £14,203,997

CHARITABLE DONATIONS

The company made charitable donations amounting to £13,406.

EMPLOYMENT POLICY

It is the company's policy to offer equal opportunity 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.

CLOSE COMPANY PROVISIONS

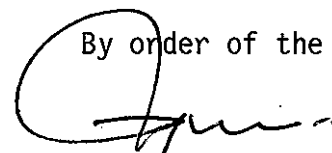
So far as the directors are aware the company was, at the end of the accounting period, a close company within the meaning of the Income and Corporation Taxes Act 1988.

AUDITORS

A resolution for the re-appointment of Messrs. Leigh Carr, Chartered Accountants, as auditors of the company is to be proposed at the Annual General Meeting.

13th August 1997

By order of the Board



D. Mayall Esq.
Secretary

WILLIAMS GRAND PRIX ENGINEERING LIMITED

AUDITORS REPORT TO THE MEMBERS OF WILLIAMS GRAND PRIX ENGINEERING LIMITED

We have audited the financial statements on pages 5 to 16 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board.

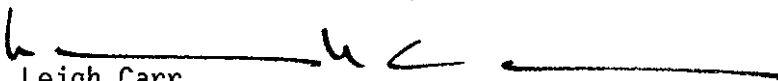
An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 November 1996 and of its profit and cash flow for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Leigh Carr
Chartered Accountants
Registered Auditor
27-31 Blandford Street
London W1H 4EN

13th August 1997

WILLIAMS GRAND PRIX ENGINEERING LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 NOVEMBER 1996

<u>Note</u>	1996 £	1995 £
2. Turnover	44,291,091	36,311,483
Direct costs	(30,316,235)	(23,669,101)
Profit before net operating expenses	<u>13,974,856</u>	<u>12,642,382</u>
3. Net operating expenses	(4,464,467)	(6,028,655)
4. Operating profit	<u>9,510,389</u>	<u>6,613,727</u>
7. Interest payable and similar charges	(83,775)	(98,548)
Profit on ordinary activities before taxation	<u>9,426,614</u>	<u>6,515,179</u>
8. Tax on profit on ordinary activities	(2,343,393)	(2,134,466)
Profit for the year after taxation	<u>7,083,221</u>	<u>4,380,713</u>
9. Dividends	(1,000,000)	(1,334,500)
Retained profit for the year	<u>6,083,221</u>	<u>3,046,213</u>
Retained profit brought forward	14,230,302	11,184,089
Retained profit	<u><u>£20,313,523</u></u>	<u><u>£14,230,302</u></u>

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years.

Total recognised gains or losses

The company has no recognised gains or losses other than the profit for the above two financial years.

WILLIAMS GRAND PRIX ENGINEERING LIMITED

BALANCE SHEET AS AT 30 NOVEMBER 1996

<u>Note</u>	1996		1995	
	£	£	£	£
FIXED ASSETS				
10. Tangible assets		24,607,627		19,656,557
CURRENT ASSETS				
11. Stock		162,507		171,426
12. Debtors		2,462,849		3,001,819
Cash at bank and in hand		4,636,353		4,970,967
		<u>7,261,709</u>		<u>8,144,212</u>
CREDITORS				
13. Amounts falling due within one year		11,455,813		13,470,467
NET CURRENT LIABILITIES		<u>(4,194,104)</u>		<u>(5,326,255)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>£20,413,523</u>		<u>£14,330,302</u>
Financed by:				
CAPITAL AND RESERVES				
14. Called up share capital		100,000		100,000
Profit and loss account		20,313,523		14,230,302
		<u>£20,413,523</u>		<u>£14,330,302</u>

The financial statements were approved by the board on 13th August 1997.

F.O.G. Williams Esq.

P.M. Head Esq.

} Directors

WILLIAMS GRAND PRIX ENGINEERING LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 NOVEMBER 1996

	1996		1995	
	£	£	£	£
Net cash inflow/(outflow) from operating activities (note 20)		8,272,687		7,549,581
Returns on investments and servicing of finance				
Interest received		121,300		411,643
Interest paid		(83,775)		(98,548)
Dividends paid		(1,196,000)		(994,500)
		<u> </u>		<u> </u>
Net cash outflow from returns on investments and servicing of finance		(1,158,475)		(1,021,405)
Taxation				
UK Corporation tax paid		(2,284,841)		(2,149,827)
UK Corporation tax repaid		1,734		-
Investing activities				
Payments to acquire tangible fixed assets		(17,326,080)		(12,903,484)
Receipts from sales of tangible fixed assets		13,457,792		5,769,300
		<u> </u>		<u> </u>
Net cash outflow from investing activities		(3,868,288)		(7,134,184)
Net cash inflow/(outflow) before financing		<u> </u> <u> </u> 962,817		<u> </u> <u> </u> (2,415,836)
Increase/(decrease) in cash and cash equivalents		<u> </u> <u> </u> 962,817		<u> </u> <u> </u> (2,415,836)

WILLIAMS GRAND PRIX ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 1996

1. ACCOUNTING POLICIES

(a) Basis of preparation

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

(b) Tangible fixed assets

Depreciation is provided at rates calculated to write off the cost less estimated residual value, of each asset over its expected useful life, as follows:-

Plant & machinery	20%	reducing balance
Fixtures & fittings	20%	reducing balance
Motor vehicles	25%	straight line
Computer and office equipment	20%	reducing balance
Pit equipment	20%	reducing balance
Aircraft	10%	straight line
Windtunnel and R & D equipment	20%	reducing balance

A nil depreciation rate is provided in respect of the freehold properties, which are shown at cost.

(c) Stock and work in progress

Stock is stated at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis. Net realisable value is based on estimated selling price less further costs expected to be incurred to disposal.

(d) Pension fund

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

(e) Deferred taxation

Deferred taxation is provided on the liability method on all short term timing differences and all other material differences at the current rate of tax, unless there is reasonable probability that such a liability will not arise in the foreseeable future.

WILLIAMS GRAND PRIX ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 1996

(f) Foreign currencies

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

(g) Research and development

The company is heavily committed to research and development activities so as to maintain its position as a world leader in Formula One racing. All expenditure on pure and applied research is written off to the profit and loss account as incurred.

2. TURNOVER

Turnover represents the invoiced value of goods sold, sponsorship income, prize monies and bonuses as principal excluding value added tax and trade discounts.

3. NET OPERATING EXPENSES

	1996 £	1995 £
Administrative expenses	4,585,767	6,440,298
Other operating income:-		
Interest receivable	(121,300)	(411,643)
	<u>4,464,467</u>	<u>6,028,655</u>

4. OPERATING PROFIT

	1996 £	1995 £
Operating profit is stated after charging:		
Auditors remuneration	25,000	22,500
Directors' emoluments	1,261,761	1,202,489
Depreciation	1,817,761	1,459,816
Operating lease rentals:-		
Plant and machinery	<u>60,593</u>	<u>37,655</u>

WILLIAMS GRAND PRIX ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 1996

	1996 £	1995 £
5. DIRECTORS EMOLUMENTS		
Remuneration	1,047,312	989,630
Pension contributions	214,449	212,859
	<u>1,261,761</u>	<u>1,202,489</u>
Chairman's emoluments	<u>163,617</u>	<u>148,050</u>
Highest paid director's emoluments	<u>794,373</u>	<u>784,400</u>

The other director's emoluments excluding pension contributions, was within the following range:-

	Number	Number
£55,001 - £60,000	-	1
£85,001 - £90,000	<u>1</u>	<u>-</u>

	1996 £	1995 £
6. STAFF COSTS		
Staff costs, including those for directors, during the year amounted to:-		
Wages and salaries	10,581,964	8,692,834
Social security costs	959,984	780,793
Other pension costs	703,237	631,970
	<u>12,245,185</u>	<u>10,105,597</u>

The average number of persons employed by the company, including directors, during the year was:-

	Number	Number
Category		
Management	16	14
Administrative	11	8
Production	217	198
Sponsorship	8	8
	<u>252</u>	<u>228</u>

WILLIAMS GRAND PRIX ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 1996

	1996 £	1995 £
7. INTEREST PAYABLE AND SIMILAR CHARGES		
On bank loans and overdrafts :		
Repayable within 5 years, not by instalments	82,889	98,548
Interest on tax	886	-
	<u>83,775</u>	<u>98,548</u>

	1996 £	1995 £
8. TAX ON PROFIT ON ORDINARY ACTIVITIES		
Corporation tax on profit for the year at 33% (1995 : 33%)	2,382,754	2,134,466
Over provision of tax in earlier years	(39,361)	-
	<u>2,343,393</u>	<u>2,134,466</u>

	1996 £	1995 £
9. DIVIDENDS		
Interim paid	856,000	994,500
Final proposed	144,000	340,000
	<u>1,000,000</u>	<u>1,334,500</u>

WILLIAMS GRAND PRIX ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 1996

10. TANGIBLE FIXED ASSETS

COST	As at 1.12.95 £	Additions £	(Disposals) £	As at 30.11.96 £
Freehold property	11,287,528	2,916,469	-	14,203,997
Plant & machinery	3,575,079	729,952	-	4,305,031
Fixtures & fittings	994,131	144,118	-	1,138,249
Motor vehicles	887,294	-	(12,000)	875,294
Aircraft	5,666,666	12,147,305	(11,466,667)	6,347,304
Pit equipment	258,179	15,965	-	274,144
Office equipment	500,095	131,972	-	632,067
Helicopters	766,715	1,100,000	(1,100,000)	766,715
Windtunnel, R & D equipment	807,475	140,299	-	947,774
Computer equipment	228,791	-	-	228,791
	<u>24,971,953</u>	<u>17,326,080</u>	<u>(12,578,667)</u>	<u>29,719,366</u>

DEPRECIATION	As at 1.12.95 £	Provided in the year £	(Disposals) £	As at 30.11.96 £
Plant & machinery	2,066,445	447,717	-	2,514,162
Fixtures & fittings	453,469	136,956	-	590,425
Motor vehicles	385,941	159,903	(8,500)	537,344
Aircraft	1,133,334	856,666	(1,990,000)	-
Pit equipment	159,043	24,640	-	183,683
Office equipment	290,006	68,412	-	358,418
Helicopters	153,342	22,917	(22,917)	153,342
Windtunnel, R & D equipment	520,629	85,429	-	606,058
Computer equipment	153,186	15,121	-	168,307
	<u>5,315,395</u>	<u>1,817,761</u>	<u>(2,021,417)</u>	<u>5,111,739</u>

NET BOOK VALUES

	As at 30.11.96 £	As at 30.11.95 £
Freehold property	14,203,997	11,287,528
Plant & machinery	1,790,869	1,508,633
Fixtures & fittings	547,824	540,661
Motor vehicles	337,950	501,353
Aircraft	6,347,304	4,533,333
Pit equipment	90,461	99,136
Office equipment	273,649	210,089
Helicopters	613,373	613,373
Windtunnel, R & D equipment	341,716	286,846
Computer equipment	60,484	75,605
	<u>24,607,627</u>	<u>19,656,557</u>

WILLIAMS GRAND PRIX ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 1996

	1996 £	1995 £
11. STOCK		
Racing spares and parts	150,000	150,000
Conference centre stocks	12,507	21,426
	<u>162,507</u>	<u>171,426</u>

	1996 £	1995 £
12. DEBTORS		
Trade debtors	1,976,443	1,423,153
Amounts owed by related undertakings	-	575
Corporation tax recoverable	64,204	128,204
Other debtors	315,626	1,329,658
Prepayments	106,576	120,229
	<u>2,462,849</u>	<u>3,001,819</u>

	1996 £	1995 £
13. CREDITORS		
Amounts falling due within one year:		
Bank overdrafts	5,888,420	7,185,851
Amounts due to related undertakings	2,990	-
Trade creditors	1,691,108	1,564,207
Current corporation tax	2,103,467	1,985,841
Other taxes and social security	652,086	331,460
Other creditors	854,386	1,889,432
Proposed dividend	144,000	340,000
Advance corporation tax	36,000	100,000
Accruals	83,356	73,676
	<u>11,455,813</u>	<u>13,470,467</u>

The bank overdraft is secured on one of the company's freehold properties.

WILLIAMS GRAND PRIX ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 1996

	1996 £	1995 £
14. SHARE CAPITAL		
Authorised 100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Alotted, called up and fully paid 100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

	1996 £	1995 £
15. CAPITAL COMMITMENTS		
Commitments for capital expenditure not provided for were as follows:-		
Contracts placed	<u>510,000</u>	<u>8,281,130</u>

16. PENSION COMMITMENTS

The company operates defined contribution pension schemes for both the directors and the staff. The assets of the schemes are held separately from those of the company in an independently administered fund.

17. RELATED PARTY TRANSACTIONS

During the year, the company provided research, development and technical facilities to Williams Touring Car Engineering Limited. The net value of these transactions was £570,000.

WILLIAMS GRAND PRIX ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 1996

	1996 £	1995 £
18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS		
Profit for the year	7,083,221	4,380,713
Dividends	(1,000,000)	(1,334,500)
	<u>6,083,221</u>	<u>3,046,213</u>
Net addition to shareholders' funds	6,083,221	3,046,213
Opening shareholders' funds	14,330,302	11,284,089
	<u>20,413,523</u>	<u>14,330,302</u>

	1996 £	1995 £
19. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES		
Operating profit	9,510,389	6,613,727
Depreciation charges	1,817,761	1,459,816
Interest receivable	(121,300)	(411,643)
Profit on sale of fixed assets	(2,900,542)	(893,263)
Decrease/(increase) in debtors	532,309	(867,938)
(Decrease)/increase in creditors	(574,849)	1,758,266
(Decrease)/increase in stock	8,919	(9,384)
	<u>8,272,687</u>	<u>7,549,581</u>
Net cash inflow from operating activities	<u>8,272,687</u>	<u>7,549,581</u>

	1996 £	1995 £
20. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR		
Balance at 1 December 1995	(2,214,884)	(200,952)
Net cash inflow/(outflow)	962,817	(2,415,836)
	<u>(1,252,067)</u>	<u>(2,214,884)</u>
Balance at 30 November 1996	<u>(1,252,067)</u>	<u>(2,214,884)</u>

WILLIAMS GRAND PRIX ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 1996

	1996 £	1995 £	Change in the year £
21. ANALYSIS OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET			
Cash at bank and in hand	4,636,353	4,970,967	(334,614)
Bank overdrafts	(5,888,420)	(7,185,851)	1,297,431
	<u>(1,252,067)</u>	<u>(2,214,884)</u>	<u>962,817</u>