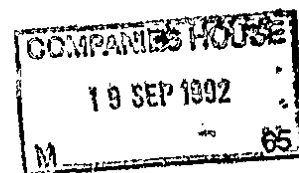


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WILLIAMS GRAND PRIX ENGINEERING LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH NOVEMBER 1991



WILLIAMS GRAND PRIX ENGINEERING LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH NOVEMBER 1991

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WILLIAMS GRAND PRIX ENGINEERING LIMITED

COMPANY INFORMATION

COMPANY NUMBER : 1297497

DIRECTORS : F.O.G. Williams Esq.
P.M. Head Esq.
S. Thynne Esq.

SECRETARY : D.Mayall Esq.

REGISTERED OFFICE : 27/31 Blandford Street
London W1H 3AD

BUSINESS ADDRESS : Basil Hill Road
Didcot
Oxfordshire
OX11 7HW

WILLIAMS GRAND PRIX ENGINEERING LIMITED

REPORT OF THE DIRECTORS

The directors present their report and financial statements for the year ended 30th November 1991.

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 trading results for the year are as shown by the attached financial statements. The directors expect the present level of activity to be sustained for the foreseeable future.

DIVIDENDS AND RESERVES

The company has paid an interim dividend of 75p (1990: £2.15) per Ordinary Share amounting to £75,000 (1990: £215,000) and propose to recommend a final dividend for the year of £3.30 (1990: NIL) per Ordinary Share, amounting to £330,000 (1990: NIL). The retained loss for the year of £1,184,679 has been carried to reserves.

FIXED ASSETS

The changes in fixed assets are shown in notes 9 and 10 to the financial statements.

The directors consider that the market value of the freehold property is currently in excess of £6 million. Were the premises to be sold at this value, there would be an estimated potential capital gains tax liability of £500,000. No deferred taxation liability has been provided in the financial statements.

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 as incurred.

WILLIAMS GRAND PRIX ENGINEERING LIMITED

REPORT OF THE DIRECTORS

DIRECTORS AND THEIR INTERESTS

The interests of the directors of the company at 30th November 1991 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:-

	<u>Ordinary £1 Shares</u>	
	<u>As at 30.11.91</u>	<u>As at 30.11.90</u>
F.O.G. Williams Esq.	70,000	70,000
P.M. Head Esq.	30,000	30,000
S. Thynne Esq.	NIL	NIL

In accordance with the Articles of Association P.M. Head Esq. retires by rotation and, being eligible, offers himself for re-election.

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.

BY ORDER OF THE BOARD

D. Mayall Esq.
Secretary

8th June 1992

WILLIAMS GRAND PRIX ENGINEERING LIMITED

REPORT OF THE AUDITORS

TO THE MEMBERS OF WILLIAMS GRAND PRIX ENGINEERING LIMITED

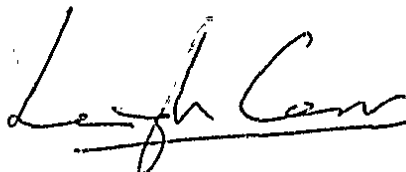
We have audited the financial statements on pages 5 to 15. Our audit was conducted in accordance with Auditing Standards having regard to the matter referred to in the following paragraph.

No depreciation has been provided by the directors on the freehold property, as, in their opinion, their policy of continual maintenance and repairs to the premises ensures that its prevailing market value will (at least) exceed its net book value, thereby rendering a depreciation charge immaterial. The company did not provide depreciation on the airplane, as its residual value is at least equal to its carrying value in the accounts of £4,325,844. The directors have in fact contracted to dispose of the airplane at a sales value of approximately £4,500,000.

The above non-provision of depreciation is not in accordance with Statement of Standard Accounting Practice No.12 or the Companies Act 1985.

The effect of this policy is to reduce the company's loss before tax by the amount of depreciation not provided, which for the year under review would equate to approximately £80,000 in respect of the freehold property (based on a rate of 2% per annum straight line on the balance sheet value) and £432,584 in respect of the airplane, based on a rate of 10% per annum straight line. The value of the company's net assets and reserves have been accordingly enhanced by £512,584.

Except for the foregoing, in our opinion the financial statements give a true and fair view of the state of the company's affairs at 30th November 1991 and of its loss and source and application of funds for the year then ended and comply with the Companies Act 1985.



Leigh Carr
Registered Auditors
Chartered Accountants
27-31 Blandford Street
London W1H 3AD

8th June 1992

WILLIAMS GRAND PRIX ENGINEERING LIMITED
 PROFIT AND LOSS ACCOUNT
 FOR THE YEAR ENDED 30TH NOVEMBER 1991

<u>Note</u>	<u>1991</u>	<u>1990</u>
	<u>£</u>	<u>£</u>
1. Turnover	21,263,537	15,334,711
Administration expenses	(23,272,729)	(14,867,104)
2. Other operating income	661,751	860,434
3. Operating (loss)/profit	(1,347,441)	1,328,041
6. Interest payable and similar charges	(249,938)	(27,420)
(Loss)/profit on ordinary activities before taxation	(1,597,379)	1,300,621
7. Tax on results of ordinary activities	817,700	(619,721)
(Loss)/profit on ordinary activities after taxation	(779,679)	680,900
8. Dividends	(405,000)	(215,000)
Retained (loss)/profit for the year	(1,184,679)	465,900
Retained profit brought forward	4,611,105	4,145,205
Retained profit	<u>£ 3,426,426</u>	<u>£ 4,611,105</u>


The notes on pages 8 to 15 form part of these financial statements.

WILLIAMS GRAND PRIX ENGINEERING LIMITED

BALANCE SHEET AS AT 30TH NOVEMBER 1991

<u>Note</u>	<u>1991</u>		<u>1990</u>	
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
FIXED ASSETS				
10. Tangible assets		10,441,670		7,809,168
CURRENT ASSETS				
11. Stock		154,925		170,253
12. Debtors		2,120,425		1,668,005
Cash at bank and in hand		731,880		581,190
		<u>3,007,230</u>		<u>2,419,448</u>
CREDITORS				
13. amounts falling due within one year		8,191,683		5,517,511
NET CURRENT (LIABILITIES)		<u>(5,184,453)</u>		<u>(3,098,063)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,257,217		4,711,105
CREDITORS				
14. amounts falling due after more than one year		1,730,791		-
		<u>£3,526,426</u>		<u>£4,711,105</u>
Financed by:				
CAPITAL AND RESERVES				
16. Called up share capital		100,000		100,000
Profit and loss account		3,426,426		4,611,105
		<u>£3,526,426</u>		<u>£4,711,105</u>

The financial statements were approved by the board on 8th June 1992 .

 F.O.G. Williams Esq.

} Directors

 R.M. Head Esq.

The notes on pages 8 to 15 form part of these financial statements.

WILLIAMS GRAND PRIX ENGINEERING LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 30TH NOVEMBER 1991

	<u>1991</u>		<u>1990</u>	
	£	£	£	£
SOURCE OF FUNDS				
(Loss)/profit on ordinary activities before taxation		(1,597,379)		1,300,621
Adjustment for items not involving the movement of funds:				
Depreciation of fixed assets	626,298		798,363	-
(Profit) on disposal of fixed assets	(145,898)		(585,300)	-
		<u>480,400</u>		<u>213,063</u>
Total (absorbed by)/generated from operations		(1,116,979)		1,513,684
Funds from other sources				
Proceeds on disposal of tangible fixed assets		3,476,038		2,673,291
Tax refund		18,344		-
		<u>2,377,403</u>		<u>4,186,975</u>
APPLICATION OF FUNDS				
Dividends paid	75,000		215,000	
Purchase of tangible fixed assets	6,588,941		4,392,230	
Tax and ACT paid	578,178		578,227	
		<u>7,242,119</u>		<u>5,185,457</u>
		<u>£(4,864,716)</u>		<u>£ (998,482)</u>
INCREASE/(DECREASE) IN WORKING CAPITAL				
Stock		(15,328)		20,253
Debtors and prepayments		(165,821)		(580,106)
Creditors and accruals		(711,440)		988,369
Hire purchase		(104,625)		-
Directors' accounts		(2,723)		-
		<u>(999,937)</u>		<u>428,516</u>
Movement in net liquid funds				
Cash at bank and in hand		150,690		(1,143,039)
Current instalment due on loan		(4,058,074)		-
Bank overdraft		42,605		(283,959)
		<u>£(4,864,716)</u>		<u>£ (998,482)</u>

The notes on pages 8 to 15 form part of these financial statements.

WILLIAMS GRAND PRIX ENGINEERING LIMITED

ACCOUNTING POLICIES

FOR THE YEAR ENDED 30TH NOVEMBER 1991

The following are the more important accounting policies adopted by the company :-

a) Basis of preparation

The financial statements are prepared under the historical cost convention.

b) Tangible fixed assets

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

	<u>% per annum</u>	<u>Method</u>
Freehold property	NIL	straight line
Plant & equipment	20	reducing balance
Fixtures & fittings	20	reducing balance
Motor vehicles	25	straight line
Aircraft	NIL	straight line
Pit equipment	20	reducing balance
Computer	20	reducing balance
Office equipment	20	reducing balance
Windtunnel and R & D equipment	20	reducing balance

Nil depreciation is provided on both the Freehold Property and on the company Aircraft.

c) Stock and work in progress

Stock is valued at the lower of cost and net realisable value of each item or group of items.

d) 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 a reasonable probability that such a liability will not arise in the foreseeable future.

e) 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 ruling at the date of the transaction. All profits and losses on exchange are dealt with in the profit and loss account.

WILLIAMS GRAND PRIX ENGINEERING LIMITED

ACCOUNTING POLICIES

FOR THE YEAR ENDED 30TH NOVEMBER 1991

f) Hire purchase commitments

Assets obtained under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. Rentals paid under operating leases are dealt with in the profit and loss account as incurred.

g) 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.

WILLIAMS GRAND PRIX ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH NOVEMBER 1991

1. TURNOVER

Turnover represents the invoiced value of goods sold and services rendered as principal excluding value added tax and trade discounts.

	<u>1991</u>	<u>1990</u>
	<u>£</u>	<u>£</u>
2. OTHER OPERATING INCOME		
Interest receivable	78,929	277,612
Contribution received	582,822	582,822
	<u>£ 661,751</u>	<u>£ 860,434</u>

3. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging:

Auditors remuneration	15,500	11,500
Directors emoluments (see note 4)	433,071	578,048
Depreciation	626,058	797,963
Operating lease rentals:-		
Plant and equipment	106,451	14,143
Land and property	14,850	14,850
	<u> </u>	<u> </u>

	<u>1991</u>	<u>1990</u>
	<u>£</u>	<u>£</u>
4. DIRECTORS EMOLUMENTS		
Remuneration	278,071	368,048
Pension contributions	155,000	210,000
	<u>£433,071</u>	<u>£578,048</u>
Chairman's emoluments	<u>£150,150</u>	<u>£ 91,309</u>

Particulars of other directors' emoluments were within the following ranges :-

	<u>Number</u>	<u>Number</u>
£ 65,001 to £ 70,000	-	1
£ 70,001 to £ 75,000	1	-
£160,001 to £165,000	-	-
£205,000 to £210,000	1	-
£210,001 to £215,000	-	1

WILLIAMS GRAND PRIX ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH NOVEMBER 1991

	<u>1991</u> £	<u>1990</u> £
5. STAFF COSTS		
Staff costs, including those for directors, was:-		
Wages and salaries	5,093,232	3,841,792
Social security costs	469,829	386,944
Other pension costs	368,210	271,988
	<u>£5,931,271</u>	<u>£4,500,724</u>

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

<u>Category</u>		
Management	10	9
Administrative	6	5
Production	145	126
Sponsorship	4	4
	<u>165</u>	<u>144</u>

	<u>1991</u> £	<u>1990</u> £
6. INTEREST PAYABLE AND SIMILAR CHARGES		
Bank loans and overdrafts and other loans wholly repayable within five years	187,150	27,420
Hire purchase charges	5,659	-
Loan interest	57,129	-
	<u>£249,938</u>	<u>£ 27,420</u>

7. TAX ON RESULTS OF ORDINARY ACTIVITIES

Corporation tax on results for the year @ 34%	-	517,171
(Over)/under provision of tax in earlier years	(817,700)	102,550
	<u>£(817,700)</u>	<u>£619,721</u>

The taxable losses which have arisen during the accounting period have resulted in a NIL Corporation Tax charge.

WILLIAMS GRAND PRIX ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH NOVEMBER 1991

	<u>1991</u> <u>£</u>	<u>1990</u> <u>£</u>
8. DIVIDENDS		
Paid	75,000	215,000
Proposed	330,000	-
	<u>£405,000</u>	<u>£215,000</u>

9. TANGIBLE FIXED ASSETS

COST	As at <u>1.12.1990</u>	Additions	(Disposals)	As at <u>30.11.1991</u>
	£	£	£	£
Freehold property	3,043,455	931,248	-	3,974,703
Plant & equipment	1,152,596	744,010	-	1,896,606
Fixtures & fittings	291,042	109,142	-	400,184
Motor vehicles	632,358	23,504	(33,536)	622,326
Aircraft	3,694,074	4,325,844	(3,694,074)	4,325,844
Pit equipment	147,110	-	-	147,110
Office equipment	220,444	8,899	-	229,343
Race engines	76,870	-	-	76,870
Race Gearbox	8,000	-	-	8,000
Windtunnel and R & D Equipment	326,423	446,294	(93,409)	679,308
Computer	164,525	-	-	164,525
	<u>£9,756,897</u>	<u>£6,588,941</u>	<u>£(3,821,019)</u>	<u>£12,524,819</u>

DEPRECIATION	As at <u>1.12.1990</u>	Provided in the year	(Disposals)	As at <u>30.11.1991</u>
	£	£	£	£
Freehold property	-	-	-	-
Plant & equipment	600,652	259,180	-	859,832
Fixtures & fittings	136,612	52,665	-	189,277
Motor vehicles	344,708	152,692	(28,063)	469,337
Aircraft	369,407	-	(369,407)	-
Pit equipment	88,976	11,627	-	100,603
Office equipment	112,232	33,596	-	145,828
Race engines	35,770	8,220	-	43,990
Race Gearbox	6,800	240	-	7,040
Windtunnel and R & D Equipment	195,744	96,712	(93,409)	199,047
Computer	56,829	11,366	-	68,195
	<u>£1,947,730</u>	<u>£ 626,298</u>	<u>£ (490,879)</u>	<u>£ 2,083,149</u>

WILLIAMS GRAND PRIX ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH NOVEMBER 1991

10. TANGIBLE FIXED ASSETS

NET BOOK VALUES

	As at 30.11.1991	As at 31.11.1990
	£	£
Freehold property	3,974,703	3,043,455
Plant & equipment	1,036,774	551,943
Fixtures & fittings	210,907	154,431
Motor vehicles	152,989	287,650
Aircraft	4,325,844	3,324,667
Pit equipment	46,507	58,134
Office equipment	83,515	108,213
Race engines	32,880	41,100
Race Gearbox	960	1,200
Windtunnel and R & D Equipment	480,261	130,679
Computer	96,330	107,696
	<u>£10,441,670</u>	<u>£ 7,809,168</u>

	1991	1990
	£	£
11. STOCK		
Racing spares and parts	150,000	150,000
Conference centre stocks	4,925	20,253
	<u>£154,925</u>	<u>£170,253</u>

12. DEBTORS

Trade debtors	1,063,800	313,598
Corporation tax recoverable	618,241	-
Prepayments	144,094	11,950
Other debtors	294,290	1,342,457
	<u>£2,120,425</u>	<u>£1,668,005</u>

WILLIAMS GRAND PRIX ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH NOVEMBER 1991

	<u>1991</u> £	<u>1990</u> £
13. CREDITORS		
Amounts falling due within one year:		
Commercial loans (secured)	2,391,408	-
Bank overdraft (secured)	505,859	548,464
Obligations under hire purchase contracts	40,500	-
Trade creditors	971,475	1,301,119
Directors' accounts	3,328	605
Current corporation tax	-	830,960
Other taxes and social security	156,245	179,607
Accruals	305,250	346,531
Proposed dividend	330,000	-
Other creditors and deferred income	3,487,618	2,310,225
	<u>£8,191,683</u>	<u>£5,517,511</u>

Both the commercial loans and the bank overdraft are secured by a legal charge (in favour of the company's bankers) over the freehold property.

14. CREDITORS

Amounts falling due after more than one year:		
Commercial loan	1,666,666	-
Obligations under hire purchase contracts	64,125	-
	<u>£1,730,791</u>	<u>£ -</u>

15. BANK LOAN

Repayable as follows:		
Over one year and under five years	1,666,666	-
Under one year	2,391,408	-
	<u>£4,058,074</u>	<u>£ -</u>

Interest is being charged at 2% per annum over Barclays Bank base rate. The loan is secured on the freehold property.

WILLIAMS GRAND PRIX ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH NOVEMBER 1991

	<u>1991</u> <u>£</u>	<u>1990</u> <u>£</u>
16. SHARE CAPITAL		
Authorised 100,000 Ordinary shares of £1 each	£100,000	£100,000
Allotted, called up and fully paid 100,000 Ordinary shares of £1 each	£100,000	£100,000

17. PENSION COMMITMENTS

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

18. OTHER FINANCIAL COMMITMENTS

The company was committed to the following contractual payments as at 30th November 1991:-

	<u>Plant and</u> <u>Machinery</u>	<u>Land and</u> <u>Buildings</u>
	<u>£</u>	<u>£</u>
Year ended 30 November 1992	153,520	14,850
30 November 1993	153,520	14,850
30 November 1994	38,380	14,850