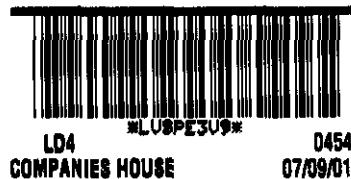


Company Registration No. 1297497 (England and Wales)

10015

WILLIAMS GRAND PRIX ENGINEERING LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2000



WILLIAMS GRAND PRIX ENGINEERING LIMITED

COMPANY INFORMATION

Directors	F O G Williams Esq. P M Head Esq. D Mayall Esq.
Secretary	D Mayall Esq.
Company number	1297497
Registered office	Grove Wantage Oxfordshire OX12 0DQ
Auditors	Leigh Carr 72 New Cavendish Street London W1G 8AU
Business address	Grove Wantage Oxfordshire OX12 0DQ

WILLIAMS GRAND PRIX ENGINEERING LIMITED

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WILLIAMS GRAND PRIX ENGINEERING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 NOVEMBER 2000

The directors present their report and financial statements for the year ended 30 November 2000.

Principal activities and review of the business

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

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Results and dividends

The results for the year are set out on page 4.

An interim ordinary dividend was paid amounting to £530,000. The directors recommend payment of a final dividend amounting to £800,000.

Market value of land and buildings

In the opinion of the directors the market value of land and buildings is not materially different from the current net book value.

Future developments

The directors have great expectations for the ensuing Grand Prix season, especially with the introduction of the BMW engine.

Directors

The following directors have held office since 1 December 1999:

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

Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary shares of £1 each	
	30 November 2000	1 December 1999
F O G Williams Esq.	70,000	70,000
P M Head Esq.	30,000	30,000
D Mayall Esq.	-	-

Employee involvement

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

Disabled persons

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.

WILLIAMS GRAND PRIX ENGINEERING LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2000

Taxation status

The company was a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year.

Creditor payment policy

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

On average, trade creditors at the year end represented 76 (1999- 62) days' purchases.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Leigh Carr be reappointed as auditors of the company will be put to the Annual General Meeting.

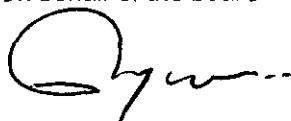
Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board



D Mayall Esq.

Director

5 July 2001

WILLIAMS GRAND PRIX ENGINEERING LIMITED

AUDITORS' REPORT

TO THE SHAREHOLDERS OF WILLIAMS GRAND PRIX ENGINEERING LIMITED

We have audited the financial statements on pages 4 to 13 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 financial statements. It is our responsibility to form an independent opinion, based on our audit, on those 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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Leigh Carr

5 July 2001

Chartered Accountants
Registered Auditor

72 New Cavendish Street
London
W1G 8AU

WILLIAMS GRAND PRIX ENGINEERING LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 NOVEMBER 2000

	Notes	2000 £	1999 £
Turnover	2	66,050,730	63,980,148
Construction and racing costs		(45,094,965)	(59,184,170)
Administrative expenses		(10,434,101)	(9,613,591)
Operating profit/(loss)	3	10,521,664	(4,817,613)
Other interest receivable and similar income	4	104,486	510,296
Interest payable and similar charges	5	(332,223)	(30,288)
Profit/(loss) on ordinary activities before taxation		10,293,927	(4,337,605)
Tax on profit/(loss) on ordinary activities	6	(1,860,808)	2,325,386
Profit/(loss) on ordinary activities after taxation		8,433,119	(2,012,219)
Dividends	7	(1,330,000)	(1,810,000)
Retained profit/(loss) for the year	14	7,103,119	(3,822,219)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

WILLIAMS GRAND PRIX ENGINEERING LIMITED

BALANCE SHEET AS AT 30 NOVEMBER 2000

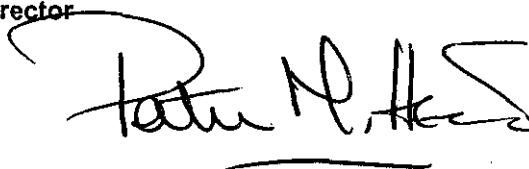
	Notes	2000 £	£	1999 £	£
Fixed assets					
Tangible assets	8	39,600,388		30,699,430	
Current assets					
Stocks	9	327,353		309,062	
Debtors	10	13,327,721		9,532,325	
Cash at bank and in hand		329,530		999,987	
		<u>13,984,604</u>		<u>10,841,374</u>	
Creditors: amounts falling due within one year	11	<u>(20,655,337)</u>		<u>(15,714,268)</u>	
Net current liabilities		<u>(6,670,733)</u>		<u>(4,872,894)</u>	
Total assets less current liabilities		<u>32,929,655</u>		<u>25,826,536</u>	
Capital and reserves					
Called up share capital	13	100,000		100,000	
Profit and loss account	14	32,829,655		25,726,536	
Shareholders' funds - equity interests	15	<u>32,929,655</u>		<u>25,826,536</u>	

The financial statements were approved by the Board on 5 July 2001

F O G Williams Esq.
Director



P M Head Esq.
Director



WILLIAMS GRAND PRIX ENGINEERING LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 NOVEMBER 2000

	2000 £	1999 £
Net cash inflow/(outflow) from operating activities	8,522,569	(579,521)
Returns on investments and servicing of finance		
Interest received	104,486	510,296
Interest paid	(332,223)	(30,288)
Net cash (outflow)/inflow for returns on investments and servicing of finance	(227,737)	480,008
Taxation	(330,000)	(2,819,213)
Capital expenditure		
Payments to acquire tangible assets	(22,600,045)	(13,648,998)
Receipts from sales of tangible assets	12,031,284	47,593
Net cash outflow for capital expenditure	(10,568,761)	(13,601,405)
Equity dividends paid	(1,230,000)	(1,110,000)
Net cash outflow before management of liquid resources and financing	(3,833,929)	(17,630,131)
Decrease in cash in the year	(3,833,929)	(17,630,131)

WILLIAMS GRAND PRIX ENGINEERING LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 30 NOVEMBER 2000

1	Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities	2000 £	1999 £
	Operating profit/(loss)	10,521,664	(4,817,613)
	Depreciation of tangible assets	3,192,188	1,421,903
	(Profit)/loss on disposal of tangible assets	(1,524,385)	3,452
	(Increase)/decrease in stocks	(18,291)	3,740
	Increase in debtors	(3,465,396)	(3,290,919)
	(Decrease)/increase in creditors within one year	(183,211)	6,099,916
	Net cash inflow/(outflow) from operating activities	8,522,569	(579,521)

2	Analysis of net debt	1 December 1999 £	Cash flow £	Other non- cash changes £	30 November 2000 £
	Net cash:				
	Cash at bank and in hand	999,987	(670,457)	-	329,530
	Bank overdrafts	(3,990,763)	(3,163,472)	-	(7,154,235)
	Net debt	(2,990,776)	(3,833,929)	-	(6,824,705)

3	Reconciliation of net cash flow to movement in net debt	2000 £	1999 £
	Decrease in cash in the year	(3,833,929)	(17,630,131)
	Cash inflow from increase in debt	-	-
	Movement in net debt in the year	(3,833,929)	(17,630,131)
	Opening net (debt)/funds	(2,990,776)	14,639,355
	Closing net debt	(6,824,705)	(2,990,776)

WILLIAMS GRAND PRIX ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2000

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Turnover

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

1.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. 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:

Windtunnel and R & D equipment	20% reducing balance
Aircraft	10% straight line
Plant and machinery	20% reducing balance
Fixtures, fittings & equipment	20% reducing balance
Vehicles and pit equipment	20% to 25% straight line

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

The company has a policy and practice of regular maintenance and repair (the charges for which are recognised in the profit and loss account), such that the resulting high residual value of the freehold premises would render any depreciation charge immaterial.

1.5 Stock

Stock is valued 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.

1.6 Pensions

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.

1.7 Foreign currency translation

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.

1.8 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 1 racing. All expenditure on pure and applied research is written off to the profit and loss account as incurred.

WILLIAMS GRAND PRIX ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2000

2 Turnover

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

3 Operating profit/(loss)	2000 £	1999 £
Operating profit/(loss) is stated after charging:		
Depreciation of tangible assets	3,192,188	1,421,903
Auditors' remuneration	37,500	35,000

4 Other interest receivable and similar income	2000 £	1999 £
Bank interest	66,274	363,079
Other interest	38,212	147,217
	<u>104,486</u>	<u>510,296</u>

5 Interest payable	2000 £	1999 £
On bank loans and overdrafts	332,223	29,947
On overdue tax	-	341
	<u>332,223</u>	<u>30,288</u>

6 Taxation	2000 £	1999 £
U.K. current year taxation		
U.K. corporation tax at 30% (1999- 30%)	1,860,808	-
Prior years		
U.K. corporation tax	-	(2,325,386)
	<u>1,860,808</u>	<u>(2,325,386)</u>

7 Dividends	2000 £	1999 £
Ordinary interim paid	530,000	1,110,000
Ordinary final proposed	800,000	700,000
	<u>1,330,000</u>	<u>1,810,000</u>

WILLIAMS GRAND PRIX ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2000

8 Tangible fixed assets

	Freehold property	Windtunnel, R & D equipment	Aircraft	Plant and machinery	Fixtures, fittings & equipment	Vehicles and pit equipment	Total
	£	£	£	£	£	£	£
Cost							
At 1 December 1999	13,527,062	2,056,258	12,702,858	6,563,331	2,539,594	1,882,396	39,271,499
Additions	2,101,589	-	16,149,506	2,545,524	541,437	1,261,989	22,600,045
Disposals	-	-	(11,440,723)	(393,300)	-	(197,632)	(12,031,655)
At 30 November 2000	15,628,651	2,056,258	17,411,641	8,715,555	3,081,031	2,946,753	49,839,889
Depreciation							
At 1 December 1999	-	1,065,459	255,403	4,017,058	1,711,180	1,522,969	8,572,069
On disposals	-	-	(1,144,072)	(251,528)	-	(129,156)	(1,524,756)
Charge for the year	-	225,950	1,256,390	990,005	273,970	445,873	3,192,188
At 30 November 2000	-	1,291,409	367,721	4,755,535	1,985,150	1,839,686	10,239,501
Net book value							
At 30 November 2000	15,628,651	764,849	17,043,920	3,960,020	1,095,881	1,107,067	39,600,388
At 30 November 1999	13,527,062	1,129,753	12,308,503	2,546,272	828,414	359,426	30,699,430

9 Stocks

	2000 £	1999 £
Conference centre stocks	27,353	9,062
Racing spares and parts	300,000	300,000
	<u>327,353</u>	<u>309,062</u>

WILLIAMS GRAND PRIX ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2000

10 Debtors	2000 £	1999 £
Trade debtors	8,561,325	2,943,532
Corporation tax	2,560,639	2,230,639
ACT recoverable	842,143	842,143
Other debtors	511,981	543,524
Prepayments and accrued income	851,633	2,972,487
	<u>13,327,721</u>	<u>9,532,325</u>

11 Creditors: amounts falling due within one year	2000 £	1999 £
Bank loans and overdrafts	7,154,235	3,990,763
Trade creditors	5,427,937	4,044,373
Corporation tax	1,793,530	(63,560)
Other taxes and social security costs	592,051	700,395
Other creditors	4,660,940	6,106,278
Accruals and deferred income	226,644	236,019
Proposed dividend	800,000	700,000
	<u>20,655,337</u>	<u>15,714,268</u>

12 Pension costs

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

13 Share capital	2000 £	1999 £
Authorised		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

WILLIAMS GRAND PRIX ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2000

14 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 December 1999	25,726,536
Retained profit for the year	7,103,119
	<u> </u>
Balance at 30 November 2000	32,829,655
	<u> </u>

15 Reconciliation of movements in shareholders' funds

	2000 £	1999 £
Profit/(Loss) for the financial year	8,433,119	(2,012,219)
Dividends	(1,330,000)	(1,810,000)
	<u> </u>	<u> </u>
Net addition to/(depletion in) shareholders' funds	7,103,119	(3,822,219)
Opening shareholders' funds	25,826,536	29,648,755
	<u> </u>	<u> </u>
Closing shareholders' funds	32,929,655	25,826,536
	<u> </u>	<u> </u>

16 Capital commitments

	2000 £	1999 £
At 30 November 2000 the company had capital commitments as follows:		
Contracted for but not provided in the financial statements	6,000,000	2,936,091
	<u> </u>	<u> </u>

17 Directors' emoluments

	2000 £	1999 £
Emoluments for qualifying services	3,384,263	2,868,390
Company pension contributions to money purchase schemes	236,248	235,200
	<u> </u>	<u> </u>
	3,620,511	3,103,590
	<u> </u>	<u> </u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 3 (1999- 3).

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	2,012,000	1,584,000
Company pension contributions to money purchase schemes	105,000	105,000
	<u> </u>	<u> </u>

WILLIAMS GRAND PRIX ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2000

18 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2000 Number	1999 Number
Management	18	17
Administrative	28	24
Production	310	301
Marketing	21	14
	<u>377</u>	<u>356</u>

Employment costs

	£	£
Wages and salaries	18,925,534	15,923,429
Social security costs	1,971,930	1,646,036
Other pension costs	811,954	734,027
	<u>21,709,418</u>	<u>18,303,492</u>

19 Control

The ultimate controlling party is F O G Williams Esq who is a director of the company and the controlling shareholder.

20 Related party transactions

During the year, Williams Grand Prix Engineering Limited (WGPE) acquired almost the entire fixed asset portfolio of Williams Motorsport Limited, a company related by way of common directorship. Of the purchase price of £1,332,929 (VAT inclusive), £1,102,436 remained outstanding at the balance sheet date.

WGPE also supplied rechargeable services to Williams Motorsport Limited in the sum of £164,773, all of which was settled by 30 November 2000.

All of the above transactions were made at arm's length.