

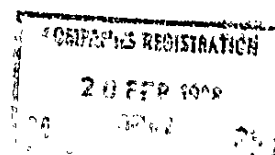
1297497

WILLIAMS GRAND PRIX ENGINEERING LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST OCTOBER 1986



WILLIAMS GRAND PRIX ENGINEERING LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST OCTOBER 1986

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WILLIAMS GRAND PRIX ENGINEERING LIMITED

COMPANY INFORMATION

COMPANY NUMBER : 1297497

DIRECTORS : F.O.G. Williams
P.M. Head
G. Koopman (resigned 3rd January 1986)
S. Thynne (appointed 3rd January 1986)

SECRETARY : Mrs V.J. Williams

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 31st October 1986.

PRINCIPAL ACTIVITY

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

BUSINESS REVIEW

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

The directors do not propose to recommend any distribution by way of dividend.

FIXED ASSETS

The directors consider that the market value of the freehold land and buildings as at 31st October 1986, is in excess of £ 2.00 million (net book value, £1,887,860).

DIRECTORS AND THEIR INTERESTS

The directors who served during the year and their interests (including their family interests) in the issued share capital of the company were as follows:-

	<u>Ordinary £1 Shares</u>
F.O.G. Williams	80,000
P.M. Head	20,000
G. Koopman (resigned 3.1.86.)	-
S. Thynne (appointed 3.1.86.)	-

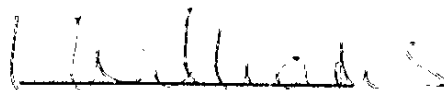
CLOSE COMPANY PROVISIONS

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 1985.

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



Mrs. V.J. Williams
Secretary

WILLIAMS GRAND PRIX ENGINEERING LIMITED

REPORT OF THE AUDITORS

TO THE MEMBERS OF WILLIAMS GRAND PRIX ENGINEERING LIMITED

We have audited the financial statements set out on pages 4 to 11 in accordance with approved Auditing Standards.

In our opinion these financial statements, which have been prepared under the historical cost convention, give a true and fair view of the state of the company's affairs at 31st October 1986 and of its profit and source and application of funds for the year then ended and comply with the Companies Act 1985.

LEIGH CARR,
Chartered Accountants,
London.

WILLIAMS GRAND PRIX ENGINEERING LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST OCTOBER 1986

<u>Note</u>	<u>1986</u>	<u>1985</u>
	<u>£</u>	<u>£</u>
1. Turnover	7,800,721	4,881,713
Administrative expenses	(7,218,239)	(4,738,552)
2. Other operating income	<u>51,762</u>	<u>9,453</u>
3. <u>Operating profit</u>	634,244	152,614
8. Interest payable and similar charges	<u>(83,411)</u>	(85,730)
<u>Profit on ordinary activities</u>		
<u>before taxation</u>	550,833	66,884
9. Tax on profit on ordinary activities	<u>(19,195)</u>	<u>14,589</u>
<u>Retained profit for the year</u>	531,638	81,473
Retained profit brought forward	<u>978,400</u>	<u>896,927</u>
<u>Retained profit</u>	<u>£1,510,038</u>	<u>£978,400</u>
	=====	=====

The notes on pages 8 to 11 form part of these financial statements.

WILLIAMS GRAND PRIX ENGINEERING LIMITED

BALANCE SHEET AS AT 31ST OCTOBER 1986

<u>Note</u>	<u>1986</u>		<u>1985</u>	
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
<u>FIXED ASSETS</u>				
18. Tangible assets		2,395,463		1,968,869
<u>CURRENT ASSETS</u>				
10. Stock	150,000		150,000	
11. Debtors	568,220		327,715	
Cash at bank and in hand	617,683		25,364	
	1,335,903		503,079	
12. <u>CREDITORS :</u>				
amounts falling due within one year	1,792,536		846,184	
<u>NET CURRENT (LIABILITIES)</u>		(456,633)		(343,105)
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		1,938,830		1,625,764
13. <u>CREDITORS :</u>				
amounts falling due after more than one year		(328,792)		(547,364)
		£1,610,038		£1,078,400
		=====		=====
<u>CAPITAL AND RESERVES</u>				
16. Called up share capital		100,000		100,000
Profit and loss account		1,510,038		978,400
		£1,610,038		£1,078,400
		=====		=====

The financial statements were approved by the Board on 19th January 1988.

.....)
F.O.G. Williams

) Directors

.....)
P.M. Head

The notes on pages 8 to 11 form part of these financial statements.

WILLIAMS GRAND PRIX ENGINEERING LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 31ST OCTOBER 1986

	<u>1986</u>		<u>1985</u>
	<u>£</u>	<u>£</u>	<u>£</u>
<u>SOURCE OF FUNDS</u>			
Profit on ordinary activities before taxation		550,833	66,884
Adjustment for items not involving the movement of funds:			
Depreciation of fixed assets	149,849		213,080
(Profit) on disposal of tangible fixed assets	(4,128)		(25,123)
		<u>145,721</u>	<u>187,957</u>
Total generated from operations		696,554	254,841
<u>Funds from other sources:</u>			
Proceeds of disposal of tangible fixed assets		6,258	42,198
Industrial mortgage and loan received		-	98,000
Corporation tax refund		-	14,589
		<u>702,812</u>	<u>409,628</u>
<u>APPLICATION OF FUNDS</u>			
Loans repaid	174,588		148,951
Purchase of tangible fixed assets	578,573		451,483
		<u>(753,161)</u>	<u>(600,434)</u>
		£(50,349)	£(190,806)
		=====	=====
<u>INCREASE/ (DECREASE) IN WORKING CAPITAL:</u>			
Debtors and prepayments		240,505	(58,539)
Creditors and accruals		(825,820)	(281,141)
Hire purchase		(18,834)	(45,674)
		<u>(604,149)</u>	<u>(385,354)</u>
<u>Movement in net liquid funds:</u>			
Cash at bank and in hand	592,319		15,542
Bank overdraft	(38,519)		179,006
		<u>553,800</u>	<u>194,548</u>
		£(50,349)	£(190,806)
		=====	=====

The notes on pages 8 to 11 form part of these financial statements.

WILLIAMS GRAND PRIX ENGINEERING LIMITED

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31ST OCTOBER 1986

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

a) ACCOUNTING CONVENTION

The financial statements are prepared under the historical cost convention.

b) DEPRECIATION

All tangible fixed assets are depreciated at annual rates to write off the cost of the assets over their estimated useful lives using the following method and rates:-

	<u>% per annum</u>	<u>Method</u>
Freehold property (nil depreciation)	-	-
Pit equipment	20	reducing balance
Plant and machinery, furniture, fittings and office equipment	20	reducing balance
Motor vehicles	25	straight line
Wind tunnel, R & D and computer equipment	20	reducing balance

c) STOCK

Stock is valued at the total of 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 timing differences at the current corporation tax rate unless there is reasonable probability that such liability will not arise in the foreseeable future.

WILLIAMS GRAND PRIX ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST OCTOBER 1986

1. TURNOVER

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

	1986	1985
	£	£
2. <u>OTHER OPERATING INCOME</u>		
Interest on corporation tax refunded	-	1,540
Deposit interest receivable	51,762	7,913
	£51,762	£9,453
	=====	=====
3. <u>OPERATING PROFIT</u>		

Operating profit is stated after charging :

Auditors remuneration	2,500	2,500
Directors emoluments (see note 5)	326,830	130,986
Depreciation	149,849	213,080
	=====	=====

4. DIRECTORS EMOLUMENTS

	£	£
Remuneration	126,830	130,986
Pension contributions	200,000	-
	£326,830	£130,986
	=====	=====

Chairman's emoluments	£42,400	£60,908
	=====	=====

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

	Number	Number
£ 1 to £ 5,001	1	-
£20,001 to £25,000	-	1
£25,001 to £30,000	1	-
£45,001 to £50,000	-	1
£50,001 to £55,000	1	-

6. STAFF COSTS

	£	£
Gross wages and salaries	1,394,625	1,163,555
Social security costs	168,888	118,213
Pension contributions (Directors)	200,000	-
	£1,763,513	£1,281,768
	=====	=====
	Number	Number

7. EMPLOYEES

Particulars of employees earning between £30,001 to £35,000	1	1
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WILLIAMS GRAND PRIX ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

	1986	1985
<u>FOR THE YEAR ENDED 31ST OCTOBER 1986</u>	<u>£</u>	<u>£</u>
 8. <u>INTEREST PAYABLE AND SIMILAR CHARGES</u>		
Hire purchase interest	11,329	6,298
Bank loans and overdrafts and other loans wholly repayable within five years (excluding mortgage interest)	9,321	15,859
Mortgage loan interest	62,761	63,573
	<u>£83,411</u>	<u>£85,730</u>
	=====	=====
 9. <u>TAXATION</u>	<u>£</u>	<u>£</u>
Under (Over) provision of taxation in earlier years.	-	(14,589)
Corporation tax on profits for the year	19,195	-
	<u>£19,195</u>	<u>£(14,589)</u>
	=====	=====
 10. <u>STOCK</u> Racing parts and spares	£150,000	£150,000
	=====	=====
 11. <u>DEBTORS</u> : Amounts falling due within one year		
Trade debtors	366,523	173,267
Other debtors	191,507	142,818
Prepayments	10,190	11,630
	<u>£568,220</u>	<u>£327,715</u>
	=====	=====
 12. <u>CREDITORS</u> : Amounts falling due within one year		
Bank overdraft	38,519	-
Obligations under hire purchase contracts	52,270	42,909
Trade creditors	1,152,432	583,052
Current corporation tax	19,195	-
Commercial loan	192,408	138,951
Other taxes and social security	57,432	68,918
Other creditors	279,388	12,354
Accruals	892	-
	<u>£1,792,536</u>	<u>£846,184</u>
	=====	=====
 13. <u>CREDITORS</u> Amounts falling due after, more than one year		
Obligations under hire purchase contracts	53,565	44,092
Commercial loans	275,227	503,272
	<u>£328,792</u>	<u>£547,364</u>
	=====	=====

WILLIAMS GRAND PRIX ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST OCTOBER 1986

	<u>1986</u>	<u>1985</u>
	<u>£</u>	<u>£</u>
14. <u>COMMERCIAL LOANS</u>		
Amount wholly repayable within five years	£467,635 =====	£642,223 =====
The loans will be repayable via equal monthly instalments of £15,986.28/ £5,100.00 commencing in October 1984/March 1986.		
Interest is being charged at 2.1/2% per annum over F.H.A. rates.		
The loans are secured on the freehold land and buildings.		
15. <u>DEFERRED TAXATION</u>		
- Potential deferred taxation liabilities are made up of:-		
Accelerated capital allowances	£ - =====	£316,150 =====
16. <u>SHARE CAPITAL</u>		
Authorised, issued and fully paid		
100,000 ordinary shares of £1 each	£100,000 =====	£100,000 =====
17. <u>CAPITAL COMMITMENTS</u>		
Capital expenditure sanctioned by the board and outstanding at the end of the year which has not been provided in these financial statements:-		
against which contracts have been placed	£190,000 =====	£260,000 =====

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST OCTOBER 1986

18. FIXED ASSETS

	Office Equip- ment	Race Engines	Race Gear- Box	Leasehold Properties	Freehold Property	Computer	Plant and Equipment	Windtunnel & R & D Equipment	Furniture and Fittings	Motor Vehicles	Pit Equipment	Total
	£	£	£	£	£	£	£	£	£	£	£	£
Cost												
As at 1st November 1985	47,373	55,845	8,000	4,547	1,538,500	14,185	402,330	156,623	52,023	187,138	49,903	2,516,467
Additions	26,679	-	-	-	349,360	2,381	142,315	-	1,229	37,372	19,237	578,573
Disposals	(156)	-	-	-	-	-	(12,300)	-	-	-	(800)	(13,256)
	£73,896	£55,845	£8,000	£4,547	£1,887,860	£16,566	£532,345	£156,623	£53,252	£224,510	£68,340	£3,081,784
Depreciation												
As at 1st November 1985	23,703	40,844	6,000	4,546	-	9,537	234,735	79,397	29,326	92,883	26,627	547,598
Provided in the year	10,045	-	-	-	-	1,406	61,621	15,445	4,785	48,084	8,463	149,849
Eliminated on disposals	(31)	-	-	-	-	-	(10,495)	-	-	-	(600)	(11,126)
	£33,717	£40,844	£6,000	£4,546	£-	£10,943	£285,861	£94,842	£34,111	£140,967	£34,490	£686,321
Net Book Value												
As at 31st October 1986	£40,179	£15,001	£2,000	£1	£1,887,860	£5,623	£246,484	£61,781	£19,141	£83,543	£33,850	£2,395,463
As at 31st October 1985	£23,670	£15,001	£2,000	£1	£1,538,500	£4,648	£167,595	£77,226	£22,697	£94,255	£23,276	£1,968,869