

Williams Grand Prix Engineering Limited

Financial statements

For the year ended 30 November 2005



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28/09/2006

Company No. 01297497

Company information

Company registration number	01297497
Registered office	Grove Wantage Oxfordshire OX12 0DQ
Directors	Sir F O G Williams P M Head
Secretary	J Healey
Auditors	Grant Thornton UK LLP Chartered Accountants Registered Auditors 1 Westminster Way Oxford OX2 0PZ

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 30 November 2005.

Principal activities

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

Future developments

The company will continue its extensive research and development programme as it strives to maintain its position as a leading Formula 1 racing team.

Results and dividends

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend (2004 - £57,150).

The directors and their interests in the shares of the company

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary shares of £1 each	
	At 30 November 2005	At 1 December 2004
Sir F O G Williams	70,000	70,000
P M Head	30,000	30,000

D Mayall retired as a director on 30 April 2005.

Fixed assets

In the opinion of the directors the market value of land and buildings is approximately £6.5m higher than their current net book value.

Directors insurance

The company purchases liability insurance covering its directors and officers.

Policy on the payment of creditors

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
- pay in accordance with the company's contractual and other legal obligations.

On average trade creditors at the year end represented 26 (2004: 51) days purchases.

Directors' responsibilities

United Kingdom 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 year. 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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Close company provisions

In the opinion of the directors, the company is a close company within the meaning of S.414 Income and Corporation Taxes Act, 1988 (as amended).

Donations

During the year the company made the following contributions:

	2005	2004
	£	£
Charitable	<u>12,693</u>	<u>6,375</u>

Disabled employees

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

Information on matters of concern to employees is given through a staff forum, 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.

Auditors

Grant Thornton UK LLP were appointed auditors on 21 November 2005 to fill a casual vacancy in accordance with section 388(1) of the Companies Act 1985. Special notice pursuant to section 388(3) having been given, a resolution to reappoint Grant Thornton UK LLP as auditors will be proposed at the Annual General Meeting.

ON BEHALF OF THE BOARD

A stylized handwritten signature in black ink, appearing to be 'FOW' or 'FW'.

F O G Williams
Director

Report of the independent auditors to the members of Williams Grand Prix Engineering Limited

We have audited the financial statements of Williams Grand Prix Engineering Limited for the year ended 30 November 2005 which comprise the principal accounting policies, profit and loss account, balance sheet, cash flow statement and notes 1 to 26. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the report of the directors and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the report of the directors is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the report of the directors and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with United Kingdom 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.

Report of the independent auditors to the members of Williams Grand Prix Engineering Limited (continued)

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 affairs of the company as at 30 November 2005 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
OXFORD

17 August 2006

Principal accounting policies

Basis of accounting

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

Turnover

Turnover represents the amount receivable for the value of goods sold and sponsorship income excluding value added tax. Turnover also includes the amount received with respect to prize monies excluding value added tax.

Where sponsorship is paid by the provision of goods or services, turnover and costs are recognised in the financial statements where the market value of the goods or services may be readily ascertained. Where a value cannot be readily ascertained, neither turnover nor costs are recognised.

In the 2005 season the company used engines supplied by BMW AG in exchange for sponsorship rights. Due to the developmental nature of engines, the directors do not believe that it is possible to provide a reasonable estimate of their cost. Accordingly, turnover and cost of sales do not include any amount in respect of these engines.

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 research and development is written off to the profit and loss account as incurred.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & machinery	- 20% reducing balance
Fixtures, fittings & equipment	- 20% reducing balance
Vehicles & pit equipment	- 20% - 25% straight line
Windtunnel & R & D equipment	- 10% straight line - 20% reducing balance
Aircraft	- 10% 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 residual value of the freehold premises would render any depreciation charge immaterial.

Stocks

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.

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 company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pension costs

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the exception that deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

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 dealt with in the profit and loss account.

Profit and loss account

	Note	2005 £	2004 £
Turnover	1	83,728,097	88,696,104
Cost of sales		(17,580,513)	(21,136,403)
Gross profit		66,147,584	67,559,701
Other operating charges	2	(64,809,813)	(68,701,612)
Other operating income	3	35,223,728	295,516
Operating profit/(loss)	4	36,561,499	(846,395)
Interest receivable and similar income	7	149,744	19,387
Interest payable and similar charges	8	(419,967)	(603,508)
Profit/(loss) on ordinary activities before taxation		36,291,276	(1,430,516)
Tax on profit/(loss) on ordinary activities	9	(6,755,180)	2,173,611
Profit on ordinary activities after taxation		29,536,096	743,095
Dividends	10	—	(57,150)
Retained profit for the financial year	22	29,536,096	685,945

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The accompanying accounting policies and notes form part of these financial statements.

Balance sheet

	Note	2005 £	2004 £
Fixed assets			
Tangible assets	11	47,358,753	50,562,896
Current assets			
Stocks	12	—	325,849
Debtors	13	24,669,306	4,505,706
Cash at bank		20,811,175	48,460
		45,480,481	4,880,015
Creditors: amounts falling due within one year	14	(23,007,657)	(16,786,570)
Net current assets/(liabilities)		22,472,824	(11,906,555)
Total assets less current liabilities		69,831,577	38,656,341
Creditors: amounts falling due after more than one year	15	(138,035)	(5,256,571)
		69,693,542	33,399,770
Provisions for liabilities			
Deferred taxation	18	(6,757,676)	—
		62,935,866	33,399,770
Capital and reserves			
Called-up equity share capital	21	100,000	100,000
Profit and loss account	22	62,835,866	33,299,770
Shareholders' funds	22	62,935,866	33,399,770

These financial statements were approved by the directors on 15/8/06 and are signed on their behalf by:



F O G Williams
Director

The accompanying accounting policies and notes form part of these financial statements.

Cash flow statement

	Note	2005 £	2004 £
Net cash inflow from operating activities	24	23,282,129	12,269,434
Returns on investments and servicing of finance			
Interest received		149,744	19,387
Interest paid		(409,431)	(602,212)
Interest element of finance leases and hire purchase		(10,536)	(1,296)
Net cash outflow from returns on investments and servicing of finance		(270,223)	(584,121)
Taxation		2,496	3,288,975
Capital expenditure			
Payments to acquire tangible fixed assets		(1,356,795)	(7,658,522)
Receipts from sale of fixed assets		728,759	11,364,500
Net cash (outflow)/inflow from capital expenditure		(628,036)	3,705,978
Equity dividends paid		—	(500,007)
Cash inflow before financing		22,386,366	18,180,259
Financing			
New bank loans		6,099,103	518,072
Repayment of bank loans		(5,231,494)	(10,852,227)
Capital element of finance leases and hire purchase		(109,041)	(7,213)
Net cash inflow/(outflow) from financing		758,568	(10,341,368)
Increase in cash	24	23,144,934	7,838,891

The accompanying accounting policies and notes form part of these financial statements.

Notes to the financial statements

1 Turnover

An analysis of turnover by geographical market has not been included as the directors believe that the company operates in a single global market and that the allocation to geographical markets is neither practical nor possible.

2 Other operating charges

	2005 £	2004 £
Distribution costs	48,745,499	56,692,323
Administrative expenses	16,064,314	12,009,289
	<u>64,809,813</u>	<u>68,701,612</u>

3 Other operating income

	2005 £	2004 £
Legal settlements	25,499,728	—
Non-recurring commercial agreements	8,715,000	—
Sale of driver contracts	1,009,000	—
Other	—	295,516
	<u>35,223,728</u>	<u>295,516</u>

4 Operating profit/(loss)

Operating profit/(loss) is stated after charging/(crediting):

	2005 £	2004 £
Depreciation of owned fixed assets	4,435,868	4,261,015
Depreciation of assets held under finance leases and hire purchase agreements	66,508	3,966
Profit on disposal of fixed assets	(337,197)	(561,424)
Auditors' remuneration:		
Audit fees	30,000	45,000
Non-audit services relating to taxation	146,476	—
Operating lease costs:		
Plant and equipment	465,985	97,721
Net loss/(profit) on foreign currency translation	<u>389,746</u>	<u>(1,847,822)</u>

Operating profit is also stated after crediting the items in note 3, which we consider to be exceptional in nature.

5 Directors and employees

The average number of staff employed by the company during the financial year amounted to:

	2005 No	2004 No
Number of administrative staff	21	18
Number of management staff	42	43
Number of research & production staff	417	430
Number of marketing staff	20	22
	<u>500</u>	<u>513</u>

The aggregate payroll costs of the above were:

	2005 £	2004 £
Wages and salaries	28,382,372	27,805,600
Social security costs	3,503,080	3,252,248
Other pension costs	1,120,975	1,201,057
	<u>33,006,427</u>	<u>32,258,905</u>

6 Directors

Remuneration in respect of directors was as follows:

	2005 £	2004 £
Emoluments	2,865,303	2,835,619
Value of company pension contributions to money purchase schemes	157,350	241,800
	<u>3,022,653</u>	<u>3,077,419</u>

Emoluments of highest paid director:

	2005 £	2004 £
Total emoluments (excluding pension contributions)	1,425,968	1,361,953
Value of company pension contributions to money purchase schemes	41,750	105,000
	<u>1,467,718</u>	<u>1,466,953</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2005 No	2004 No
Money purchase schemes	<u>2</u>	<u>3</u>

7 Interest receivable and similar income

	2005 £	2004 £
Bank interest receivable	149,744	13,689
Other similar income receivable	—	5,698
	<u>149,744</u>	<u>19,387</u>

8 Interest payable and similar charges

	2005 £	2004 £
Interest payable on bank borrowing	409,431	598,970
Finance charges	10,536	1,296
Other similar charges	—	3,242
	<u>419,967</u>	<u>603,508</u>

9 Taxation on ordinary activities

	2005 £	2004 £
Current tax:		
Corporation tax	—	—
Adjustments in respect of prior periods	(2,496)	—
Total current tax	(2,496)	—
Deferred tax:		
Origination and reversal of timing differences	6,757,676	(2,173,611)
Tax on profit/(loss) on ordinary activities	<u>6,755,180</u>	<u>(2,173,611)</u>

The company has estimated losses of approximately £9,700,000 (2004: £38,500,000) available to carry forward against future trading profits.

9 Taxation on ordinary activities (continued)

Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year is the same as the standard rate of corporation tax in the UK of 30% (2004: 30%).

	2005 £	2004 £
Profit/(loss) on ordinary activities before taxation	<u>36,291,276</u>	<u>(1,430,516)</u>
Profit/(loss) on ordinary activities by rate of tax	10,887,383	(429,155)
Income/expenditure not taxable	(34,636)	184,605
Depreciation and capital allowances differences	874,643	(780,288)
Research and development adjustment	(2,794,700)	-
Tax losses brought forward	(8,932,690)	-
Other tax adjustments	-	1,024,838
Adjustments in respect of prior periods	(2,496)	-
Total current tax	<u>(2,496)</u>	<u>-</u>

10 Dividends

	2005 £	2004 £
Equity dividends:		
Dividend paid on ordinary shares	<u>-</u>	<u>57,150</u>

11 Tangible fixed assets

	Brought forward 1 Dec 04 £	Additions £	Disposals £	Carried forward 30 Nov 05 £
Cost				
Freehold property	19,767,522	5,622	—	19,773,144
Plant & machinery	10,718,664	1,426,303	(523,137)	11,621,830
Fixtures, fittings & equipment	4,417,019	40,008	—	4,457,027
Vehicles & pit equipment	5,031,260	45,036	—	5,076,296
Windtunnel, R & D equipment	29,203,517	172,826	—	29,376,343
Aircraft	791,932	—	(791,932)	—
	<u>69,929,914</u>	<u>1,689,795</u>	<u>(1,315,069)</u>	<u>70,304,640</u>
	Brought forward 1 Dec 04 £	Charges £	Disposals £	Carried forward 30 Nov 05 £
Depreciation				
Freehold property	—	—	—	—
Plant & machinery	(6,994,204)	(875,629)	351,715	(7,518,118)
Fixtures, fittings & equipment	(3,280,335)	(232,085)	—	(3,512,420)
Vehicles & pit equipment	(4,292,486)	(519,752)	—	(4,812,238)
Windtunnel, R & D equipment	(4,247,999)	(2,855,112)	—	(7,103,111)
Aircraft	(551,994)	(19,798)	571,792	—
	<u>(19,367,018)</u>	<u>(4,502,376)</u>	<u>923,507</u>	<u>(22,945,887)</u>
			Brought forward 1 Dec 04 £	Carried forward 30 Nov 05 £
Net book value				
Freehold property			19,767,522	19,773,144
Plant & machinery			3,724,460	4,103,712
Fixtures, fittings & equipment			1,136,684	944,607
Vehicles & pit equipment			738,774	264,058
Windtunnel, R & D equipment			24,955,518	22,273,232
Aircraft			239,938	—
			<u>50,562,896</u>	<u>47,358,753</u>

Included within the net book value of £47,358,753 is £300,170 (2004 - £33,678) relating to assets held under finance leases and hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £66,508 (2004 - £3,966).

12 Stocks

	2005	2004
	£	£
Conference centre stocks	—	25,849
Racing spares and parts	—	300,000
	<u>—</u>	<u>325,849</u>

13 Debtors

	2005	2004
	£	£
Trade debtors	8,205,334	1,377,557
Other debtors	1,209,861	525,078
Prepayments and accrued income	15,254,111	2,603,071
	<u>24,669,306</u>	<u>4,505,706</u>

14 Creditors: amounts falling due within one year

	2005	2004
	£	£
Bank loans and overdrafts	8,714,850	4,997,966
Trade creditors	6,721,188	7,745,184
Other taxation and social security	1,051,544	1,097,292
Amounts due under finance leases and hire purchase agreements	118,292	7,291
Other creditors	15,602	2,372,678
Accruals and deferred income	6,386,181	566,159
	<u>23,007,657</u>	<u>16,786,570</u>

The bank overdrafts of £nil (2004: £2,382,219) are unsecured.

The bank loan of \$15m (£8,714,850) is secured by a legal charge on the company's land and buildings and is repayable in full by 30 November 2006. Interest is charged at 1% over bank base rate.

15 Creditors: amounts falling due after more than one year

	2005	2004
	£	£
Bank loans	—	5,231,494
Amounts due under finance leases and hire purchase agreements	138,035	25,077
	<u>138,035</u>	<u>5,256,571</u>

16 Creditors - capital instruments

Creditors include finance capital which is due for repayment as follows:

	2005 £	2004 £
Amounts repayable:		
In one year or less or on demand	8,714,850	2,615,747
In more than two years but not more than five years	—	5,231,494
	<u>8,714,850</u>	<u>7,847,241</u>

17 Commitments under finance leases and hire purchase agreements

Future commitments under finance leases and hire purchase agreements are as follows:

	2005 £	2004 £
Amounts payable within 1 year	118,292	7,291
Amounts payable between 2 to 5 years	138,035	25,077
	<u>256,327</u>	<u>32,368</u>

18 Deferred taxation

The movement in the deferred taxation provision during the year was:

	2005 £	2004 £
Provision brought forward	—	2,173,611
Increase/(decrease) in provision	6,757,676	(2,173,611)
Provision carried forward	<u>6,757,676</u>	<u>—</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2005 £	2004 £
Excess of taxation allowances over depreciation on fixed assets	9,652,796	10,379,718
Tax losses carried forward	(2,895,120)	(10,379,718)
	<u>6,757,676</u>	<u>—</u>

19 Pensions

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

20 Leasing commitments

At 30 November 2005 the company had annual commitments under non-cancellable operating leases as set out below.

	Assets other than land & buildings	
	2005	2004
	£	£
Operating leases which expire:		
Within 1 year	744	-
Within 2 to 5 years	335,202	106,659
	<u>335,946</u>	<u>106,659</u>

21 Share capital

Authorised share capital:

	2005	2004
	£	£
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

Allotted, called up and fully paid:

	2005		2004	
	No	£	No	£
Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

22 Reconciliation of shareholders' funds and movement on reserves

	Share capital	Profit and loss	Total share-
	£	account	holders' funds
	£	£	£
At 1 December 2003	100,000	32,613,825	32,713,825
Retained profit for the year	—	685,945	685,945
At 30 November 2004 and 1 December 2004	100,000	33,299,770	33,399,770
Retained profit for the year	—	29,536,096	29,536,096
At 30 November 2005	<u>100,000</u>	<u>62,835,866</u>	<u>62,935,866</u>

23 Controlling related party

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

24 Notes to the statement of cash flows

Reconciliation of operating profit/(loss) to net cash inflow from operating activities

	2005 £	2004 £
Operating profit/(loss)	36,561,499	(846,395)
Depreciation	4,502,376	4,264,981
Profit on disposal of fixed assets	(337,197)	(561,424)
Decrease in stocks	325,849	44,335
(Increase)/decrease in debtors	(20,163,600)	5,012,195
Increase in creditors	2,393,202	4,355,742
Net cash inflow from operating activities	<u>23,282,129</u>	<u>12,269,434</u>

Reconciliation of net cash flow to movement in net funds

	2005 £	2004 £
Increase in cash in the period	23,144,934	7,838,891
Net cash (inflow) from/outflow from bank loans	(867,609)	10,334,155
Cash outflow in respect of finance leases and hire purchase	109,041	(30,431)
Change in net funds resulting from cash flows	<u>22,386,366</u>	<u>18,142,615</u>
New finance leases	(333,000)	—
Movement in net funds in the period	<u>22,053,366</u>	<u>18,142,615</u>
Net debt at 1 December 2004	(10,213,368)	(28,355,983)
Net funds at 30 November 2005	<u>11,839,998</u>	<u>(10,213,368)</u>

Analysis of changes in net funds

	At 1 Dec 2004 £	Cash flows £	Other changes £	At 30 Nov 2005 £
Net cash:				
Cash in hand and at bank	48,460	20,762,715	—	20,811,175
Overdrafts	(2,382,219)	2,382,219	—	—
	<u>(2,333,759)</u>	<u>23,144,934</u>	<u>—</u>	<u>20,811,175</u>
Debt:				
Debt due within 1 year	(2,615,747)	(6,099,103)	—	(8,714,850)
Debt due after 1 year	(5,231,494)	5,231,494	—	—
Finance leases and hire purchase agreements	(32,368)	109,041	(333,000)	(256,327)
	<u>(7,879,609)</u>	<u>(758,568)</u>	<u>(333,000)</u>	<u>(8,971,177)</u>
Net funds	<u>(10,213,368)</u>	<u>22,386,366</u>	<u>(333,000)</u>	<u>11,839,998</u>

24 Notes to the statement of cash flows (continued)

Non-cash transaction

During the year, the company entered into finance lease arrangements in respect of assets with a total capital value at the inception of the lease of £333,000 (2004 - £Nil).

25 Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £18,400 (2004: £250,000).

26 Post balance sheet events

On 26 July 2006 the company entered into a three year engine supply agreement with Toyota Motorsport GmbH, commencing in the 2007 racing season.