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WILLIAMS GRAND PRIX ENGINEERING LIMITED

REPORT OF THE DIRECTORS

The Directors present their report and audited accounts for the year ended 31st October, 1978.

1. ACTIVITIES

The principal activity of the company is the running of a Formula 1 Grand Prix racing team.

2. STATE OF AFFAIRS

The state of the company's affairs is as set out in the accounts on pages 3 to 7.

The directors do not recommend payment of a dividend in respect of the year covered by the accounts.

3. FIXED ASSETS

Information relating to changes in fixed assets is given in note 5 to the accounts.

4. DIRECTORS

The following have served as directors for the whole of the year except where indicated, and their interests in the capital of the company were as stated below. These interests were all beneficially held.

	Ordinary Shares 31st October 1978.
F.O.G. Williams	99
D. Brodie	-
P.M. Head - appointed 5th June, 1978	-

5. AUDITORS

The auditors, Leigh Carr & Partners, are willing to be reappointed in accordance with Section 14 of the Companies Act 1976.

BY ORDER OF THE BOARD

V. J. Williams

Secretary V.J. Williams (Mrs.)

REPORT OF THE AUDITORS

TO THE MEMBERS OF WILLIAMS GRAND PRIX ENGINEERING LIMITED

We have examined the accounts set out on pages 3 to 7 which have been prepared under the historical cost convention. In our opinion these accounts give, under the accounting convention stated, a true and fair view of the state of the company's affairs at 31st October, 1978 and of its profit and source and application of funds for the year ended on that date and comply with the Companies Acts 1948 and 1967.

LEIGH CARR & PARTNERS,
Chartered Accountants.

WILLIAMS GRAND PRIX ENGINEERING LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st OCTOBER, 1978

	<u>Notes</u>	<u>1978</u> <u>£</u>	<u>1977</u> <u>£</u>
<u>TURNOVER</u>	1	<u>486748</u>	<u>198823</u>
NET PROFIT FOR YEAR after charging the following Inset Items:-		593	<u>953</u>
Directors Remuneration	3 10000		6712
Auditors Remuneration	450		1500
Depreciation	9325		4837
NET PROFIT BEFORE TAXATION		<u>593</u>	<u>953</u>
Less: Corporation Tax @ 42% based on profits for the year	2	<u>-</u>	<u>-</u>
<u>NET PROFIT AFTER TAXATION</u>		<u>593</u>	<u>953</u>
Add: Balance Brought Forward		<u>953</u>	<u>-</u>
BALANCE CARRIED FORWARD TO REVENUE RESERVES		<u>£ 1546</u>	<u>£ 953</u>

WILLIAMS GRAND PRIX ENGINEERING LIMITED

BALANCE SHEET AS AT 31ST OCTOBER, 1978

	<u>Notes</u>	<u>£</u>	<u>1978</u> <u>£</u>	<u>1977</u> <u>£</u>
<u>FIXED ASSETS</u>	5		97845	19931
<u>CURRENT ASSETS</u>				
Stock	1	80000		27026
Debtors		13202		16082
Cash		283		5
		<u>93485</u>		<u>43113</u>
<u>LESS: CURRENT LIABILITIES</u>				
Bank Overdraft (secured)		25834		12698
Creditors		147212		34747
Hire Purchase creditors		16638		12046
Directors Loan Account		-		2500
Taxation	2	-		-
		<u>189684</u>		<u>61991</u>
<u>NET CURRENT LIABILITIES</u>			(96199)	(18878)
<u>TOTAL NET ASSETS</u>			<u>£ 1646</u>	<u>£ 1053</u>
<u>FINANCED AS FOLLOWS:-</u>				
SHARE CAPITAL	4		100	100
RESERVES			1546	953
<u>SHAREHOLDERS FUNDS</u>			<u>£ 1646</u>	<u>£ 1053</u>

The Notes on pages 6 & 7 form part of these accounts.

SIGNED ON BEHALF OF THE BOARD)

F.O.G. Williams

D. Brodie

P.M. CHAD

DIRECTORS

WILLIAMS GRAND PRIX ENGINEERING LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31ST OCTOBER, 1978

		<u>1978</u>	<u>1977</u>
	£	£	£
<u>SOURCES:</u>			
Profit before Taxation		593	953
Adjustments for items not involving the movement of funds:			
Depreciation	9325		5190
(Surplus) on disposal of fixed assets	-		(926)
		<u>9325</u>	<u>4264</u>
Funds generated from operations		9918	5217
Sale proceeds of fixed assets		-	1 520
Issue of shares for cash		-	100
		<u>£ 9918</u>	<u>£ 6837</u>
<u>APPLICATIONS:</u>			
Capital expenditure		87239	(25715)
Working Capital Increase/(Decrease)			
Stock	52974		27026
Debtors	(2380)		1 6082
Creditors	(114557)		(49293)
		<u>(64463)</u>	<u>(6185)</u>
		<u>£ 22776</u>	<u>£ 19530</u>
<u>NET OUTFLOW - INCREASE IN NET</u>			
<u>SHORT TERM BORROWING</u>		<u>£ (12858)</u>	<u>£ (12693)</u>
Reflected in:			
Bank Overdraft		(13136)	(12698)
Cash Balance		278	5
		<u>£ (12853)</u>	<u>£ (12693)</u>

WILLIAMS GRAND PRIX ENGINEERING LIMITED

NOTES TO ACCOUNTS - 31ST OCTOBER, 1978

1. STATEMENT OF ACCOUNTING POLICIES

a. Turnover

Turnover is the total prize money and sponsorship received.

b. Depreciation

- i. The premium on the leasehold property is being written off over the remaining period of the lease.
- ii. The remaining fixed assets are depreciated at various rates designed to write off the assets over their useful lives.

c. Stocks

Stocks have been valued at the lower of cost or net realisable value.

2. CORPORATION TAX

The company is a close company as defined by the Income and Corporation Taxes Act 1970.

No taxation is payable due to allowances available to set against the profit for the year.

3. DIRECTORS REMUNERATION

The chairman received £7000

The remuneration of all the Directors fell into the following ranges:-

	<u>No. of Directors</u>
£0 - £2500	1
£2501 - £5000	1
£5001 - £7500	1

4. SHARE CAPITAL

Authorised Issued and Fully Paid shares of £1 each - £1 00

WILLIAMS GRAND PRIX ENGINEERING LIMITED

NOTES TO THE ACCOUNTS - 31ST OCTOBER, 1978

5. FIXED ASSETS OF THE COMPANY

	Short Lease Land & Buildings	Office Equipment	Fixtures & Fittings	Plant & Machinery	Transporter Race & Vans Engines	Race Gearboxes	Total
BALANCE BROUGHT FORWARD	3093	100	2357	11609	7962	-	25121
Additions at Cost	-	3851	1832	14284	4800	3977	87239
At 31st October, 1978	3093	3961	4195	25893	12762	3977	112360
Aggregate Depreciation	770	808	1218	7035	4683	-	14515
NET BOOK VALUE 31ST OCTOBER, 1978	2313	3153	2981	18857	8079	3977	97845