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Company Registration No. 1297497 (England and Wales)

**WILLIAMS GRAND PRIX  
ENGINEERING LIMITED  
REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 NOVEMBER 2003**



# **WILLIAMS GRAND PRIX ENGINEERING LIMITED**

## **COMPANY INFORMATION**

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

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# **WILLIAMS GRAND PRIX ENGINEERING LIMITED**

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# **WILLIAMS GRAND PRIX ENGINEERING LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 30 NOVEMBER 2003**

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The directors present their report and financial statements for the year ended 30 November 2003.

### **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 are as disclosed in these financial statements. The directors are confident that the company will return to profitability 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 £650,000. The directors recommend payment of a final dividend amounting to £442,857.

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

### **Directors**

The following directors have held office since 1 December 2002:

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 2003	1 December 2002
F O G Williams Esq.	70,000	70,000
P M Head Esq.	30,000	30,000
D Mayall Esq.	-	-

### **Charitable and political donations**

During the year the company made political donations of £5,447 to Vote 2004 and charitable donations of £7,630.

### **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 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.

# **WILLIAMS GRAND PRIX ENGINEERING LIMITED**

## **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2003**

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### **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.

### **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 72 (2002- 77) 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.

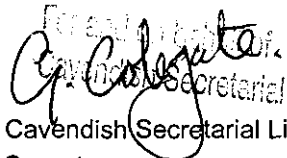
### **Directors' responsibilities**

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.

By order of the board

  
Cavendish Secretarial Limited  
Secretary

2 June 2004

# **WILLIAMS GRAND PRIX ENGINEERING LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF WILLIAMS GRAND PRIX ENGINEERING LIMITED**

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We have audited the financial statements of Williams Grand Prix Engineering Limited on pages 4 to 17 for the year ended 30 November 2003. These financial statements have been prepared under the historical cost convention and 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 auditor's 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 the directors and auditors**

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 directors' report 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 the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit 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.

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 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Leigh Carr

  
Chartered Accountants

Registered Auditor

2 June 2004

72 New Cavendish Street  
London  
W1G 8AU

# **WILLIAMS GRAND PRIX ENGINEERING LIMITED**

## **STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 30 NOVEMBER 2003**

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	2003 £	2002 £
(Loss)/profit for the financial year	(955,432)	1,059,647
Prior year adjustment	-	(2,687,807)
	<hr/>	<hr/>
Total gains and losses recognised since last financial statements	<u>(955,432)</u>	<u>(1,628,160)</u>

# WILLIAMS GRAND PRIX ENGINEERING LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 NOVEMBER 2003

	Notes	2003 £	2002 £
Turnover	2	84,336,041	82,221,193
Cost of sales		(18,413,571)	(17,440,382)
<b>Gross profit</b>		<b>65,922,470</b>	<b>64,780,811</b>
Distribution costs		(56,837,850)	(48,226,091)
Administrative expenses		(12,935,919)	(15,076,778)
Other operating income		-	112,158
<b>Operating (loss)/profit</b>	<b>3</b>	<b>(3,851,299)</b>	<b>1,590,100</b>
Other interest receivable and similar income		45,321	91,161
Interest payable and similar charges	5	(783,872)	(488,991)
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(4,589,850)</b>	<b>1,192,270</b>
Tax on (loss)/profit on ordinary activities	6	3,634,418	(132,623)
<b>(Loss)/profit on ordinary activities after taxation</b>		<b>(955,432)</b>	<b>1,059,647</b>
Dividends	7	(1,092,857)	(1,210,000)
<b>Retained loss for the year</b>	<b>16</b>	<b>(2,048,289)</b>	<b>(150,353)</b>

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



# WILLIAMS GRAND PRIX ENGINEERING LIMITED

## BALANCE SHEET AS AT 30 NOVEMBER 2003

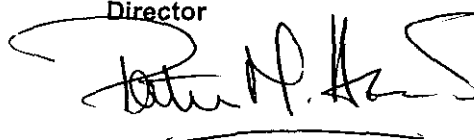
	Notes	2003 £	£	2002 £	£
<b>Fixed assets</b>					
Tangible assets	8	57,934,787		49,390,122	
<b>Current assets</b>					
Stocks	9	370,184		360,339	
Debtors	10	12,806,876		16,514,803	
Deferred tax asset	10	-		-	
Cash at bank and in hand		750,981		376,261	
		<u>13,928,041</u>		<u>17,251,403</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>(20,891,671)</u>		<u>(15,994,367)</u>	
<b>Net current (liabilities)/assets</b>		<u>(6,963,630)</u>		<u>1,257,036</u>	
<b>Total assets less current liabilities</b>		50,971,157		50,647,158	
<b>Creditors: amounts falling due after more than one year</b>	12	(16,083,721)		(10,001,937)	
<b>Provisions for liabilities and charges</b>	13				
Deferred tax liability		(2,173,611)		(5,883,107)	
		<u>32,713,825</u>		<u>34,762,114</u>	
<b>Capital and reserves</b>					
Called up share capital	15	100,000		100,000	
Profit and loss account	16	32,613,825		34,662,114	
<b>Shareholders' funds - equity interests</b>	17	<u>32,713,825</u>		<u>34,762,114</u>	

The financial statements were approved by the Board on 2 June 2004

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 2003

	2003		2002	
	£	£	£	£
<b>Net cash inflow from operating activities</b>		849,290		4,296,914
<b>Returns on investments and servicing of finance</b>				
Interest received	45,321		91,161	
Interest paid	(708,872)		(488,991)	
<b>Net cash outflow for returns on investments and servicing of finance</b>		(663,551)		(397,830)
<b>Taxation</b>		(28,133)		752,739
<b>Capital expenditure</b>				
Payments to acquire tangible assets	(12,687,399)		(17,869,262)	
Receipts from sales of tangible assets	270,000		15,338	
<b>Net cash outflow for capital expenditure</b>		(12,417,399)		(17,853,924)
<b>Equity dividends paid</b>		(1,280,000)		(940,000)
<b>Net cash outflow before management of liquid resources and financing</b>		(13,539,793)		(14,142,101)
<b>Financing</b>				
New long term bank loan	21,246,141		10,000,000	
Other new short term loans	2,097,675		-	
Repayment of long term bank loan	(15,162,420)		-	
Capital element of hire purchase contracts	(5,811)		(5,811)	
<b>Net cash inflow from financing</b>		8,175,585		9,994,189
<b>Decrease in cash in the year</b>		(5,364,208)		(4,147,912)

# WILLIAMS GRAND PRIX ENGINEERING LIMITED

## NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 30 NOVEMBER 2003

1	Reconciliation of operating (loss)/profit to net cash inflow from operating activities	2003	2002
		£	£
	Operating (loss)/profit	(3,851,299)	1,590,100
	Depreciation of tangible assets	4,010,234	3,994,837
	(Profit)/loss on disposal of tangible assets	(137,500)	222,985
	Increase in stocks	(9,845)	(4,400)
	Decrease/(increase) in debtors	3,690,892	(5,033,501)
	(Decrease)/Increase in creditors within one year	(2,853,192)	3,526,893
	<b>Net cash inflow from operating activities</b>	<b>849,290</b>	<b>4,296,914</b>

2	Analysis of net debt	1 December 2002	Cash flow	Other non-cash changes	30 November 2003
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	376,261	374,720	-	750,981
	Bank overdrafts	(5,184,703)	(5,738,928)	-	(10,923,631)
		<u>(4,808,442)</u>	<u>(5,364,208)</u>	<u>-</u>	<u>(10,172,650)</u>
	Debt:				
	Finance leases	(7,748)	5,811	-	(1,937)
	Debts falling due within one year	-	(2,097,675)	-	(2,097,675)
	Debts falling due after one year	(10,000,000)	(6,083,721)	-	(16,083,721)
		<u>(10,007,748)</u>	<u>(8,175,585)</u>	<u>-</u>	<u>(18,183,333)</u>
	<b>Net debt</b>	<b>(14,816,190)</b>	<b>(13,539,793)</b>	<b>-</b>	<b>(28,355,983)</b>

3	Reconciliation of net cash flow to movement in net debt	2003	2002
		£	£
	Decrease in cash in the year	(5,364,208)	(4,147,912)
	Cash inflow from increase in debt and lease financing	(8,175,585)	(9,994,189)
	<b>Movement in net debt in the year</b>	<b>(13,539,793)</b>	<b>(14,142,101)</b>
	Opening net debt	(14,816,190)	(674,089)
	<b>Closing net debt</b>	<b>(28,355,983)</b>	<b>(14,816,190)</b>

# **WILLIAMS GRAND PRIX ENGINEERING LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2003**

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### **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 Leasing and hire purchase commitments**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

#### **1.6 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.

#### **1.7 Pensions**

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

# WILLIAMS GRAND PRIX ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2003

### 1 Accounting policies

(continued)

#### 1.8 Deferred taxation

The accounting policy in respect of deferred tax reflects the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. In the current accounting period, the company has utilised substantial trading losses when calculating the deferred tax liability. The deferred tax balance has not been discounted.

The company first adopted FRS 19 in 2002. This change in accounting policy gave rise to a prior year tax adjustment of £2,687,807 in that accounting period, which amount has been separately disclosed in the Statement of Total Recognised Gains and Losses.

#### 1.9 Foreign currency translation

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.

#### 1.10 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.

### 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 (loss)/profit

	2003 £	2002 £
Operating (loss)/profit is stated after charging:		
Depreciation of tangible assets	4,010,234	3,994,837
Loss on disposal of tangible assets	-	222,985
Loss on foreign exchange transactions	-	254,664
Auditors' remuneration	45,000	45,000
and after crediting:		
Profit on disposal of tangible assets	(137,500)	-
Profit on foreign exchange transactions	(1,378,047)	-

### 4 Other interest receivable and similar income

	2003 £	2002 £
Bank interest	32,840	91,161
Other interest	12,481	-
	<u>45,321</u>	<u>91,161</u>

# WILLIAMS GRAND PRIX ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2003

5	Interest payable	2003 £	2002 £
	On bank loans and overdrafts	204,017	487,714
	On loans repayable after 5 years	577,176	-
	Hire purchase interest	1,283	1,277
	On overdue tax	1,396	-
		<u>783,872</u>	<u>488,991</u>
6	Taxation	2003 £	2002 £
	<b>Domestic current year tax</b>		
	Adjustment for prior years	75,078	(3,062,677)
	<b>Current tax charge</b>	75,078	(3,062,677)
	<b>Deferred tax</b>		
	Deferred tax charge	(3,709,496)	3,195,300
		<u>(3,634,418)</u>	<u>132,623</u>
	<b>Factors affecting the tax charge for the year</b>		
	(Loss)/profit on ordinary activities before taxation	<u>(4,589,850)</u>	<u>1,192,270</u>
	(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2002: 30.00%)	<u>(1,376,955)</u>	<u>357,681</u>
	Effects of:		
	Non deductible expenses	48,898	1,226,386
	Depreciation	1,203,070	1,265,347
	Capital allowances	(4,483,015)	(5,878,442)
	Adjustments to previous periods	75,078	-
	Chargeable disposals	(41,250)	-
	Other tax adjustments	4,649,252	(33,649)
		<u>1,452,033</u>	<u>(3,420,358)</u>
	<b>Current tax charge</b>	<u>75,078</u>	<u>(3,062,677)</u>

The company has estimated losses of £ 24,638,564 (2002: £ 1,968,827) available for carry forward against future trading profits.

# WILLIAMS GRAND PRIX ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2003

7	Dividends	2003 £	2002 £
	Ordinary interim paid	650,000	580,000
	Ordinary final proposed	442,857	630,000
		<u>1,092,857</u>	<u>1,210,000</u>

### 8 Tangible fixed assets

	Freehold property	Windtunnel, R & D equipment	Aircraft	Plant and machinery	Fixtures, fittings & equipment	Vehicles and pit equipment	Total
	£	£	£	£	£	£	£
<b>Cost or valuation</b>							
At 1 December 2002	19,102,363	12,428,098	17,272,688	8,720,866	4,304,911	4,676,143	66,505,069
Additions	263,715	12,070,582	-	258,339	41,201	53,562	12,687,399
Disposals	-	-	(331,250)	-	-	-	(331,250)
At 30 November 2003	<u>19,366,078</u>	<u>24,498,680</u>	<u>16,941,438</u>	<u>8,979,205</u>	<u>4,346,112</u>	<u>4,729,705</u>	<u>78,861,218</u>
<b>Depreciation</b>							
At 1 December 2002	-	1,780,579	3,822,259	5,831,593	2,665,493	3,015,023	17,114,947
On disposals	-	-	(198,750)	-	-	-	(198,750)
Charge for the year	-	536,065	1,694,144	675,163	336,124	768,738	4,010,234
At 30 November 2003	<u>-</u>	<u>2,316,644</u>	<u>5,317,653</u>	<u>6,506,756</u>	<u>3,001,617</u>	<u>3,783,761</u>	<u>20,926,431</u>
<b>Net book value</b>							
At 30 November 2003	<u>19,366,078</u>	<u>22,182,036</u>	<u>11,623,785</u>	<u>2,472,449</u>	<u>1,344,495</u>	<u>945,944</u>	<u>57,934,787</u>
At 30 November 2002	<u>19,102,363</u>	<u>10,647,519</u>	<u>13,450,429</u>	<u>2,889,273</u>	<u>1,639,418</u>	<u>1,661,120</u>	<u>49,390,122</u>

The gross amount of non-depreciable assets is £19,366,078 (2002: £19,102,363).

9	Stocks	2003 £	2002 £
	Conference centre stocks	70,184	60,339
	Racing spares and parts	300,000	300,000
		<u>370,184</u>	<u>360,339</u>

# WILLIAMS GRAND PRIX ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2003

10 Debtors	2003 £	2002 £
Trade debtors	6,448,992	6,268,437
Corporation tax	3,288,975	3,306,010
Other debtors	2,280,115	6,262,673
Prepayments and accrued income	788,794	677,683
	<u>12,806,876</u>	<u>16,514,803</u>
11 Creditors: amounts falling due within one year	2003 £	2002 £
Bank loans and overdrafts	13,021,306	5,184,703
Net obligations under hire purchase contracts	1,937	5,811
Trade creditors	3,633,569	3,661,573
Taxes and social security costs	1,035,441	794,801
Other creditors	131,620	5,573,072
Accruals and deferred income	2,624,941	144,407
Proposed dividend	442,857	630,000
	<u>20,891,671</u>	<u>15,994,367</u>
Debt due in one year or less	<u>2,097,675</u>	<u>-</u>

The bank overdrafts (£10,923,631) are unsecured.



# WILLIAMS GRAND PRIX ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2003

12 Creditors: amounts falling due after more than one year	2003 £	2002 £
Bank loans	16,083,721	10,000,000
Net obligations under hire purchase contracts	-	1,937
	<u>16,083,721</u>	<u>10,001,937</u>
<b>Analysis of loans</b>		
Wholly repayable within five years	18,181,396	10,000,000
	<u>18,181,396</u>	<u>10,000,000</u>
Included in current liabilities	(2,097,675)	-
	<u>16,083,721</u>	<u>10,000,000</u>
<b>Loan maturity analysis</b>		
In more than two years but not more than five years	16,083,721	10,000,000
	<u>16,083,721</u>	<u>10,000,000</u>

The first bank loan of \$17m 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.

The second loan of \$14.272m is secured by a legal charge on the company's aircraft and is repayable in full by 10 September 2008. Interest is charged at 1.5% above base rate.

### Net obligations under hire purchase contracts

Repayable within one year	1,937	5,811
Repayable between one and five years	-	1,937
	<u>1,937</u>	<u>7,748</u>
Included in liabilities falling due within one year	(1,937)	(5,811)
	<u>-</u>	<u>1,937</u>

# WILLIAMS GRAND PRIX ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2003

### 13 Provisions for liabilities and charges

Deferred tax  
liability  
£

Balance at 1 December 2002	5,883,107
Profit and loss account	(3,709,496)
	<u>2,173,611</u>
Balance at 30 November 2003	<u>2,173,611</u>

Deferred taxation provided in the financial statements is as follows:

	2003 £	2002 £
Accelerated capital allowances	9,565,180	5,883,107
Tax losses available	(7,391,569)	-
	<u>2,173,611</u>	<u>5,883,107</u>

### 14 Pension costs

#### Defined contribution

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.

	2003 £	2002 £
Contributions payable by the company for the year	<u>1,177,853</u>	<u>1,181,246</u>

### 15 Share capital

	2003 £	2002 £
<b>Authorised</b>		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
<b>Allotted, called up and fully paid</b>		
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 2003

### 16 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 December 2002	34,662,114
Retained loss for the year	(2,048,289)
	<u>          </u>
Balance at 30 November 2003	<u>32,613,825</u>

### 17 Reconciliation of movements in shareholders' funds

	2003 £	2002 £
(Loss)/Profit for the financial year	(955,432)	1,059,647
Dividends	(1,092,857)	(1,210,000)
	<u>          </u>	<u>          </u>
Net depletion in shareholders' funds	(2,048,289)	(150,353)
Opening shareholders' funds	34,762,114	34,912,467
	<u>          </u>	<u>          </u>
Closing shareholders' funds	<u>32,713,825</u>	<u>34,762,114</u>

### 18 Capital commitments

	2003 £	2002 £
At 30 November 2003 the company had capital commitments as follows:		
Contracted for but not provided in the financial statements	7,650,000	18,500,000
	<u>          </u>	<u>          </u>

### 19 Directors' emoluments

	2003 £	2002 £
Emoluments for qualifying services	3,410,066	3,002,926
Company pension contributions to money purchase schemes	241,535	350,450
	<u>          </u>	<u>          </u>
	<u>3,651,601</u>	<u>3,353,376</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 3 (2002- 3).

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

Emoluments for qualifying services	1,911,833	1,648,000
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 2003

### 20 Employees

#### Number of employees

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

	2003 Number	2002 Number
Management	43	43
Administrative	17	17
Research & production	415	373
Marketing	21	21
	<u>496</u>	<u>454</u>

#### Employment costs

	£	£
Wages and salaries	27,218,417	24,107,904
Social security costs	3,093,314	2,594,425
Other pension costs	1,177,853	1,181,246
	<u>31,489,584</u>	<u>27,883,575</u>

### 21 Control

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

### 22 Post balance sheet events

Subsequent to the end of the accounting period, the company disposed of an aircraft for a gross consideration of \$19.95m. As stated in note 6 to the financial statements, the company has substantial tax losses available for offset against future trading profits. Hence, no charge to corporation tax will arise as a result of this transaction.