

McLAREN INTERNATIONAL LIMITED

INDEX TO THE ACCOUNTS

FOR THE YEAR ENDED 31st OCTOBER 1983

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McLAREN INTERNATIONAL LIMITEDDIRECTORS REPORT

The directors submit their annual report and the audited accounts for the year ended 31st October 1983.

RESULTS

The trading loss for the year amounted to £3,322.

DIVIDENDS

The directors do not recommend the payment of a dividend.

REVIEW OF THE BUSINESS

The Company's principal activity during the year was that of participation in worldwide motor racing events.

MARKET VALUE OF LAND AND BUILDINGS

No formal valuation of freehold property was obtained by the directors as at the balance sheet date, but this was subsequently sold in January 1984 for £215,000.

FIXED ASSETS

The changes in tangible fixed assets during the year are summarised in note 7 to the accounts.

FUTURE DEVELOPMENTS

The directors expect the company's trade to continue at least at the same level in the forthcoming year.

EVENTS SINCE THE END OF THE YEAR

There have been no events since the balance sheet date which affect the state of affairs shown in these accounts.

DIRECTORS

The Directors of the Company during the year were :-

£1 Ordinary Shares held At 1.11.82 and at 31.10.83			
	<u>'A'</u>	<u>'B'</u>	<u>'C'</u>
R. Dennis	-	29	-
J.E. Barnard	-	-	9
S.C. Brown	-	12	-
E.E. Mayer (resigned 16.12.82)	-	-	-
T.J. Alexander(resigned 16.12.82)	-	-	-
R.J. Illman (Appointed 6.1.83)	-	-	-

McLAREN INTERNATIONAL LIMITED

DIRECTORS REPORT (continued)

SUBSIDIARY COMPANIES

The Company has the following wholly owned subsidiary companies :

Team McLaren Limited
Woodhurst Equipments Limited

The 50 issued £1 'A' Ordinary Shares in McLaren International Ltd are held by Team McLaren Ltd., which company became a wholly owned subsidiary of McLaren International Ltd on 16th December 1982. Woodhurst Equipments Ltd is the wholly owned subsidiary of Team McLaren Ltd but did not trade during the year.

CLOSE COMPANY

In the opinion of the directors, the Company is a Close Company within the meaning of the Income and Corporation Taxes Act 1970.

AUDITORS

A resolution in accordance with Section 14, Companies Act 1976, for the re-appointment of Messrs. Blinkhorn Lyon Golding & Co. as Auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD


B.G. SHEPPARD

Secretary

25TH FEBRUARY 1985

REPORT OF THE AUDITORS TO THE MEMBERS OF

McLAREN INTERNATIONAL LIMITED

We have audited the financial statements on pages 4 to 13. Our audit was conducted in accordance with approved Auditing Standards having regard to the matters referred to in the following paragraph.

In common with many businesses of similar size and organisation, the Company's system of control is dependent upon the close involvement of the directors. Where independent confirmation of the completeness of the accounting records was therefore not available, we have accepted assurances from the directors that all the company's transactions have been reflected in the records.

Subject to the foregoing, in our opinion the 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 1983 and of its results for the year then ended and comply with the Companies Acts 1948 to 1981.

The Group has not complied with Statement of Standard Accounting Practice Number 16 in that the financial statements do not contain current cost accounts.

14/16 Great Portland Street
London W1N 5AB

25th FEBRUARY 1985.

BLINKHORN, LYON, GOLDING & CO.
Chartered Accountants
14/16, GREAT PORTLAND STREET
LONDON, W.1

BLINKHORN LYON GOLDING & CO.
Chartered Accountants

McLAREN INTERNATIONAL LIMITED

CONSOLIDATED BALANCE SHEET AT 31st OCTOBER 1983

<u>FIXED ASSETS</u>	<u>NOTE</u>	<u>1983</u>
Tangible Assets	7	286,411
<u>GOODWILL ON CONSOLIDATION</u>	<u>13</u>	<u>1,093,922</u>
		1,380,333

CURRENT ASSETS

Stocks	8	72,600
Debtors	9	256,767
Cash at Bank and in Hand		26,163
		<hr/>
		355,530

CREDITORS: amounts falling
due within one year 10,11 (1,873,339)

NET CURRENT LIABILITIES

(1,517,809)

TOTAL NET LIABILITIES

£ (137,476)

REPRESENTED BY:

CAPITAL AND RESERVES

Called up Share Capital	12	100
Profit and Loss Account		(137,576)

NET DEFICIENCY

£(137,476)

~~.....~~) R. DENNIS
.....)
.....) Directors
.....) R. J. ILLMAN

25TH FEBRUARY..... 1985

The notes on pages 8 to 12 form part of these accounts.

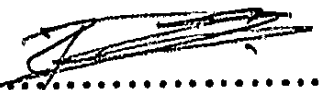
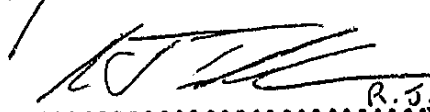
McLAREN INTERNATIONAL LIMITEDCONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31st OCTOBER 1983

	<u>NOTE</u>	<u>1983</u>
TURNOVER	2	4,967,618
Operating Charges		4,439,848
Administration Expenses		<u>541,107</u>
		(4,980,955)
OPERATING LOSS	3,4	(13,337)
Bank Interest Receivable		<u>33,864</u>
		20,527
Interest Payable	5	<u>(24,277)</u>
Group Loss on ordinary activities before Taxation		(3,750)
TAXATION	6	<u>(1,330)</u>
(LOSS) on ordinary activities after Taxation		(5,080)
AMORTISATION of Goodwill on Consolidation	13	<u>(240,689)</u>
		(245,769)
GROUP BALANCE at 1st November 1982		<u>108,193</u>
GROUP BALANCE at 31st October 1983		<u><u>£(137,576)</u></u>

The notes on pages 8 to 12 form part of these accounts.

McLAREN INTERNATIONAL LIMITEDBALANCE SHEET AT 31st OCTOBER 1983

	<u>NOTE</u>	<u>1983</u>	<u>1982</u>
<u>FIXED ASSETS</u>			
Tangible Assets	7	286,411	167,234
Investments	13	1,186,785	-
		<u>1,473,196</u>	<u>167,234</u>
<u>CURRENT ASSETS</u>			
Stocks	8	72,600	143,040
Debtors	9	256,272	163,954
Cash at Bank and in Hand		25,263	584,576
		<u>354,135</u>	<u>891,580</u>
<u>CREDITORS: amounts falling</u> <u>due within one year</u>	10,11	(1,964,379)	790,682
<u>NET CURRENT ASSETS/</u> <u>(LIABILITIES)</u>		<u>(1,610,244)</u>	<u>100,898</u>
<u>TOTAL ASSETS LESS CURRENT</u> <u>LIABILITIES</u>		<u>(137,048)</u>	<u>268,132</u>
<u>CREDITORS: amounts falling</u> <u>due after more than one year</u>		-	(159,839)
<u>NET (LIABILITIES)/ASSETS</u>		<u>£(137,048)</u>	<u>£108,293</u>
<u>REPRESENTED BY:</u>			
<u>CAPITAL AND RESERVES</u>			
Called up Share Capital	12	100	100
Profit and Loss Account		<u>(137,148)</u>	<u>108,193</u>
<u>NET DEFICIENCY</u>		<u>£(137,048)</u>	<u>£108,293</u>

 R. DENNIS
.....
 R. J. ILLMAN
.....
Directors

25TH FEBRUARY
..... 1985

McLAREN INTERNATIONAL LIMITEDPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 31st OCTOBER 1983

	<u>1983</u>	<u>1982</u>
TURNOVER	4,964,639	3,686,236
Operating Charges	4,439,848	3,346,123
Administration Expenses	<u>537,542</u>	<u>397,727</u>
	<u>(4,977,390)</u>	<u>(3,743,850)</u>
OPERATING LOSS	(12,751)	(57,614)
Bank Interest Receivable	<u>33,706</u>	<u>50,744</u>
	20,955	(6,870)
Interest Payable	<u>(24,277)</u>	<u>(1,129)</u>
(LOSS) on ordinary activities before Taxation	(3,322)	(7,999)
TAXATION	<u>(1,330)</u>	<u>-</u>
(LOSS) on ordinary activities after Taxation	(4,652)	(7,999)
Part cost of investment in subsidiary companies written off	<u>(240,689)</u>	<u>-</u>
	<u>(245,341)</u>	<u>(7,999)</u>
RETAINED PROFIT at 1st November 1982	<u>108,193</u>	<u>116,192</u>
BALANCE at 31st October 1983	<u>£(137,148)</u>	<u>£108,193</u>

McLAREN INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31st OCTOBER 1983

1. ACCOUNTING POLICIES

(a) Basis of Accounting :

The accounts have been prepared under the historical cost convention.

(b) Consolidation :

The consolidated accounts incorporate the accounts of McLaren International Ltd and its subsidiary Team McLaren Ltd acquired on 16th December 1982. Goodwill arising on the acquisition of the subsidiary is shown on the Balance Sheet and detailed in Note 13 to the Accounts.

(c) Depreciation and Amortisation :

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life :-

Office Equipment	-	15% of written down value
Plant & Machinery	-	20% of written down value
Motor Vehicles	-	25% of written down value
Leasehold Premises	-	amortised annually over a period of 14½ years

No depreciation is provided on freehold property.

(d) Research and Development :

Expenditure on research and development is written off against profits in the year in which it is incurred.

(e) Stocks :

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

(f) Deferred Taxation :

In accordance with current accountancy practice, no deferred taxation provision has been made in respect of deferred taxation arising from the excess of accumulated capital allowances over depreciation charged in the accounts as no liability of this nature is expected to arise in the foreseeable future. Similarly, no provision has been made in respect of stock relief claimed to date.

	<u>Full Potential Liability</u>	
	<u>At 31.10.83</u>	<u>At 31.10.82</u>
Accelerated Capital Allowances	67,952	71,425
Stock Appreciation Relief	11,905	7,637
	<hr/>	<hr/>
	79,857	79,062
	663	15,359
<u>Less: Tax Losses</u>	<hr/>	<hr/>
	£79,194	£63,703
	<hr/>	<hr/>

McLAREN INTERNATIONAL LIMITEDNOTES TO THE ACCOUNTSFOR THE YEAR ENDED 31st OCTOBER 1983 (continued)**2. TURNOVER**

Turnover represents motor racing revenue receivable and sales excluding value added tax. Exports in the year totalled £4,495,591. (1982 = £2,637,153)

3. OPERATING LOSS

(a) The operating loss is stated after charging :

	<u>1983</u> <u>Group</u>	<u>1982</u> <u>Holding</u> <u>Company</u>
Depreciation of tangible fixed assets	26,981	32,917
Amortisation of Leasehold Premises	3,185	3,185
Directors Remuneration (See 3(b) below)	169,625	63,500
Staff Costs (See 4 below)	685,187	609,310
Auditors Remuneration	6,000	5,300
Ex-Gratia Payments to former directors	50,000	-
	<u> </u>	<u> </u>

(b)	<u>1983</u>	<u>1982</u>
Directors Remuneration	<u>£169,625</u>	<u>£63,500</u>

The emoluments of the chairman were £69,317 (1982 - £20,000) and of the highest paid director £65,142 (1982 - £20,000).

Other directors' emoluments fell within the following ranges :

	<u>1983</u>	<u>1982</u>
£1 - £5,000	2	1
£5,001 - £15,000	2	-
£15,001 - £20,000	-	1

4. STAFF COSTS

	<u>1983</u>	<u>1982</u>
Wages	629,583	548,727
Salaries	55,604	60,583
	<u>£685,187</u>	<u>£609,310</u>

The average number of employees excluding directors during the year was as follows :-

	<u>1983</u>	<u>1982</u>
Production and Operating	56	50
Administration and Management	8	8
	<u>64</u>	<u>58</u>

5. INTEREST PAYABLE

	<u>1983</u>	<u>1982</u>
Interest payable on bank loans and overdrafts	<u>£24,277</u>	<u>£1,129</u>

McLAREN INTERNATIONAL LIMITEDNOTES TO THE ACCOUNTSFOR THE YEAR ENDED 31st OCTOBER 1983 (continued)6. TAXATION

The tax charge for the year was as follows :-

	<u>1983</u>	<u>1982</u>
Corporation Tax - current year	-	-
Corporation Tax - adjustment for earlier year	<u>1,330</u>	<u>-</u>
	<u>£1,330</u>	<u>£ Nil</u>

7. TANGIBLE FIXED ASSETS(a) Holding Company

	Freehold Land & Buildings	Leasehold Premises	Plant & Office Equipment	Motor Vehicles	Total
<u>COST</u>					
At 1st November 1982	-	45,874	141,274	57,517	244,664
Transferred from Subsidiary Company at book value	91,914				91,914
Acquisitions		-	7,350	58,235	65,585
Disposals		-	-	(14,500)	(14,500)
At 31st October 1983	£91,914	45,874	148,624	101,252	387,664
<u>Aggregate Depreciation</u>					
At 1st November 1982	-	6,439	45,935	25,057	77,431
Disposals				(6,344)	(6,344)
Charge for the year	-	3,185	19,128	7,853	30,166
At 31st October 1983	£ -	9,624	65,063	26,566	101,253
<u>NET BOOK VALUE</u>					
At 31st October 1983	£91,914	£36,250	£83,561	£74,686	£286,411
At 31st October 1982	£ -	£39,435	£95,339	£32,460	£167,234
<u>(b) Subsidiary Company</u>					
Cost at 1st November 1982	91,914	-	811	9,707	102,432
Aggregate Depreciation	-	-	361	3,927	4,288
Net Book Value at 1st November 1982	91,914	-	450	5,780	98,144
Disposals:					
Transfer to Holding Company	91,914				(91,914)
Scrapped			450		(450)
Sold				5,780	(5,780)
Net Book Value at 31st October 1983	NIL	-	NIL	NIL	NIL

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31st OCTOBER 1983 (continued)

7. continued

- (i) The leasehold premises are held on a full repairing lease of 21 years from 15th March 1974 with rent reviews at seven yearly intervals. In the opinion of the directors the current value of the lease is in excess of book value.
- (ii) No provision has been made for depreciation of freehold property. In the opinion of the directors the current value of the property was considerably in excess of book value.

8. STOCKS

	<u>1983</u>	<u>1982</u>
Parts and Spares	71,700	142,140
Stationery	900	900
	<u>£72,600</u>	<u>£143,040</u>

9. DEBTORS

	<u>1983</u>	<u>1983</u>	<u>1982</u>
	<u>Group</u>	<u>Holding</u>	<u>Company</u>
Trade Debtors	194,832	194,832	106,887
Sundry Debtors and Prepayments	16,093	15,912	23,106
Value Added Tax	45,842	45,528	33,971
	<u>£256,767</u>	<u>£256,272</u>	<u>163,964</u>

10. CREDITORS: Amounts falling due within one year -

	<u>1983</u>	<u>1983</u>	<u>1982</u>
	<u>Group</u>	<u>Holding</u>	<u>Company</u>
Trade Creditors	1,218,363	1,218,363	749,433
Social Security and Other Taxes	22,742	22,742	17,787
Other Creditors and Accruals	164,359	163,822	23,462
Loan from Subsidiary	-	91,577	-
Bank Loans and Overdrafts	466,545	466,545	-
Taxation	1,330	1,330	-
	<u>£1,873,339</u>	<u>£1,964,379</u>	<u>£790,682</u>

11. BANK LOANS AND OVERDRAFTS

The aggregate amount of bank overdrafts was as follows :

	<u>1983</u>	<u>1982</u>
Falling due within one year :		
Bank overdraft	<u>£466,545</u>	<u>£ Nil</u>
Falling due after more than one year :	<u>£ Nil</u>	<u>£ Nil</u>

The bank overdraft is secured by a charge on the freehold property and by personal guarantees from the Directors.

McLAREN INTERNATIONAL LIMITEDNOTES TO THE ACCOUNTSFOR THE YEAR ENDED 31st OCTOBER 1983 (continued)

12. <u>CALLED UP SHARE CAPITAL</u>	<u>1983</u>	<u>1982</u>
100 Ordinary Shares of £1 each	<u>£100</u>	<u>£100</u>
13. <u>INVESTMENTS IN SUBSIDIARY COMPANIES</u> <u>(AT COST)</u>		
Team McLaren Ltd	1,427,474	-
<u>Less: Amount written off</u> (see below)	<u>240,689</u>	<u>-</u>
	<u>£1,186,785</u>	<u>£ -</u>

(100 Ordinary Shares of £1 each fully paid) and
(100 Deferred Shares of £1 each fully paid)

Team McLaren Ltd owns 50 shares in McLaren International Ltd (acquired prior to becoming a subsidiary) and also owns the whole of the issued share capital in Woodhurst Equipments Ltd., which company did not trade during the year.

Goodwill on Consolidation:-

Cost of Shares in Team McLaren Ltd less called up share capital and pre-acquisition retained profits	1,334,713	
<u>Less: Amount written off this year</u>	<u>238,841</u>	1,093,872
Cost of Shares in Woodhurst Equipments Ltd less called up share capital and pre- acquisition retained profits	1,848	
<u>Less: Amount written off this year</u>	<u>1,848</u>	-
Cost of Shares in McLaren International Ltd owned by Team McLaren Ltd		50
		<u>£1,093,922</u>

The balance of goodwill on consolidation will be amortised in equal instalments over the four years ending 31st October 1987.

McLAREN INTERNATIONAL LIMITEDSTATEMENT OF SOURCE AND APPLICATION OF FUNDSFOR THE YEAR ENDED 31st OCTOBER 1983

<u>SOURCE OF FUNDS</u>	<u>1983</u>	<u>1982</u>
Net Trading Profit/(Loss)	(3,322)	(7,999)
Adjustments for items not involving the movement of funds :		
Depreciation	26,981	32,917
Amortisation	3,185	3,185
Loss on Disposal of Fixed Assets	156	861
	<u>30,322</u>	<u>36,963</u>
Total generated from operations	27,000	28,964
Funds from other sources :		
Sale of Fixed Assets	8,000	4,570
Loans Received	-	1,707
	<u>8,000</u>	<u>6,277</u>
	35,000	35,241
<u>APPLICATION OF FUNDS</u>		
LOANS REPAID	160,176	-
Purchase of Fixed Assets	65,585	19,442
Purchase of Team McLaren Ltd	1,427,474	-
	<u>(1,653,235)</u>	<u>19,442</u>
<u>INCREASE/(DECREASE) IN WORKING CAPITAL</u>	<u>£(1,618,235)</u>	<u>£15,799</u>
<u>REPRESENTED BY:</u>		
Increase/(Decrease) in Stock	(70,440)	26,840
Increase/(Decrease) in Debtors	92,308	(118,951)
(Increase)/Decrease in Creditors	(614,245)	(319,052)
<u>Movement in Net Liquid Funds</u>		
(Decrease) in cash at bank and in hand	(559,313)	426,962
Additional bank borrowings	(466,545)	-
	<u>£(1,618,235)</u>	<u>£ 15,799</u>

NOTE:

No consolidated statement with Team McLaren Ltd has been prepared as movements during the year within the subsidiary company have been largely confined to inter-company transfers and loan account adjustments only.