

**Touche
Ross**

Deloitte Touche
Tohmatsu
International



Company Registration No. 1967717

McLAREN CARS LIMITED

Report and Financial Statements

31 October 1994

**Touche Ross & Co.
Hill House
1 Little New Street
London EC4A 3TR**





REPORT AND FINANCIAL STATEMENTS 1994

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REPORT AND FINANCIAL STATEMENTS 1994

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

A Ojeh (Saudi Arabian)
R Dennis
R J Illman
S C Brown
I G Murray
D Vitoux (Swiss)
D P Bartram (appointed 1 February 1994)
D A Waelend (appointed 1 February 1994)

SECRETARY

R J Illman

REGISTERED OFFICE

Woking Business Park
Albert Drive
Woking
Surrey
GU21 5JY

AUDITORS

Touche Ross & Co.
Chartered Accountants
Hill House
1 Little New Street
London EC4A 3TR

**DIRECTORS' REPORT**

The directors present their report and the audited financial statements for the year ended 31 October 1994.

RESULTS

The profit on ordinary activities for the year, after taxation, amounted to £68,232 (1993 - profit £525,476).

PRINCIPAL ACTIVITY

The company's principal activity is that of providing research, engineering, design and manufacturing services. This activity is based in the United Kingdom.

REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

The company's trading during the year has again resulted in a profit. It is hoped the same will occur next year.

FIXED ASSETS

The movements of fixed assets are as shown in note 5 of the notes to the accounts.

DIVIDENDS AND TRANSFER TO RESERVES

The directors do not recommend the payment of a dividend. Accordingly, the profit for the year of £68,232 has been transferred to reserves.

DIRECTORS AND THEIR INTERESTS

The membership of the Board is set out on page 1. All the directors served throughout the year.

None of the directors held any interests in the shares of the company during the period under review. The interests of the directors in the shares of the UK parent company are disclosed in the financial statements of that company. The directors had no interests in any other group company incorporated in Great Britain.

AUDITORS

Touche Ross & Co. have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

Secretary

1995

**STATEMENT OF 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 as at the end of the financial year 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;
- 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. 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.



Chartered Accountants

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1 Little New Street
London EC4A 3TR

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McLAREN CARS LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 5 to 11 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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.

Uncertainty relating to the recoverability of intra-group debt

In forming our opinion we have considered the adequacy of the disclosure made in note 7 concerning the recoverability of an intra group debt. The financial statements have been prepared on the basis that this debt is recoverable. Our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 October 1994 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants and
Registered Auditors

29 August 1995


PROFIT AND LOSS ACCOUNT
Year ended 31 October 1994

	Note	1994 £	1993 £
TURNOVER - continuing operations	1	13,228,228	8,439,297
Cost of sales		(10,609,683)	(5,134,635)
Gross (loss)/profit		2,618,545	3,304,662
Administrative expenses		(2,142,996)	(2,465,566)
OPERATING (LOSS)/PROFIT - continuing operations		475,549	839,096
Interest receivable and similar income		1,759	6,708
Interest payable and similar charges	3	(215,161)	(95,548)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	262,147	750,256
Tax on (loss)/profit on ordinary activities	4	(193,915)	(224,780)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		68,232	525,476
Profit and loss account brought forward		1,199,517	674,041
Profit and loss account carried forward		1,267,749	1,199,517

The company has no recognised gains or losses other than the profit for the current and preceding years.


BALANCE SHEET
31 October 1994

	Note	£	1994 £	£	1993 £
FIXED ASSETS					
Tangible assets	5		1,425,166		1,235,016
CURRENT ASSETS					
Stocks	6	3,055,364		315,674	
Debtors	7	11,423,931		3,072,207	
Cash at bank and in hand		2,121		1,300	
		<u>14,481,416</u>		<u>3,389,181</u>	
CREDITORS: amounts falling due within one year					
Bank loans and overdrafts		1,157,531		506,898	
Trade creditors		2,116,063		741,402	
Amounts owed to fellow group companies		3,377,892		890,244	
Other creditors including taxation and social security	8	614,018		383,475	
Accruals and deferred income		<u>6,566,993</u>		<u>249,306</u>	
		<u>13,832,497</u>		<u>2,771,325</u>	
NET CURRENT (LIABILITIES)/ASSETS			<u>648,919</u>		<u>617,856</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,074,085</u>		<u>1,852,872</u>
CREDITORS: amounts falling due after more than one year	9		(796,336)		(600,000)
PROVISIONS FOR LIABILITIES AND CHARGES	10		-		(43,355)
			<u>1,277,749</u>		<u>1,209,517</u>
CAPITAL AND RESERVES					
Called up share capital	11		10,000		10,000
Profit and loss account			<u>1,267,749</u>		<u>1,199,517</u>
EQUITY SHAREHOLDERS' FUNDS			<u>1,277,749</u>		<u>1,209,517</u>

These financial statements were approved by the Board of Directors on *29 August.* 1995.
 Signed on behalf of the Board of Directors

Director


NOTES TO THE ACCOUNTS
Year ended 31 October 1994
1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Turnover

Turnover represents the invoiced value of goods sold and services provided in the year, exclusive of value added tax.

Depreciation

Depreciation is provided over the estimated useful lives of the assets at the following rates:

Leasehold improvements	Written off over the life of the lease
Motor vehicles	25% of reducing balance
Tools, equipment and plant	20% of reducing balance
Office equipment	20% of reducing balance

No depreciation is provided until the assets are brought into use.

Deferred taxation

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability will crystallise in the future.

Stocks

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

2. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1994 £	1993 £
(Loss)/profit on ordinary activities before taxation is after charging:		
Depreciation	222,485	197,255
Auditors' remuneration:		
Audit fees	10,532	11,221
Other remuneration	24,580	1,950
	<hr/>	<hr/>
Directors' emoluments:		
Fees	-	-
Other emoluments	657,844	472,885
	<hr/>	<hr/>
Remuneration of the chairman	-	-
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Remuneration of the highest paid director	327,113	257,354
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NOTES TO THE ACCOUNTS
Year ended 31 October 1994

2. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION continued

	Number	Number
Scale of other directors' remuneration:		
£ 0 - £ 5,000	3	3
£ 10,001 - £ 15,000	1	1
£ 50,001 - £ 55,000	1	-
£ 60,001 - £ 65,000	1	-
£ 200,001 - £ 205,000	1	1

Included within the scale of directors' remuneration is an amount of £25,000 paid to a director by TAG McLaren Holdings Limited.

	£	£
Employee costs during the year (including directors):		
Wages and salaries	3,286,442	2,334,615
Social security costs	332,936	239,053

	Number	Number
Average number of persons employed:		
Production	106	55
Administration	36	29

3. INTEREST PAYABLE AND SIMILAR CHARGES

	1994 £	1993 £
Bank loans, overdrafts and other loans repayable within five years	215,161	95,548

4. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	1994 £	1993 £
United Kingdom corporation tax at 33% (1993: 33%) based on the (loss)/profit for the year	256,008	238,555
Group relief	-	11,544
Deferred taxation	(52,254)	6,311
Adjustment in respect of prior years:		
- corporation tax	(18,739)	(32,203)
- deferred tax	8,899	573
	193,915	224,780

The corporation tax charge for the year is disproportionately high due to the movement on the deferred tax provision which has not been provided as it would result in a deferred tax asset which is not recognised.



NOTES TO THE ACCOUNTS
Year ended 31 October 1994

5. TANGIBLE FIXED ASSETS

	Leasehold improvements	Motor vehicles	Tools, equipment and plant	Office equipment	Total
	£	£	£	£	£
Cost					
At 1 November 1993	602,294	170,265	555,545	535,103	1,863,207
Additions	139,423	59,700	158,347	92,731	450,201
Disposals	-	(49,539)	(3,192)	-	(52,731)
At 31 October 1994	<u>741,717</u>	<u>180,426</u>	<u>710,700</u>	<u>627,834</u>	<u>2,260,677</u>
Depreciation					
At 1 November 1993	73,505	59,778	229,030	265,878	628,191
Charge for the year	41,084	34,830	83,267	63,304	222,485
Disposals	-	(13,250)	(1,915)	-	(15,165)
At 31 October 1994	<u>114,589</u>	<u>81,358</u>	<u>310,382</u>	<u>329,182</u>	<u>835,511</u>
Net book value					
At 31 October 1994	<u>627,128</u>	<u>99,068</u>	<u>400,318</u>	<u>298,652</u>	<u>1,425,166</u>
At 31 October 1993	<u>528,789</u>	<u>110,487</u>	<u>326,515</u>	<u>269,225</u>	<u>1,235,016</u>

6. STOCKS

	1994	1993
	£	£
Raw materials	790,465	315,674
Work in progress	1,940,470	-
Finished goods	324,429	-
	<u>3,055,364</u>	<u>315,674</u>



NOTES TO THE ACCOUNTS
Year ended 31 October 1994

7. DEBTORS

	1994 £	1993 £
Trade debtors	1,273,789	-
Amounts owed by fellow subsidiaries	9,826,409	2,713,694
Prepayments and accrued income	237,727	173,284
Other debtors	86,006	185,229
	<u>11,423,931</u>	<u>3,072,207</u>

Included within the total of amounts owed by fellow subsidiaries is £9,705,919 due from McLaren Cars NV and McLaren Cars BV. Also included within amounts owed to fellow subsidiaries is £1,724,879 owed to McLaren Cars NV and McLaren Cars BV.

The recoverability of the net amount owed from McLaren Cars NV and McLaren Cars BV of £7,981,040 is subject to the outcome of a group reorganisation.

8. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY

	1994 £	1993 £
This heading includes:		
Taxation and social security	<u>614,018</u>	<u>358,323</u>

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

The loan of £796,336 is a loan from a fellow subsidiary. It has no fixed repayment date and bears interest at 1% above Barclays base rate per annum.

10. PROVISIONS FOR LIABILITIES AND CHARGES

	Balance at 1 November 1993 £	Current year charge to profit and loss account £	Adjustments in respect of prior years £	Balance at 31 October 1994 £
Deferred taxation	<u>43,355</u>	<u>(52,254)</u>	<u>8,899</u>	<u>-</u>

The amount of provided deferred taxation is:

	1994 £	1993 £
Capital allowances in excess of depreciation	52,585	43,340
Other timing differences	<u>(52,585)</u>	<u>15</u>
	<u>-</u>	<u>43,355</u>

There is no unprovided deferred tax.



NOTES TO THE ACCOUNTS
Year ended 31 October 1994

11. CALLED UP SHARE CAPITAL

	1994 £	1993 £
Authorised, allotted and fully paid 10,000 ordinary shares of £1 each:	<u>10,000</u>	<u>10,000</u>

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1994 £	1993 £
Profit for the financial year	<u>68,232</u>	<u>525,476</u>
Net addition to shareholders' funds	68,232	525,476
Opening shareholders' funds	<u>1,209,517</u>	<u>684,041</u>
Closing shareholders' funds	<u>1,277,749</u>	<u>1,209,517</u>

13. ULTIMATE PARENT COMPANY

In the opinion of the directors, the company's ultimate parent company is TAG Group SA, a company incorporated in Luxembourg. This is also the parent undertaking of the largest group which includes the company and for which group accounts are prepared. The parent undertaking of the smallest such group is TAG McLaren Holdings Limited, a company registered in England and Wales. Copies of the group financial statements of TAG Group SA are available from TAG Group SA 41, boulevard du Prince Henri, L-1724-Luxembourg. Copies of the group financial statements of TAG McLaren Holdings Limited are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.