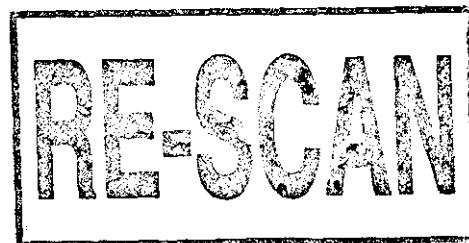


MOTOR SPORT DEVELOPMENTS LIMITED

**REPORT AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31 JANUARY 2000**



REGISTERED NUMBER: 2561542



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MOTOR SPORT DEVELOPMENTS LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2000**

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MOTOR SPORT DEVELOPMENTS LIMITED

**COMPANY INFORMATION
AT 31 JANUARY 2000**

DIRECTORS

D G Whitehead
A L Scott
S Hardman (appointed 31/3/99)
G I Hiskett (appointed 13/9/99)
B V Moloney (resigned 30/6/99)

SECRETARY

G I Hiskett

REGISTERED OFFICE

12 Maryland Road
Tongwell
Milton Keynes
MK15 8HF

BUSINESS ADDRESS

12 Maryland Road
Tongwell
Milton Keynes
MK15 8HF

AUDITORS

Mercer & Hole
Chartered Accountants
420 Silbury Boulevard
Milton Keynes
Bucks
MK9 2AF

PRINCIPAL BANKERS

National Westminster plc
501 Silbury Boulevard
Saxon Gate East
Central Milton Keynes
MK9 3ER

MOTOR SPORT DEVELOPMENTS LIMITED

DIRECTORS' REPORT

The directors present their annual report with the financial statements of the company for the year ended 31 January 2000.

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, subject to any material departures disclosed and explained in the financial statements; and
- 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 maintaining 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.

PRINCIPAL ACTIVITIES

The principal activities of the company in the year under review were the development of motor sport cars for rallying, racing and the supply of spare parts.

No significant change in the nature of these activities occurred during the year.

REVIEW OF THE BUSINESS

The net loss after providing for taxation amounted to £87,705.

The directors consider the results achieved on ordinary activities to be acceptable in the light of current trading conditions. The financial position at the Balance Sheet date was also satisfactory.

DIVIDENDS

The directors have paid an interim dividend during the year amounting to £4,412.

FUTURE DEVELOPMENTS

The directors do not anticipate that there will be any fundamental change in the development of the Company's business during the coming year.

INTRODUCTION OF THE SINGLE EUROPEAN CURRENCY

The introduction of the Single European Currency has not had any significant impact on the business. The directors do not anticipate that the company will incur any material costs as the result of this issue in the foreseeable future.

MOTOR SPORT DEVELOPMENTS LIMITED

DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS

The directors in office in the year and their beneficial interests in the company at the balance sheet date and the beginning of the year (or on appointment if later) were as follows:

		Number of Shares	
		2000	1999
D G Whitehead	Ordinary £1 shares	3,750	3,750
A L Scott	Ordinary £1 shares	441	416
S Hardman (appointed 31/3/99)	Ordinary £1 shares	221	-
G I Hiskett (appointed 13/9/99)		-	-
B V Moloney (resigned 30/6/99)		-	-

AUDITORS

The company has elected to dispense with the annual appointment of auditors. In the absence of a specific resolution to the contrary Mercer & Hole will continue in office.

By order of the board:



G I Hiskett
Secretary

Date: 6th December 2000

MOTOR SPORT DEVELOPMENTS LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the financial statements on pages 5 to 20 which have been prepared under the historical cost convention and on the basis of accounting policies set out on pages 8 and 9.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

As described in the directors' report, the company's directors are responsible for the preparation of financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

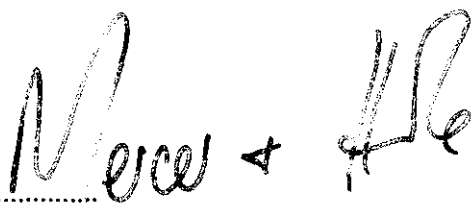
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

FUNDAMENTAL UNCERTAINTY

The financial statements have been prepared on a going concern basis. Details of the circumstances relating to this are stated in note 1 of these accounts. 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 affairs of the company as at 31 January 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



.....
Mercer & Hole
Chartered Accountants
Registered Auditors
Milton Keynes

Date:



MOTOR SPORT DEVELOPMENTS LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JANUARY 2000**

	Notes	2000	1999
		£	£
TURNOVER	2		
Continuing operations		10,696,102	7,800,309
Discontinued operations		992,000	2,966,000
		<hr/>	<hr/>
Cost of sales	3	11,688,102 (9,842,005)	10,766,309 (9,053,594)
		<hr/>	<hr/>
GROSS PROFIT	3	1,846,097	1,712,715
Net operating expenses	3	(1,873,822)	(1,791,916)
		<hr/>	<hr/>
OPERATING LOSS	4		
Continuing operations		(115,725)	145,799
Discontinued operations		88,000	(225,000)
		<hr/>	<hr/>
		(27,725)	(79,201)
Investment income and interest receivable	5	983	3,689
Interest payable and similar charges	6	(61,025)	(60,322)
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(87,767)	(135,834)
Tax on loss on ordinary activities	9	62	24,926
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(87,705)	(110,908)
Dividends paid or proposed	10	(4,412)	-
		<hr/>	<hr/>
ACCUMULATED LOSS FOR THE FINANCIAL YEAR		(92,117)	(110,908)
RETAINED PROFIT BROUGHT FORWARD		252,963	363,871
		<hr/>	<hr/>
RETAINED PROFIT CARRIED FORWARD		160,846	252,963
		<hr/>	<hr/>

Total recognised gains and losses

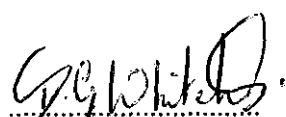
The company has no recognised gains or losses other than the loss for the above two financial years.

The notes on pages 8 to 20 form part of these financial statements.

MOTOR SPORT DEVELOPMENTS LIMITED**BALANCE SHEET
AT 31 JANUARY 2000**

	Notes	£	2000 £	£	1999 £
FIXED ASSETS					
Tangible assets	11		1,359,309		810,744
Investments	12		14,002		14,004
			<u>1,373,311</u>		<u>824,748</u>
CURRENT ASSETS					
Stocks	13	1,839,400		1,038,980	
Debtors	14	477,075		866,210	
Cash at bank and in hand		605,804		1,146,549	
		<u>2,922,279</u>		<u>3,051,739</u>	
CREDITORS: amounts falling due within one year	15	(3,788,130)		(3,386,866)	
NET CURRENT LIABILITIES			(865,851)		(335,127)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>507,460</u>		<u>489,621</u>
CREDITORS: amounts falling due after more than one year	16		(335,952)		(226,242)
NET ASSETS			<u>171,508</u>		<u>263,379</u>
CAPITAL AND RESERVES					
Called up share capital	18		4,412		4,166
Other reserves	19		6,250		6,250
Profit and loss account			160,846		252,963
TOTAL SHAREHOLDERS' FUNDS	20		<u>171,508</u>		<u>263,379</u>

Approved by the board of directors on 6th December 2000 and signed on its behalf by:



D G Whitehead
Director

The notes on pages 8 to 20 form part of these financial statements.

MOTOR SPORT DEVELOPMENTS LIMITED**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JANUARY 2000**

	Notes	2000 £	1999 £
Net cash inflow from operating activities	4	739,677	543,417
Returns on investments and servicing of finance	21	(60,042)	(56,633)
Taxation	21	24,988	-
Capital expenditure	21	(326,000)	(68,414)
Acquisitions and disposals	21	2	(4,004)
Equity dividends paid		(4,412)	-
Cash inflow before use of liquid resources and financing		374,213	414,366
Financing	21	(273,681)	(40,436)
INCREASE IN CASH IN THE YEAR		<u>100,532</u>	<u>373,930</u>

**RECONCILIATION OF NET CASH FLOW TO
MOVEMENT IN NET(DEBT) / FUNDS**

22

INCREASE IN CASH IN THE YEAR	100,532	373,930
Cash outflow from movement in debt and lease financing	273,927	40,436
Change in net(debt) / funds debt resulting from cash flows	374,459	414,366
New hire purchase contracts	(532,615)	(191,101)
Movement in (debt) / funds in the year	(158,156)	223,265
Net funds / (debt) at 1 February 1999	26,353	(196,912)
Net(debt) / funds at 31 January 2000	<u>(131,803)</u>	<u>26,353</u>

The notes on pages 8 to 20 form part of these financial statements.

MOTOR SPORT DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2000

1. STATEMENT OF ACCOUNTING POLICIES

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

Consolidation

The company and its subsidiary comprise a medium-sized group. The company has therefore taken advantage of the exemption provided by section 248 of the Companies Act 1985 not to prepare group accounts.

Turnover

Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the year.

Depreciation of tangible fixed assets

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

Plant and equipment	16.5%-25% on NBV
Office equipment	25% on cost
Fixtures and fittings	25% on cost
Motor vehicles	25% on cost/Commercial vehicles 20% on cost

Government grants

Government grants in respect of revenue expenditure are credited to the profit and loss account in the same period as the related expenditure.

Stocks

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

Net realisable value is based on estimated selling price less further costs to completion and disposal.

Investments

Investments held as fixed assets are stated at cost less provision for permanent diminution in value. Those held as current assets are stated at the lower of cost and net realisable value.

Dividends are brought to account in the profit and loss account when received.

Research and development

Expenditure on development is written off in the year in which it is incurred or committed.

MOTOR SPORT DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2000

1. STATEMENT OF ACCOUNTING POLICIES - (continued)

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into the profit and loss account for the year.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Pension costs

The company operates a defined contribution pension scheme. Contributions payable to this scheme are charged to the profit and loss account in the period to which they relate. These contributions are invested separately from the company's assets. The assets of the scheme are held in an independently administered fund.

Going concern

The financial statements have been prepared on a going concern basis. The continuation of the company's activities is dependent upon the continuing financial support of its customers.

2. TURNOVER

The company has chosen not to disclose the geographical split of turnover as it considers that this may be detrimental to the company.

3. ANALYSIS OF OPERATIONS

	2000		
	Continuing £	Discontinued £	Total £
Gross profit	1,605,097	241,000	1,846,097
Cost of sales	(9,091,005)	(751,000)	(9,842,005)
Administration expenses	(1,683,822)	(329,000)	(2,012,822)
Other operating income	139,000	-	139,000
	(1,544,822)	(329,000)	(1,873,822)

MOTOR SPORT DEVELOPMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2000****3. ANALYSIS OF OPERATIONS - (continued)**

	1999		
	Continuing	Discontinued	Total
	£	£	£
Gross profit	701,715	1,011,000	1,712,715
Cost of sales	(7,098,594)	(1,955,000)	(9,053,594)
Administration expenses	(1,005,916)	(786,000)	(1,791,916)

4. OPERATING LOSS

Operating loss is stated:	2000	1999
	£	£
After charging:		
Depreciation of fixed assets	309,499	212,736
Auditors' remuneration	14,400	6,600
Hire of equipment	69,491	12,590
Loss on foreign currencies	772	32,901
Operating lease rentals		
Land and buildings	167,189	143,503
Plant and machinery	44,343	51,034
Reconciliation of operating profit to net cash outflow from operating activities		
	2000	1999
	£	£
Operating loss:		
Operating loss	(27,726)	(79,200)
Depreciation	310,050	212,736
Loss on disposal of fixed assets	-	(42,500)
Increase in stocks	(800,420)	(523,193)
Decrease in debtors	364,209	913,585
Increase in creditors	893,564	68,114
Other differences between cashflow and profit	-	(6,125)
Net cash inflow from operating activities	739,677	543,417

MOTOR SPORT DEVELOPMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2000****5. INVESTMENT INCOME AND INTEREST RECEIVABLE**

	2000	1999
	£	£
Interest received and receivable		
Bank interest	1,045	3,689
Other interest	(62)	-
	<u>983</u>	<u>3,689</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2000	1999
	£	£
On bank loans and overdrafts	14,410	21,304
Lease finance charges and hire purchase interest	38,784	33,836
Other interest	7,831	5,182
	<u>61,025</u>	<u>60,322</u>

7. INFORMATION ON DIRECTORS AND EMPLOYEES

	2000	1999
	£	£
Staff costs		
Wages and salaries	2,164,450	1,896,191
Social security costs	199,977	166,588
Other pension costs	27,885	23,758
	<u>2,392,312</u>	<u>2,086,537</u>

	2000	1999
	No.	No.
The average number of employees during the year was made up as follows:		
Administration	16	13
Workshop	54	52
Engineers	8	6
	<u>78</u>	<u>71</u>

MOTOR SPORT DEVELOPMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2000****7. INFORMATION ON DIRECTORS AND EMPLOYEES - (continued)**

	2000 £	1999 £
Directors' emoluments		
Emoluments	<u>172,257</u>	<u>109,022</u>

8. PENSION COSTS**Defined contribution scheme**

The pension cost charge represents contributions payable by the company to the fund and amounted to £27,885 (1999: £23,758).

9. TAX ON LOSS ON ORDINARY ACTIVITIES

	2000 £	1999 £
The taxation credit comprises:		
Adjustment in respect of prior years	<u>(62)</u>	<u>(24,926)</u>

10. DIVIDENDS PAID OR PROPOSED

	2000 £	1999 £
On ordinary shares:		
Interim dividends paid		
Dividend on ordinary shares	<u>4,412</u>	<u>-</u>

MOTOR SPORT DEVELOPMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2000****11. TANGIBLE FIXED ASSETS**

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost:				
At 1 February 1999	763,792	294,782	201,365	1,259,939
Additions	498,088	25,177	339,762	863,027
Disposals	(4,412)	-	-	(4,412)
At 31 January 2000	1,257,468	319,959	541,127	2,118,554
Depreciation:				
At 1 February 1999	274,841	109,469	64,885	449,195
Charge for year	161,046	49,759	99,245	310,050
At 31 January 2000	435,887	159,228	164,130	759,245
Net book value:				
At 31 January 2000	821,581	160,731	376,997	1,359,309
At 31 January 1999	488,951	185,313	136,480	810,744

Included above are assets held under finance leases
or hire purchase contracts as follows:

	2000 £	1999 £
Net book values:		
Plant and equipment	562,260	181,081
Motor vehicles	311,386	102,681
Other assets	49,786	66,383
	923,432	350,145
Depreciation charge for the year:		
Plant and equipment	89,058	29,434
Motor vehicles	82,883	8,221
Other assets	16,595	10,633
	188,536	48,288

Net obligations under finance leases and hire purchase contracts are secured on the assets acquired.

MOTOR SPORT DEVELOPMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2000****12. INVESTMENTS****Other investments other than loans**

Shares in related undertakings:

Cost or valuation:	Beginning of year	Disposals	End of year
	£	£	£
Shares:			
Group undertaking	14,004	(2)	14,002
Net book value	14,004	(2)	14,002

Investments in subsidiaries represent holdings of £1 Ordinary shares in the following companies all of which are dormant and all of which are registered in England:

Company	% of nominal held
MSD Rallying Limited	100%
Hades Forged Wheels Limited	50%
MSD Precision Engineering Limited	100%

13. STOCKS

	2000	1999
	£	£
Raw materials and consumables	1,839,400	1,038,980

14. DEBTORS

	2000	1999
	£	£
Trade debtors	41,636	541,046
Director's current account	64,855	18,870
Other debtors	69,633	130,657
Prepayments and accrued income	300,951	175,637
	477,075	866,210

MOTOR SPORT DEVELOPMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2000****15. CREDITORS: amounts falling due within one year**

	2000	1999
	£	£
Bank loans and overdrafts	140,204	776,071
Net obligations under finance leases and hire purchase contracts	261,451	117,883
Trade creditors	1,507,622	1,056,170
Amounts owed to group undertakings	19,204	-
Other taxes and social security costs	75,660	67,287
Other creditors	1,704,556	1,219,172
Accruals	79,433	150,283
	<u>3,788,130</u>	<u>3,386,866</u>

Bank borrowings amounting to £56,582 (1999 - £843,304) are secured by a fixed and floating charge over all the assets of the company, a fixed charge over 12 Maryland Road, a fixed charge over 3 Ward Road Bletchley, by a £100,000 guarantee by D G Whitehead, one of the company's directors and a further guarantee of £10,000 by A L Scott another director. There is also a cross guarantee between MSD Ltd and MSD Special Vehicle Engineering Ltd.

16. CREDITORS: amounts falling due after more than one year

	2000	1999
	£	£
Bank loans and overdrafts	8,869	67,233
Net obligations under finance leases and hire purchase contracts	327,083	159,009
	<u>335,952</u>	<u>226,242</u>

Bank loan consists of two loans; a fixed rate loan repayable at £2,397.54 per month and a loan repayable in gross monthly instalments of £2,408.49 attracting interest at 2.5% over the base rate.

MOTOR SPORT DEVELOPMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2000****17. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS**

	2000	1999
	£	£
The company's obligations are repayable as follows:		
Net obligations analysed as follows:		
Included in creditors - amounts falling due within one year	261,451	117,883
Included in creditors - amounts falling due after more than one year	327,083	159,009
	<u>588,534</u>	<u>276,892</u>

18. SHARE CAPITAL

	2000	1999
	£	£
Authorised:		
Equity interests:		
Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid:		
Equity interests:		
Ordinary shares of £1 each	<u>4,412</u>	<u>4,166</u>

19. OTHER RESERVES

	2000	1999
	£	£
Capital redemption reserve		
Balance at 1 February 1999 and 31 January 2000	<u>6,250</u>	<u>6,250</u>
Total other reserves	<u>6,250</u>	<u>6,250</u>

MOTOR SPORT DEVELOPMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2000****20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2000	1999
	£	£
Loss for the year	(87,705)	(110,908)
Dividends	(4,412)	-
New share capital subscribed	246	-
Net reduction to shareholders' funds	(91,871)	(110,908)
Opening shareholders' funds	263,379	374,287
Closing shareholders' funds	171,508	263,379
Represented by:-		
Equity interests	171,508	263,379

21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2000	1999
	£	£
Returns on investments and servicing of finance		
Interest received	983	3,689
Interest paid	(22,241)	(26,486)
Interest element of hire purchase contracts	(38,784)	(32,445)
Interest element of finance lease rental payments	-	(1,391)
Net cash outflow from returns on investments and servicing of finance	(60,042)	(56,633)
Taxation		
Corporation tax received	24,988	-
Net cash inflow / (outflow) from taxation	24,988	-
Capital expenditure		
Purchase of tangible fixed assets	(330,412)	(348,726)
Receipts from sale of tangible fixed assets	4,412	280,312
Net cash outflow from capital expenditure	(326,000)	(68,414)

MOTOR SPORT DEVELOPMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2000****21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT - (continued)**

	2000	1999
	£	£
Acquisitions and disposals		
Purchase of subsidiary undertakings	-	(4,004)
Receipts from sale of subsidiary undertakings	2	-
Net cash inflow / (outflow) from acquisitions and disposals	2	(4,004)
Financing		
Issue of ordinary share capital	246	-
New long-term loans	-	150,000
Repayments of long term loans	(52,954)	(31,595)
Capital element of hire purchase contracts	(220,973)	(131,716)
Repayment of short term loans	-	(27,125)
Net cash outflow from financing	(273,681)	(40,436)

22. ANALYSIS OF CHANGES IN NET DEBT

	1999	Cash flow	Other	2000
	£	£	movements	£
			£	
Cash at bank and in hand	1,146,549	(540,745)	-	605,804
Bank overdraft	(724,899)	641,277	-	(83,622)
		100,532		
Debt due within one year	(51,172)	(5,410)	-	(56,582)
Debt due after one year	(67,233)	52,954	5,410	(8,869)
Hire purchase contracts and finance lease agreements	(276,892)	220,973	(532,615)	(588,534)
	26,353	369,049	(527,205)	(131,803)

MOTOR SPORT DEVELOPMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2000****23. REVENUE COMMITMENTS**

At year end the company was committed to making the following payments during the next year in respect of operating leases with expiry dates as follows:

	Land and buildings		Other	
	2000	1999	2000	1999
	£	£	£	£
Within one year	-	-	41,768	-
More than one year and less than five years	124,370	72,225	23,624	8,949
More than five years	-	32,220	1,511	3,500
	<u>124,370</u>	<u>104,445</u>	<u>66,903</u>	<u>12,449</u>

24. CAPITAL COMMITMENTS

	2000	1999
	£	£
Details of capital commitments at the accounting date are as follows:		
Contracted but not provided for in the financial statements	<u>81,046</u>	<u>-</u>

25. TRANSACTIONS WITH DIRECTORS

	2000	1999
	£	£
Amounts owed by directors		
D Whitehead	49,405	7,757
A Scott	12,993	11,113
S Hardman	2,457	-
	<u>64,855</u>	<u>18,870</u>

This represents the maximum amount outstanding on the directors account during the year.

MOTOR SPORT DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2000**

26. RELATED PARTY DISCLOSURES

During the year the company received management charges of £139,000 from MSD Special Vehicle Engineering Ltd, a company with the same directors and shareholders. All transactions were carried out on a normal commercial basis.

At the end of the year the company owed £6,022 to MSD Special Vehicle Engineering Ltd.

The bank balances in the company and in MSD Special Vehicle Engineering Ltd are the subject of cross guarantees.