

JUSTIN WILSON PLC

Financial statements
31 December 2007

FRIDAY



ABR7V1BQ

A39

11/07/2008

163

COMPANIES HOUSE

JUSTIN WILSON PLC

Financial statements for the year ended 31 December 2007

Contents	Pages
Directors, officers and advisers	
Directors' report	1 - 2
Independent auditor's report	3 - 4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes to the financial statements	8 - 12

JUSTIN WILSON PLC

Directors, officers and advisers

Directors

J C Palmer (managing director and chairman)
J B Wilson (non-executive)
K R Wilson (non-executive)
S King (non-executive)

Secretary

P G Hopkins

Registered office

The Old Post Office
Worthing Road
Southwater
Horsham
West Sussex RH13 9EZ

Registered number

04654814

Auditor

Chantrey Vellacott DFK LLP
Chartered Accountants
Registered Auditor
Russell Square House
10-12 Russell Square
London WC1B 5LF

Bankers

Barclays Bank plc
Horsham Branch
2 Carfax
Horsham RH12 1DN

JUSTIN WILSON PLC

Directors' report for the year ended 31 December 2007

The directors present their report and the audited financial statements for the year ended 31 December 2007

Review of the business

The principal activity of the company is to manage, promote and market the racing driver Justin Wilson

The company is contractually entitled to receive all of the income that is derived from Justin Wilson's activities as a racing driver for a period of ten years to 31 December 2012

In 2007 the company enjoyed significant growth in both turnover (up 24% on 2006) and retained profits (up 53% on 2006) following a third successful season with team RuSPORT in the Champ Car World Series

During the 2007 season, Justin Wilson achieved five podium finishes and for the second year running secured second place in the championship

The financial performance for the year is summarised by the following key figures and indicators

	2007 £	2006 £
Turnover	560,292	452,539
Gross profit	345,596	259,831
Gross profit margin	61.7%	57.4%
Retained profit for the year	284,763	185,634
Shareholders' funds	393,340	108,577

Results and dividends

The results for the year ended 31 December 2007 are shown in the profit and loss account on page 5

The trading profit for the period, after taxation, was £284,763

The directors do not recommend the payment of a dividend

Future developments and events since the period end

The company continues its activities of managing, promoting and marketing Justin Wilson. As explained in last year's report, the contract under which JPM Ltd (a company controlled by Jonathan Palmer) carried out these activities, expired in March 2007 and was not expected to be renewed.

However, when the performance of the RuSPORT team failed to live up to expectations in 2007, further management services were required and these were performed by JPM once again. At the end of November 2007 the company served notice to terminate its contract with RuSPORT. Although RuSPORT began court proceedings to challenge this termination in the US courts, the Board is pleased to confirm that such proceedings have now been dropped (see note 16 to the financial statements).

In January 2008, the company successfully negotiated a new contract for Justin Wilson to join Newman Haas Lanigan Racing (NHLR) for the 2008 season with the intention of competing in the 2008 Champ Car World Series (CCWS). With NHLR having won the CCWS championship for the last four years, the company had secured the top drive in the series and the reasonable expectation was that Justin Wilson was favourite to win the CCWS in 2008.

Concerns over the economic viability of the CCWS grew early in the year and talk of an amalgamation with the Indy Racing League (IRL) finally resulted in unification just before the season started. Whilst such a move is undoubtedly good for the future of open-wheel racing, the switch to the IRL Dallara-Honda car and the addition of new, mainly oval tracks to an already busy racing calendar will present a major challenge to the former Champ Car teams and drivers this year.

So far the season has had highlights for Justin, though no race podiums yet. Justin qualified an excellent 3rd at St Petersburg and led the first 25 laps until an unfortunate pit stop strategy compromised the final result. Justin was then on pole at the final Champ Car race at Long Beach, though retired with engine failure. Most recently, Justin qualified for his first Indy 500 and ran as high as second before crashing out. In this exciting new era the potential is clear and in time we are confident the Justin Wilson NHLR combination will yield top results in a now very strong single seater series.

JUSTIN WILSON PLC

Directors' report for the year ended 31 December 2007

Payment to suppliers

The company's policy concerning the majority of its trade creditors is to pay as far as practicable on agreed terms of settlement commensurate with normal trading practice

Directors

The directors who held office during the year were as follows

J C Palmer
J F Britten (resigned 10 July 2007)
J B Wilson
K R Wilson
S King (appointed 10 July 2007)

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 and of the profit or loss for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

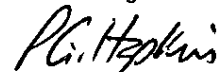
Insofar as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Auditor

A resolution for the re-appointment of Chantrey Vellacott DFK LLP as auditor of the company will be proposed at the forthcoming Annual General Meeting.

These financial statements were approved by the Board of Directors and authorised for issue on 17 June 2008 and were signed on its behalf by



P G HOPKINS
Secretary

JUSTIN WILSON PLC

Independent auditor's report to the shareholders of Justin Wilson Plc

We have audited the financial statements of Justin Wilson Plc for the year ended 31 December 2007 which comprise the profit and loss account, the balance sheet, the cash flow statement, and the related notes. These financial statements have been prepared under 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 directors and auditor

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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.

JUSTIN WILSON PLC

Independent auditor's report to the shareholders of Justin Wilson Plc

Opinion

In our opinion,

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

Chantrey Vellacott DFK LLP

CHANTREY VELLACOTT DFK LLP
Chartered Accountants
Registered Auditor
LONDON

17 June 2008

Chantrey Vellacott DFK LLP

JUSTIN WILSON PLC

Profit and loss account For the year ended 31 December 2007

	Notes	2007 £	2006 £
Turnover	2	560,292	452,539
Cost of sales		(214,696)	(192,708)
Gross profit		345,596	259,831
Administrative expenses		(68,008)	(74,648)
Operating profit	3	277,588	185,183
Interest receivable and similar income	5	7,100	526
Profit on ordinary activities before taxation		284,688	185,709
Taxation	6	75	(75)
Profit on ordinary activities after taxation		284,763	185,634
Retained loss brought forward		(1,500,546)	(1,686,180)
Retained loss carried forward		(1,215,783)	(1,500,546)

All of the above amounts relate to continuing activities

The company had no recognised gains and losses other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the results shown above and their historical cost equivalent

The notes on pages 8 to 12 form part of these financial statements

JUSTIN WILSON PLC

Balance sheet as at 31 December 2007

	Notes	2007 £	2006 £
Current assets			
Debtors	7	29,053	219,100
Cash at bank		437,160	36,389
		<u>466,213</u>	<u>255,489</u>
Creditors amounts falling due within one year	8	(72,873)	(146,912)
Net assets		<u>393,340</u>	<u>108,577</u>
Capital and reserves			
Called up share capital	9	1,425,918	1,425,918
Share premium	10	183,205	183,205
Profit and loss account		(1,215,783)	(1,500,546)
Equity shareholders' funds	11	<u>393,340</u>	<u>108,577</u>

These financial statements were approved by the Board of Directors and authorised for issue on 17 June 2008 and were signed on its behalf by

J C PALMER

K R WILSON

The notes on pages 8 to 12 form part of these financial statements

JUSTIN WILSON PLC

Cash flow statement

For the year ended 31 December 2007

	Notes	2007 £	2006 £
Net cash inflow (outflow) from operating activities	12	393,746	(152,496)
Returns on investments and servicing of finance			
Interest received		<u>7,100</u>	<u>526</u>
Net cash inflow from returns on investments and servicing of finance		<u>7,100</u>	<u>526</u>
Taxation paid		(75)	-
Increase (decrease) in cash	13	<u><u>400,771</u></u>	<u><u>(151,970)</u></u>

JUSTIN WILSON PLC

Notes to the financial statements For the year ended 31 December 2007

1 Accounting policies

(a) **Basis of preparing the financial statements**

The financial statements are prepared under the historical cost basis of accounting and in accordance with applicable accounting standards

(b) **Foreign currencies**

Assets and liabilities expressed in foreign currencies are translated into sterling at the rate prevailing at the year end and any differences on exchange arising are dealt with through the profit and loss account

(c) **Deferred taxation**

Deferred tax is provided in full where material in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax balances are not discounted

2 Turnover

Turnover represents the amounts receivable in the ordinary course of business for services rendered as principal, excluding VAT

The company is contractually entitled to receive all of the income that is derived from Justin Wilson's activities as a racing driver during the period

3 Operating profit

	2007 £	2006 £
This is stated after charging		
Auditor's remuneration	4,680	4,500
Foreign exchange loss	<u>18,966</u>	<u>14,552</u>

4 Employee information

The only persons employed by the company were the directors. There were no staff costs and no directors' remuneration

Amounts charged by related undertakings in which the directors have an interest are shown in note 15

JUSTIN WILSON PLC

Notes to the financial statements For the year ended 31 December 2007

5 Interest receivable and similar income

	2007 £	2006 £
Bank interest	<u>7,100</u>	<u>526</u>

6 Taxation

	2007 £	2006 £
(a) Based on results for the year		
UK corporation tax at 30% (note 6 (b))	-	75
Adjustment in respect of prior year	<u>(75)</u>	<u>-</u>
	<u>(75)</u>	<u>75</u>
(b) Factors affecting the current tax charge for the year		
The tax for the year is lower than the standard rate of corporation tax in the UK of 30%		
The differences are explained below		
Profit on ordinary activities before tax	284,688	185,709
Profit on ordinary activities multiplied by the standard rate of tax in the UK of 30%	85,406	55,713
Effects of		
Expenses not deductible for tax	-	66
Tax credits	-	(83)
Utilisation of tax losses	<u>(85,406)</u>	<u>(55,621)</u>
Current year taxation (note 6(a))	<u>-</u>	<u>75</u>

A potential deferred tax asset exists at the balance sheet date in respect of tax losses carried forward

This has not been recognised in the accounts as there is insufficient evidence that the asset will be recoverable within the meaning of FRS19

Tax losses carried forward at the balance sheet date were £1,122,182 (2006 £1,407,396)

JUSTIN WILSON PLC

Notes to the financial statements For the year ended 31 December 2007

7	Debtors	2007	2006
		£	£
	Trade debtors	-	182,863
	Sundry debtors	901	82
	VAT recoverable	28,077	36,155
	Corporation tax recoverable	75	-
		<u>29,053</u>	<u>219,100</u>

8	Creditors amounts falling due within one year	2007	2006
		£	£
	Trade creditors	11,022	1,272
	Amounts due to related undertakings (note 15)	50,022	138,060
	Accruals and deferred income	11,829	7,505
	Corporation tax	-	75
		<u>72,873</u>	<u>146,912</u>

9	Share capital	Authorised 2007 £	Allotted 2007 £	Authorised 2006 £	Allotted 2006 £
	Ordinary shares of £1 each	2,000,000	1,365,918	2,000,000	1,365,918
	'A' Ordinary shares of £1 each	500,000	60,000	500,000	60,000
		<u>2,500,000</u>	<u>1,425,918</u>	<u>2,500,000</u>	<u>1,425,918</u>

The 'A' ordinary £1 shares carry enhanced rights once investors have received a return of £2 for each £1 invested, either by way of sale of their shares or distribution under a winding-up. Once investors have received £2, then 90% of any excess will accrue for the benefit of the 'A' shareholders and the remaining 10% for the benefit of investors.

10	Share premium account	2007	2006
		£	£
	At 1 January 2007 and 31 December 2007	<u>183,205</u>	<u>183,205</u>

JUSTIN WILSON PLC

Notes to the financial statements For the year ended 31 December 2007

11 Reconciliation of movement in shareholders' funds

	2007 £	2006 £
Profit for the period	284,763	185,634
Opening shareholders' funds	108,577	(77,057)
Closing shareholders' funds	<u>393,340</u>	<u>108,577</u>

12 Reconciliation of operating profit to net cash inflow (outflow)

	2007 £	2006 £
Operating profit	277,588	185,183
Change in debtors	190,122	(214,327)
Change in creditors	(73,964)	(123,352)
Net cash inflow (outflow) from operating activities	<u>393,746</u>	<u>(152,496)</u>

13 Reconciliation of net cash flow to movement in net funds

	2007 £	2006 £
Balance at 1 January 2007	36,389	188,359
Balance at 31 December 2007	437,160	36,389
Movement in year	<u>400,771</u>	<u>(151,970)</u>

14 Analysis of balances of cash as shown in the balance sheet

	31 December 2006 £	Cash flow £	31 December 2007 £
Cash at bank and in hand	<u>36,389</u>	<u>400,771</u>	<u>437,160</u>

JUSTIN WILSON PLC

Notes to the financial statements For the year ended 31 December 2007

15 Related undertakings and directors' interests

(a) JPM Limited

A company in which J C Palmer, a company director, owns a 75% interest in the issued share capital. The company continues to manage, promote and market Justin Wilson.

The following costs were recharged by JPM Limited during the year

	£
Management fees	107,999
Accountancy and company secretarial fees	7,500
Legal fees	10,000
	<u>125,499</u>

At 31 December 2007 an amount of £50,022 (2006 £74,357) was due to JPM Limited

(b) Justin Wilson Racing Limited

A company owned and controlled by Justin Wilson, a company director

During the year, fees of £106,697 (2006 £102,200) were charged by Justin Wilson Racing Limited

At 31 December 2007 an amount of £nil (2006 £63,703) was due to Justin Wilson Racing Limited

16 Post balance sheet events

The company terminated its contract with RuSPORT at the end of November 2007. RuSPORT challenged the termination and in February 2008 instigated court proceedings against the company. Such proceedings have since been dropped by RuSPORT.

The company incurred approximately £50,000 of legal costs in connection with the termination and defence of the court proceedings, of which £10,000 has been charged in the 2007 financial statements and £40,000 will be charged in the 2008 financial statements.