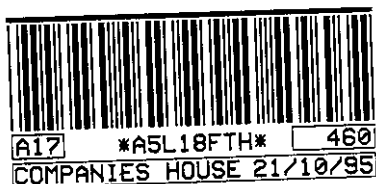


Jordan Grand Prix Limited

Director's report and financial statements

31 December 1994

Registered number 2417588



Jordan Grand Prix Limited

Director's report and financial statements

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Jordan Grand Prix Limited

Director's report

The director presents his annual report and the audited financial statements for the year ended 31 December 1994.

Principal activities

The principal activity of the company is the management and promotion of a Formula One race team and the design, development and manufacture of Formula One race cars.

Business review

The results for the year ending 31 December 1994 are set out on page 5 of the accounts.

The company operates in a very competitive sector. Our objectives for the year were achieved both on and off track with the team's most successful on-track performance to date, despite incurring additional costs as a result of rule changes introduced by the FIA. Off the track the company has entered into a multi year engine supply contract with PSA-Peugeot and secured sponsorship for the 1995 racing season and beyond. The director considers that the company is well placed to improve upon its financial position and recent successes.

Proposed dividend and transfer to reserves

The director does not recommend the payment of a dividend.

Significant changes in fixed assets

Details of changes in fixed asset are given in note 9 to the accounts.

Market value of land and buildings

In the opinion of the director, the market value of the freehold land and buildings of the company is £1,455,000. Accordingly these assets have been revalued to reflect their open market value.

Post balance date events

On 17 February 1995 the freehold property was sold to a connected company at open market value for £1,455,000. The sale proceeds were used to repay borrowings on the property.

The loan from Sports EJ Limited was repaid by the company in February 1995. The loan and overdraft facility was repaid to the company's bankers in February 1995.

Jordan Grand Prix Limited

Directors' report *(continued)*

Directors and directors' interests

The director who held office during the year was as follows:

EP Jordan

The director who held office at the end of the financial year had the following interests in the ordinary shares of the holding company as recorded in the register of directors' share and debenture interests:

Company	Shares	Interest at end of year	Interest at beginning of year
Eddie Jordan Holdings Limited	Ordinary shares of £1	1,000	1,000

Auditors

On 6 February 1995 our auditors changed the name under which they practise to KPMG and accordingly, have signed their report in their new name. In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board


EP Jordan
Director

11 St Saviours Wharf
Mill Street
London
SE1 2BA

Jordan Grand Prix Limited

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 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard assets of the company and to prevent and detect fraud and other irregularities.



Arlington Business Park
Theale
Reading RG7 4SD

Report of the auditors to the members of Jordan Grand Prix Limited

We have audited the financial statements on pages 5 to 18.

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.

Opinion

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

KPMG

KPMG
Chartered Accountants
Registered Auditors

19 July 1995



Jordan Grand Prix Limited

Profit and loss account for the year ended 31 December 1994

	<i>Note</i>	1994 £	1993 £
Turnover	2	10,930,724	12,706,423
Cost of sales		(9,755,391)	(8,417,485)
Gross profit		1,175,333	4,288,938
Administrative expenses		(2,311,070)	(2,103,896)
Operating (loss)/profit		(1,135,737)	2,185,042
Interest receivable and similar income	6	45,140	70,788
Interest payable and similar charges	7	(52,322)	(79,884)
(Loss)/Profit on ordinary activities before taxation	2-5	(1,142,919)	2,175,946
Tax on (loss)/profit on ordinary activities	8	279,425	(260,000)
(Loss)/Profit on ordinary activities after taxation and (loss)/retained profit for the financial year		(863,494)	1,915,946

The profit and loss account contains the only gains and losses of the company for the current and prior year.

Jordan Grand Prix Limited

Balance sheet at 31 December 1994

	Note	1994		1993	
		£	£	£	£
Fixed assets					
Tangible assets	9		2,459,866		2,994,335
Current assets					
Stocks	10	256,484		440,496	
Debtors	11	1,065,714		316,353	
Cash at bank and in hand		14,817		2,535,827	
		<u>1,337,015</u>		<u>3,292,676</u>	
Creditors: amounts falling due within one year	12	<u>(3,650,114)</u>		<u>(5,097,321)</u>	
Net current liabilities			<u>(2,313,099)</u>		<u>(1,804,645)</u>
Total assets less current liabilities			<u>146,767</u>		<u>1,189,690</u>
Creditors: amounts falling due after more than one year	13		<u>(495,962)</u>		<u>(575,391)</u>
Provisions for liabilities and charges	14		<u>-</u>		<u>(100,000)</u>
Net assets/(liabilities)			<u><u>(349,195)</u></u>		<u><u>514,299</u></u>
Capital and reserves					
Called up share capital	15		10,000		2
Profit and loss account	16		<u>(359,195)</u>		<u>514,297</u>
			<u><u>(349,195)</u></u>		<u><u>514,299</u></u>

These financial statements were approved by the board of directors on 19/7/1995 and were signed on its behalf by:

EP Jordan
Director



Jordan Grand Prix Limited

Cash flow statement

for the year ended 31 December 1994

	Note	1994		1993	
		£	£	£	£
Net cash inflow from operating activities	18	(1,161,581)		5,263,828	
Return on investments and servicing of finance					
Interest received		45,140		70,788	
Interest paid		(52,322)		(79,884)	
		<hr/>		<hr/>	
Net cash outflow from returns on investment and servicing of finance		(7,182)		(9,096)	
Investment activities					
Purchase of tangible fixed assets		116,480		(105,628)	
Production of race cars		1,354,044		(1,114,190)	
		<hr/>		<hr/>	
Net cash outflow from investing activities		(1,470,524)		(1,219,818)	
Taxation					
Tax paid		(160,575)		(23,078)	
		<hr/>		<hr/>	
Net cash (outflow)/inflow before financing		(2,799,862)		4,011,836	
Financing					
Repayment of bank loans		(92,740)		(168,184)	
Repayment of other loans		(111,548)		(1,000,000)	
		<hr/>		<hr/>	
Net cash outflow from financing		(204,288)		(1,168,184)	
		<hr/>		<hr/>	
(Decrease)/increase in cash and cash equivalents	18	(3,004,150)		2,843,652	
		<hr/>		<hr/>	

Jordan Grand Prix Limited

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of land and buildings.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	-	50 years	2% per annum
Leasehold land and buildings	-	life of lease	
Plant and equipment	-	3 to 5 years	20-30% per annum
Road vehicles	-	5 years	20% per annum
Race cars	-		100% per annum in the year of completion

No depreciation is provided on freehold land.

The depreciation policy for race cars is to write off the cost of the race cars in full in the year of completion which corresponds to the season in which the cars are raced in the formula one championship.

Race cars are capitalised at the cost (including development costs and labour costs) to develop and build the cars to enter the first race of the coming season. The amount capitalised is based on the stage of completion of the cars at 31 December. Costs incurred once the season has started are written off to profit and loss account direct race costs included in cost of sales.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Jordan Grand Prix Limited

Notes (continued)

1 Accounting policies (continued)

Leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Research and development expenditure

Development costs have been capitalised as part of the cost of the race cars.

Stocks

Stocks represent parts and spares held to complete construction of the race cars for the coming season and to service and maintain the race cars during the season.

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

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover

Turnover represents the amounts (excluding value added tax) derived from sponsorship and promotional income, prize money and bonus payments. Turnover is included on an invoiced basis apportioned to the relevant race season. Income from FOCA in respect of television rights is accounted for on a receipts basis.

2 Analysis of turnover and profit on ordinary activities before taxation

Turnover and profit on ordinary activities were derived from the principal activity of the company.

Jordan Grand Prix Limited

Notes (continued)

3 Profit on ordinary activities before taxation

	1994 £	1993 £
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration:		
Other services	2,500	6,975
Audit	10,700	10,000
Depreciation and other amounts written off tangible fixed assets:	1,814,116	1,487,679
Loss on disposal of fixed assets	-	530,500
Exchange losses/(gains)	49,806	(51,671)
Hire of plant and machinery - rentals payable under operating leases	2,700,000	2,500,000
<i>Exceptional item:</i>		
Loss on revaluation of property	190,877	-

4 Remuneration of directors

	1994 £	1993 £
Directors' emoluments:		
As directors	103,932	77,765

The emoluments, excluding pension contributions, of the sole director were £103,932 (1993:£77,765).

Jordan Grand Prix Limited

Notes (continued)

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	1994	1993
Production	22	20
Design	7	6
Race team and testing	10	13
Administration	8	6
	<u>47</u>	<u>45</u>

The aggregate payroll costs of these persons were as follows:

	1994	1993
	£	£
Wages and salaries	1,208,058	986,018
Social security costs	122,788	101,535
	<u>1,330,846</u>	<u>1,087,553</u>

The company does not contribute to any pension scheme for its employees.

6 Other interest receivable and similar income

	1994	1993
	£	£
Bank interest	<u>45,140</u>	<u>70,788</u>

Jordan Grand Prix Limited

Notes (continued)

7 Interest payable and similar charges

	1994 £	1993 £
On bank loans, overdrafts and other loans wholly repayable within five years	4,782	21,147
On all other loans	47,540	58,737
	<u>52,322</u>	<u>79,884</u>

8 Taxation

	1994 £	1993 £
UK corporation tax at 33% (1993:33%) on the taxable (loss)/profit for the year	(180,000)	160,000
Deferred taxation	(100,000)	100,000
Adjustment relating to an earlier period	575	-
	<u>(279,425)</u>	<u>260,000</u>

Jordan Grand Prix Limited

Notes (continued)

9 Tangible fixed assets

	Land and buildings	Plant and equipment, fixtures and road vehicles	Computer equipment	Race cars	Total
	£	£	£	£	£
<i>Cost or valuation</i>					
At beginning of year	1,708,058	1,037,902	145,279	3,110,221	6,001,460
Additions	1,265	90,244	24,971	1,354,044	1,470,524
Revaluations	(190,877)	-	-	-	(190,877)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At end of year	1,518,446	1,128,146	170,250	4,464,265	7,281,107
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Depreciation and diminution in value</i>					
At beginning of year	57,181	484,343	125,601	2,340,000	3,007,125
Charge for year	2,817	225,630	27,169	1,558,500	1,814,116
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At end of year	59,998	709,973	152,770	3,898,500	4,821,241
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Net book value</i>					
At 31 December 1994	<u>1,458,448</u>	<u>418,173</u>	<u>17,480</u>	<u>565,765</u>	<u>2,459,866</u>
At 31 December 1993	<u>1,650,877</u>	<u>553,559</u>	<u>19,678</u>	<u>770,221</u>	<u>2,994,335</u>

The net book value of land and buildings comprises:

	1994 £	1993 £
Freehold	1,455,000	1,645,877
Short leasehold	3,448	5,000
	<u>1,458,448</u>	<u>1,650,877</u>

Freehold land and buildings includes land at cost of £409,800.

Jordan Grand Prix Limited

Notes (continued)

9 Tangible fixed assets (continued)

Particulars relating to revalued assets are given below:

	1994 £	1993 £
Land and buildings		
At 1994 open market value	<u>1,455,000</u>	<u>-</u>
Historical cost of revalued assets	1,698,058	1,698,058
Aggregate depreciation based on historical cost	<u>(76,903)</u>	<u>(52,181)</u>
	<u>1,621,155</u>	<u>1,645,877</u>

Land and buildings were revalued downwards to £1,455,000, being the proceeds received from the sale of the freehold property in February 1995.

Other tangible fixed assets, including subsequent additions to land and buildings, are included at cost.

10 Stocks

	1994 £	1993 £
Spares and parts	<u>256,484</u>	<u>440,496</u>

11 Debtors

	1994 Due within one year £	1993 Due within one year £
Trade debtors	74,254	133,956
Other debtors	92,348	98,790
Prepayments	39,227	83,607
Corporation tax	186,928	-
Accrued income	<u>672,957</u>	<u>-</u>
	<u>1,065,714</u>	<u>316,353</u>

Accrued income of £672,957 relate, to a risk insurance products which is now the subject of litigation. The director is confident that the amount will be recovered.

Jordan Grand Prix Limited

Notes (continued)

12 Creditors: amounts falling due within one year

	1994	1993
	£	£
Bank loans and overdrafts	714,497	356,246
Trade creditors	1,176,835	757,631
Amounts owed to Sports EJ Limited	1,449,876	1,143,641
Taxation and social security	50,739	27,696
Deferred income	-	2,403,333
Other creditors and accruals	258,167	255,702
Corporation tax	-	153,072
	<u>3,650,114</u>	<u>5,097,321</u>

Bank loans and overdrafts includes a loan of £590,431 of which is secured by first legal charge on the company's freehold property. Interest is charged at commercial rates.

The loan from Sports EJ Limited has no fixed repayment date or terms and is interest free.

13 Creditors: amounts falling due after more than one year

	1994	1993
	£	£000
Bank loans	<u>495,962</u>	<u>575,391</u>

The bank loan is repayable by instalments, £118,086 of which is due after more than five years. The loan is secured by first legal charge on the company's freehold property and interest is charged at normal commercial rates.

14 Provisions for liabilities and charges

	1994	1993
	£	£
<i>Full potential asset/(liability) for deferred taxation, which is provided in full:</i>		
Accelerated capital allowances	31,000	100,000
Unrelieved losses	(31,000)	-
	<u>-</u>	<u>100,000</u>

Jordan Grand Prix Limited

Notes (continued)

15	Called up share capital	1994	1993
		£	£
	<i>Authorised</i>		
	Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
	<i>Allotted, called up and fully paid</i>		
	Ordinary shares of £1 each	<u>10,000</u>	<u>2</u>

During the year the company issued 9,998 bonus £1 ordinary shares.

16	Reserves	Profit and loss account £
	At beginning of year	514,297
	Bonus shares	<u>(9,998)</u>
		504,299
	Loss for the year	<u>(863,494)</u>
	At end of year	<u>(359,195)</u>

Jordan Grand Prix Limited

Notes (continued)

17 Commitments

- (i) Capital commitments at the end of the financial year for which no provision has been made.

	1994 £	1993 £
Contracted	94,881	-

- (ii) Annual commitments under non-cancellable operating leases are as follows:

	1994		1993	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within one year	-	-	-	2,800,000
In the second to fifth years inclusive	-	-	-	-
Over five years	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,800,000</u>

18 Notes to the cash flow statement

- i) Reconciliation of operating profit/(loss) to the net cash inflow from operating activities:

	1994 £	1993 £
Operating(loss)/profit	(1,135,737)	2,185,042
Depreciation on tangible fixed assets	1,814,116	1,487,679
Loss on disposal of fixed assets	-	530,500
Decrease/(increase) in stocks	184,012	(273,926)
(Increase)/decrease in debtors	(562,433)	3,139,212
Decrease in creditors	(1,652,416)	(1,804,679)
Other items	190,877	-
	<u>(1,161,581)</u>	<u>5,263,828</u>
Net cash inflow from operating activities	(1,161,581)	5,263,828

Jordan Grand Prix Limited

Notes (continued)

18 Notes to the cash flow statement (continued)

ii) Analysis of changes in cash and cash equivalents during the year

	1994	1993
	£	£
Balance at 1 January	2,398,939	(444,713)
Net cash (outflow)/inflow	(3,004,150)	2,843,652
	<u> </u>	<u> </u>
Balance at 31 December	(605,211)	2,398,939
	<u> </u>	<u> </u>

iii) Analysis of balances of cash and cash equivalents as shown in the balance sheet.

	Change in year	1994	1993
	£	£	£
Cash at bank and in hand	(2,521,010)	14,817	2,535,827
Bank overdraft	(483,140)	(620,028)	(136,888)
	<u> </u>	<u> </u>	<u> </u>
	(3,004,150)	(605,211)	2,398,939
	<u> </u>	<u> </u>	<u> </u>

19 Reconciliation of movement on shareholders' funds

	1994	1993
	£	£
Opening shareholders' funds	514,299	(1,401,647)
(Loss)/profit for the financial year	(863,494)	1,915,946
	<u> </u>	<u> </u>
Closing shareholders' funds	(349,195)	514,299
	<u> </u>	<u> </u>

20 Immediate and ultimate parent company

The company is a wholly owned subsidiary undertaking of Eddie Jordan Holdings Limited, a private limited company registered in the Isle of Man.