

**Jordan Grand Prix Limited**

**Directors' report and financial  
statements**

**Registered number 2417588**

**31 December 2000**



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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2000.

### Principal activity

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 ended 31 December 2000 are set out on page 5 of the accounts.

Following a successful 1999 season, 2000 was a disappointing year for the Design and Race Team. The Jordan Mugen Honda Team finished 6<sup>th</sup> in the FIA Formula One World Constructors' Championship. The problems identified were largely reliability problems encountered with the cars throughout the season. This disappointment at finishing 6<sup>th</sup> reflects Jordan's real ambitions to win the FIA Formula One World Championship.

We have been able to secure a works engine supply contract with Honda Motor Company. This encouraging display of faith by Honda Motor Company in Jordan together with further increases in revenue for 2001 should ensure that the company will continue to be profitable over the coming years. The company will continue to invest in the design and manufacture of the car, technology, facilities and its people.

A significant investment has been made to develop our Brand and Internet strategies. Both of these aspects are progressing well and will continue receive the necessary support and investment.

As a result of the continued development and growth of the company, operating expenditure has increased on last year by £10.3m, however total revenue has also increased by £16.1m, resulting in an operating profit of £5.4m (1999: loss of £0.4m) for the year.

### Proposed dividend and transfer to reserves

The directors paid a dividend of £nil (1999: £nil) in the year. The profit for the year retained in the company and transferred to reserves is £3,925,000 (1999: loss £298,000).

### Directors and directors' interests

The directors who held office during the year, and subsequently, were as follows:

EP Jordan  
MP Jordan  
D Shorthouse  
J Schull (appointed 1<sup>st</sup> February 2001)  
N Lowcock (resigned 1<sup>st</sup> February 2001)

EP Jordan and MP Jordan had the following beneficial interest in the ordinary shares of group companies as recorded in the register of directors' share and debenture interests:

Company	Shares	Interest at beginning and end of year
Jordan Grand Prix Holdings Limited	Ordinary shares of £1	1,002

## **Directors' report** *(continued)*

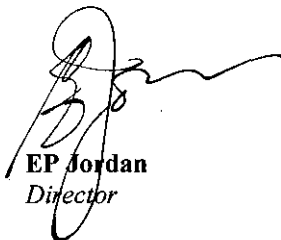
### **Political and Charitable Donations**

During the year, the company donated £104,000 (1999: £10,000) to charitable organisations.

### **Auditors**

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*

Dadford Road  
Silverstone  
Northants  
NN12 8TJ

## **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**

The directors are responsible for preparing the directors' report and, as described on page 3, the 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.

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. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

### **Basis of audit 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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants  
Registered Auditors

14 May 2001

# **Profit and loss account**

*for the year ended 31 December 2000*

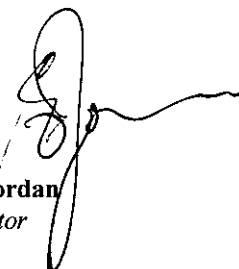
	<i>Note</i>	<b>2000</b> <b>£000</b>	<b>1999</b> <b>£000</b>
<b>Turnover</b>	<b>2</b>	<b>59,622</b>	<b>43,498</b>
Cost of sales		<b>(43,990)</b>	<b>(37,511)</b>
<b>Gross profit</b>		<b>15,632</b>	<b>5,987</b>
Administrative expenses		<b>(10,233)</b>	<b>(6,408)</b>
<b>Operating profit/(loss)</b>		<b>5,399</b>	<b>(421)</b>
Interest receivable and similar income	<b>6</b>	<b>269</b>	<b>74</b>
Interest payable and similar charges	<b>7</b>	<b>(87)</b>	<b>(284)</b>
<b>Profit/(loss) on ordinary activities before taxation</b>	<b>2-5</b>	<b>5,581</b>	<b>(631)</b>
Tax on profit/(loss) on ordinary activities	<b>8</b>	<b>(1,656)</b>	<b>333</b>
<b>Retained profit/(loss) for the year</b>		<b>3,925</b>	<b>(298)</b>

The profit and loss account shows all the gains and losses recognised in the current and preceding years.

**Balance sheet**  
*at 31 December 2000*

	Note	2000 £000	1999 £000
<b>Fixed assets</b>			
Tangible assets	9	8,535	8,179
Investments	10	29	29
		<hr/>	<hr/>
		8,564	8,208
<b>Current assets</b>			
Stocks	11	4,146	3,313
Debtors	12	16,116	15,301
Cash at bank and in hand		6,561	610
		<hr/>	<hr/>
		26,823	19,224
<b>Creditors: amounts falling</b>			
Due within one year	13	(27,584)	(23,640)
		<hr/>	<hr/>
<b>Net current liabilities</b>		(761)	(4,416)
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		7,803	3,792
<b>Creditors: amounts falling</b>			
Due after one year	14	(433)	(547)
<b>Provisions for liabilities and charges</b>	15	(439)	(239)
		<hr/>	<hr/>
<b>Net assets</b>		6,931	3,006
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	16	10	10
Profit and loss account	17	6,921	2,996
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>		6,931	3,006
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 30 April 2001 and were signed on its behalf by:

  
EP Jordan  
Director



# **Cash flow statement**

*for the year ended 31 December 2000*

	<i>Note</i>	<b>2000</b> <b>£000</b>	<b>1999</b> <b>£000</b>
Net cash inflow from operating activities	20	7,597	8,760
Returns on investments and servicing of finance	20	71	(146)
Tax paid		339	(1,375)
Capital expenditure	20	(1,897)	(2,065)
Financing	20	(159)	(2,000)
		<hr/>	<hr/>
Increase in cash		<b>5,951</b>	<b>3,174</b>
		<hr/> <hr/>	<hr/> <hr/>

## 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.

As the company is a wholly owned subsidiary of Jordan Grand Prix Holdings Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Jordan Grand Prix Holdings Limited, within which this company is included, can be obtained from the address given in note 22.

#### *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 land and buildings	-	2% per annum
Leasehold land and buildings	-	life of lease
Leasehold Improvements	-	4-20% per annum reducing balance
Plant and equipment	-	10-30% per annum reducing balance
Road vehicles	-	20% per annum reducing balance
Computer equipment	-	4 years

#### *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.

#### *Pensions*

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profit represents the contributions payable to the scheme in respect of the accounting year.

## **Notes** *(continued)*

### **1**      **Accounting policies** *(continued)*

#### ***Leases***

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

#### ***Research and development expenditure***

Development costs, other than any which are treated as work in progress, are written off against profits in the year in which they are incurred.

#### ***Stocks***

Spares and parts represents components held to complete construction of the race cars for the coming season and to service and maintain the race cars during the season.

Work in progress represents labour costs incurred in the design and build of race cars for the coming season, together with components assembled within finished or partly finished race cars.

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.

## Notes (continued)

### 2 Analysis of turnover and profit/(loss) on ordinary activities before taxation

Turnover and profit/(loss) on ordinary activities were derived from the principal activity of the company. All Turnover arose in the U.K.

### 3 Profit/(loss) on ordinary activities before taxation

	2000 £000	1999 £000
<i>Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting)</i>		
Auditors' remuneration:		
Audit	25	24
Other services	230	72
Depreciation and other amounts written off tangible fixed assets	1,476	1,082
Exchange loss/(gain)	(58)	(421)
Hire of plant and machinery	157	159
Hire of plant and machinery – operating lease hire	11	11
Hire of land and buildings – operating lease	250	250
Loss on disposal of tangible fixed assets	29	-
	<hr/>	<hr/>

### 4 Remuneration of directors

	2000 £000	1999 £000
Directors' emoluments:		
Salary and benefits	725	725
Bonus	195	250
	<hr/>	<hr/>
	920	975
	<hr/>	<hr/>

The emoluments of the chairman and highest paid director were £845,000 (1999:£900,000). No pension contributions were made on behalf of directors (1999:nil).

**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:

	<b>Number of employees</b>	
	<b>2000</b>	<b>1999</b>
Production	88	83
Design	59	44
Race team and testing	41	35
Administration	28	25
	<hr/>	<hr/>
	<b>216</b>	<b>187</b>
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	<b>2000</b>	<b>1999</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	8,070	7,113
Social security costs	868	750
Pension costs	140	94
	<hr/>	<hr/>
	<b>9,078</b>	<b>7,957</b>
	<hr/>	<hr/>

**6 Interest receivable and similar income**

	<b>2000</b>	<b>1999</b>
	<b>£000</b>	<b>£000</b>
Bank interest	197	4
Other interest	72	70
	<hr/>	<hr/>
	<b>269</b>	<b>74</b>
	<hr/>	<hr/>

**7 Interest payable and similar charges**

	<b>2000</b>	<b>1999</b>
	<b>£000</b>	<b>£000</b>
On bank loans and overdrafts	24	254
Other interest and related charges	63	30
	<hr/>	<hr/>
	<b>87</b>	<b>284</b>
	<hr/>	<hr/>

## Notes (continued)

### 8 Taxation

	2000 £000	1999 £000
UK corporation tax at 30 % (1999:30%)	1,456	-
Deferred taxation	200	(177)
Adjustment relating to an earlier period	-	(156)
	<u>1,656</u>	<u>(333)</u>

### 9 Tangible fixed assets

	Land and Buildings £000	Plant, equipment, fixtures and road vehicles £000	Computer Equipment £000	Total £000
<b>Cost</b>				
At beginning of year	3,272	5,583	3,068	11,923
Additions	238	1,066	602	1,906
Disposals	-	(75)	-	(75)
Reclassification	(367)	367	-	-
At end of year	<u>3,143</u>	<u>6,941</u>	<u>3,670</u>	<u>13,754</u>
<b>Depreciation</b>				
At beginning of year	344	2,409	991	3,744
Charge for year	152	775	549	1,476
Disposals	-	(1)	-	(1)
Reclassification	(178)	178	-	-
At end of year	<u>318</u>	<u>3,361</u>	<u>1,540</u>	<u>5,219</u>
<b>Net book value</b>				
At 31 December 2000	<u>2,825</u>	<u>3,580</u>	<u>2,130</u>	<u>8,535</u>
At 31 December 1999	<u>2,928</u>	<u>3,174</u>	<u>2,077</u>	<u>8,179</u>

The cost of land and buildings included £2,745,000 (1999:£2,874,000) of depreciable assets.

Included in the total net book value of plant, equipment, fixtures and road vehicles is £555,200 (1999:£694,000) in respect of assets held under finance leases. Depreciation on these assets amounted to £138,800 (1999:£12,000). leases.

## Notes (continued)

### 9 Tangible fixed assets (continued)

The net book value of land and buildings comprises:

	2000 £000	1999 £000
Freehold	1,798	2,058
Leasehold improvements	1,027	870
	<u>2,825</u>	<u>2,928</u>

### 10 Fixed asset investments

	2000 £000	1999 £000
Other investments other than loans	29	29
	<u>29</u>	<u>29</u>

### 11 Stocks

	2000 £000	1999 £000
Spares and parts	1,008	894
Work in progress	3,138	2,419
	<u>4,146</u>	<u>3,313</u>

### 12 Debtors due within one year

	2000 £000	1999 £000
Trade debtors	11,482	8,114
Other debtors	706	746
Prepayments and accrued income	3,928	5,206
Corporation tax recoverable	-	1,235
	<u>16,116</u>	<u>15,301</u>

**Notes** (continued)

**13 Creditors: amounts falling due within one year**

	2000		1999	
	£000	£000	£000	£000
Trade creditors		5,867		7,227
Obligations under finance leases		114		159
Other creditors including taxation and social security:				
Other creditors	1,026		320	
Corporation tax	560		-	
Other taxation and social security	1,019		1,525	
		<u>2,605</u>		<u>1,845</u>
Accruals and deferred income		18,998		14,409
		<u>27,584</u>		<u>23,640</u>

**14 Creditors: amounts falling due after one year**

	2000	1999
	£000	£000
Obligations under finance leases	433	547

No finance lease obligations extend past 5 years.

**15 Provisions for liabilities and charges**

	Deferred taxation £000
At beginning of year	239
Charge for the year in the profit and loss account	200
<b>At end of year</b>	<b>439</b>

The amounts provided for deferred taxation are set out below:

	2000		1999	
	Unprovided £000	Provided £000	Unprovided £000	Provided £000
Difference between accumulated depreciation and capital allowances	-	439	-	239



**Notes** (continued)

**16 Called up share capital**

	2000 £000	1999 £000
<i>Authorised</i>		
Ordinary shares of £1 each	10	10
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	10	10
	<hr/>	<hr/>

**17 Reserves**

	Profit and loss account £000
At beginning of year	2,996
Retained profit for the year	3,925
	<hr/>
At end of year	6,921
	<hr/>

**18 Commitments**

- (i) There is a capital commitment of £306,400 at the end of the financial year for which a provision has not been made, representing the costs to completion of a motorhome;
- (ii) Annual commitments under non-cancellable operating leases are as follows:

	2000		1999	
	Land and buildings £000	Other £000	Land and Buildings £000	Other £000
Operating leases which expire:				
In the second to fifth years inclusive	-	11	-	11
Over five years	260	-	250	-
	<hr/>	<hr/>	<hr/>	<hr/>
	260	11	250	11
	<hr/>	<hr/>	<hr/>	<hr/>

## Notes (continued)

### 19 Reconciliation of movements in shareholders' funds

	2000 £000	1999 £000
Profit/(loss) for the financial year and net	3,925	(298)
Shareholders' funds at beginning of year	3,006	3,304
Shareholders' funds at end of year	<u>6,931</u>	<u>3,006</u>

### 20 Notes to the cash flow statement

#### i) Reconciliation of operating profit/(loss) to net cash flow from operating activities

	2000 £000	1999 £000
Operating profit/(loss)	5,399	(421)
Depreciation charge	1,476	1,082
Loss on disposal of tangible fixed assets	29	-
(Increase) in stocks	(833)	(981)
(Increase) in debtors	(2,043)	(6,717)
Increase in creditors	3,569	15,797
Net cash inflow from operating activities	<u>7,597</u>	<u>8,760</u>

#### ii) Reconciliation of net cash flow to movement in net debt

	2000 £000	1999 £000
Increase in cash in the year	5,951	3,174
Cash outflow from decrease in debt and lease financing	159	2,000
New finance leases	-	(706)
Net (debt) at beginning of the year	<u>6,110</u> (96)	<u>4,468</u> (4,564)
Net cash/(debt) at end of year	<u>6,014</u>	<u>(96)</u>

**Notes** *(continued)*

**20 Notes to the cash flow statement** *(continued)*

iii) Gross cash flows

	<b>2000</b> <b>£000</b>	1999 £000
<b>Returns on investments and servicing of finance</b>		
Interest received	241	79
Interest paid	(107)	(225)
Interest element of finance lease paid	(63)	-
	<u>71</u>	<u>(146)</u>
<b>Capital expenditure</b>		
Payments to acquire tangible fixed assets	(1,906)	(2,065)
Sale proceeds of disposals of tangible fixed assets	9	-
	<u>(1,897)</u>	<u>(2,065)</u>
<b>Financing</b>		
Loan	-	(2,000)
Capital element of finance lease repaid	(159)	-
	<u>(159)</u>	<u>(2,000)</u>

iv) Analysis of changes in net cash/(debt)

	At beginning of year £000	Cash Flows £000	Non cash Flows £000	At end of year £000
Cash at bank and in hand	610	5,951	-	6,561
Finance lease due within one year	(159)	159	(114)	(114)
Finance lease due after one year	(547)	-	114	(433)
	<u>(96)</u>	<u>6,110</u>	<u>-</u>	<u>6,014</u>

## **Notes** *(continued)*

### **21 Related party transactions**

Jordan Grand Prix Limited is charged by Bunbury Aviation Limited for the use of its aircraft. This company is controlled by The Anna Livia No.4 Settlement. Jordan Grand Prix Limited is charged by Dimona Limited for the lease of a building. This company is controlled by The Anna Livia No 6 Settlement. Jordan Grand Prix Limited is charged by Fastnet Limited for the use of a boat. This company is controlled by The Anna Livia No. 6 Settlement, whose trustees are also the trustees of The Anna Livia No 4. Settlement.

In the year Jordan Grand Prix Limited have incurred charges of £429,000 (*1999:£259,000*) in respect of the use of the aircraft, £250,000 (*1999: £250,000*) in respect of the lease of the building and £57,000 (*1999:£25,000*) in respect of the use of the boat.

### **22 Immediate and ultimate parent company**

The company is a wholly owned subsidiary undertaking of Jordan Grand Prix Holdings Limited, a private limited company registered in England and Wales. The consolidated accounts of the group may be obtained from Companies House, Crown Way, Cardiff, Wales, CF4 3UZ.

The Anna Livia No. 4 Settlement is the ultimate controlling party. This trust fund is settled in Guernsey.