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TWR

GROUP LIMITED



TWR GROUP LIMITED
REPORT AND FINANCIAL STATEMENTS
1992

CONTENTS

	Page
Report from the Chairman	3
Report of the Directors	6
Report of the Auditors	9
Consolidated Profit & Loss Account	10
Consolidated Balance Sheet	11
Balance Sheet	12
Consolidated Cash Flow Statement	13
Notes to the Financial Statements	14
Directors, Officers and Advisers	38

REPORT FROM THE CHAIRMAN

RESULTS

I am pleased to announce that the performance of TWR Group was again satisfactory in what was a difficult year. Despite the continued effect of the recession on many areas of the Group's activities, the Group managed to record a profit before tax of £2,530,000, a significant increase on the previous year's restated profit of £826,000.

On the 9th April 1992 50% of the Group's interest in the garages division was sold and from this date the results of the garages division were not consolidated, this explains the majority of the drop in Group turnover compared to the 1991 level.

During the year there were some substantial changes to the Company's shareholders and the Board. The new Board have made various prior year adjustments as detailed in Note 20 to the accounts.

DIVISIONAL PERFORMANCE REVIEW**AUTOMOTIVE
ENGINEERING**

The activities covered by this division now include :-

TWR RACING - The racing team successfully competed in the IMSA Championship on behalf of Jaguar finishing first at Daytona, Atlanta and Mid-Ohio and 2nd in the overall series. The team also manufactured three Group "C" cars for Mazda as well as supporting their racing activities in Japan and at Le Mans.

TWR ENGINES - During the year, this division successfully commenced production of the Jaguar XJ220 engine and also commenced work on the development phase of the new Aston Martin DB7 engine programme.

TWR DESIGN - The design and modelling studio continued to handle various assignments for leading car manufacturers during the year. The design team won critical acclaim for its work on the stunning new Aston Martin DB7 sports car which is due to go into production in 1994.

TWR MACHINING - Our modern and efficient CNC machine shop, which has now achieved the BS5750 accreditation, was busy during the year in support of the various Group programmes, particularly the XJ220.

SPECIAL VEHICLE OPERATIONS - During the year work continued with outside motor manufacturers to whom various uniquely styled components were supplied.

COMPOSITES - The Group's composite activities carried out by Advanced Structural Technology Limited continued to support the racing activities within the Group, although outside orders for this type of work were restricted by very difficult market conditions. The Company has started to develop in new markets such as RTM and is expanding its customer base in this area.

REPORT FROM THE CHAIRMAN (CONTINUED)

GARAGES

On 9th April 1992, TWR Group Limited entered into a joint venture with Silverstone Circuits Limited. The joint venture was brought about by the formation of Silverstone Motor Group Limited. The results for the garages division for 1992 therefore only reflects the period to 9th April, with the result for the rest of the year shown under associated undertakings.

1992 saw a substantial reduction in losses for the garages group even though market conditions remained difficult. There was a continuation of low levels in new car sales resulting in the over availability of some makes of cars resulting in pressure on margins.

As a result of the restructuring of the garage group and the additional finance resulting from it, several new franchises were acquired. A proportion of the division's losses stemmed from these businesses in their first year of operation, where set up costs and carrying costs to get the business fully operational had a significant impact. In addition, Silverstone Motor Group Limited had to contend with a great deal of public speculation and press comment surrounding the affairs of one of its shareholders. This proved to have an adverse effect on both the management and the trading performance of the division.

**INDUSTRIAL
ENGINEERING**

This division continued to make significant losses although at a reduced level from the previous year.

Whilst the Board recognised the longer term potential of these activities, it was decided to dispose of these businesses as they seemed unlikely to contribute to Group profits in the short term. Accordingly the businesses were disposed of from the Group on the 7th July 1993 as disclosed in Note 28 covering post balance sheets events.

**ASSOCIATED
UNDERTAKINGS**

The joint venture companies produced a satisfactory increase in profitability during the year which saw the launch of the highly acclaimed XJ220, a car which is now generally accepted as setting the bench-mark for all current "super cars".

As discussed above, the results of Silverstone Motor Group Limited are included under associated undertakings as from 9th April 1992.

DIVIDENDS

The Company does not propose to pay a dividend for year, preferring to retain all profits within the business to assist with the funding of its future activities.

REPORT FROM THE CHAIRMAN (CONTINUED)

NEW INVESTORS

On 30th November 1992, 21 Investimenti UK Limited, a wholly owned subsidiary of Edizione Holdings SpA, acquired 7,999,999 new £1 "A" Ordinary shares in the Company and made available £4 Million loan stock, convertible into non-voting Ordinary shares. These transactions leave 21 Investimenti UK Limited with just under 50% of the equity of TWR Group Limited. Edizione Holdings SpA, based in Treviso (Italy), is the parent company of the Edizione Group and is wholly owned by the Benetton family. The Edizione Group consists of about 100 companies operating in more than 25 countries and is primarily involved in manufacturing activities, focusing on clothing and sports equipment.

The presence of the new shareholder has strengthened the Board and the availability of this additional capital has improved the Group's financial stability by substantially reducing both bank borrowings and overall gearing.

OUTLOOK

1993 continues to be a difficult year for both the Group and the United Kingdom economy as a whole. I am, however, confident that restructuring of the Group including disposal of non-profitable activities will put the Group into a stronger position and better able to capitalise on new opportunities in the future.

MANAGEMENT AND EMPLOYEES

I would like to take this opportunity to thank everyone in the Group for all the hard work and commitment shown during the demanding conditions encountered throughout 1992.



T D T WALKINSHAW
Chairman

24th January 1994

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report and the audited financial statements for the year ended 31st December 1992.

1. PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the Group are unchanged from last year, and are those of automotive engineering, garage proprietors, and industrial engineering. The Report from the Chairman provides a detailed review of the activities, development and progress of the Group.

2. DIVIDENDS AND TRANSFER TO RESERVES

The directors do not recommend the payment of a dividend. The Group's profit of £2,278,000 is to be carried to reserves.

3. DIRECTORS

The directors who served during the year and the beneficial and family interests of those serving at the end of the year in the share capital of the Company, as shown by the Register of Members maintained pursuant to the Companies Act 1985, were as follows:

	31 December 1992	31 December 1991
	Ordinary Shares	
T D T Walkinshaw	8,000,000	250,000
A J Gibson	-	-
R S Silman	-	-
S Fernback	-	-
A Benetton	-	-
F Briatore	-	-
M Masetti	-	-
G Frassini	-	-

Mr S Fernback was appointed a director on 17th November 1992 and Messrs A Benetton, F Briatore, M Masetti and G Frassini were appointed directors on 30th November 1992.

Mrs E P Walkinshaw resigned as a director on 14th November 1992, Mr A J Gibson resigned as a director on 24th May 1993 and Mr G Frassini resigned as a director on 14th January 1994.

Details of the changes in share capital are provided in note 19 to the financial statements.

4. FIXED ASSETS

The movements in fixed assets during the year are set out in notes 10 to 12 to the financial statements. There may be a difference between the current market value and carrying value of certain of the Group's properties. In the opinion of the directors this difference is not a permanent diminution and has therefore not been provided for in the financial statements.

REPORT OF THE DIRECTORS

5. CHANGES IN THE PRESENTATION OF THE FINANCIAL STATEMENTS

Following the introduction of Financial Reporting Standard No. 1, "Cash Flow Statements", the following changes have been made to conform with the new requirements.

- a. A consolidated cash flow statement has been included, replacing the statement of source and application of funds.

- b. The following notes to the financial statements have been incorporated:

Reconciliation of operating profit to net cash (outflow)/inflow from operating activities (note 21)

Cash and cash equivalents (note 22)

Analysis of changes in financing during the year (note 23)

6. POST BALANCE SHEET EVENTS

Details of material post balance sheet events are included in note 28 to the financial statements.

7. RESEARCH AND DEVELOPMENT ACTIVITIES

The Group is committed to research and development activities in order to secure its position as market leader in the automotive sector. Details of expenditure on research and development are set out in note 3 to the financial statements.

8. EMPLOYEES

During the year the Group continued its policy of full involvement of employees wherever possible. This has taken place through the provision of Company information, consultation on policy issues where appropriate, and the mutual setting of objectives against which performance is measured. The Group takes the approach of maximising performance through the heightening of awareness of Company and Group policies.

The Group does not discriminate against disabled persons.

REPORT OF THE DIRECTORS

9. 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 Group as at the end of the financial year and of the profit and loss of the Group for that period. In preparing those financial statements, the directors are required to:

- a. select appropriate accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. follow all applicable accounting standards;

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. they are also responsible for safeguarding assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

10. AUDITORS

On 24th March 1993, Messrs Cook & Partners agreed to resign as auditors and Arthur Andersen were appointed in their place. A resolution to re-appoint Arthur Andersen as auditors will be proposed at the Annual General Meeting.

Approved by the Board of Directors
and signed on its behalf



A D MITCHELL
Secretary

24th January 1994

REPORT OF THE AUDITORS
To the shareholders of TWR Group Limited

TWR GROUP LIMITED
and subsidiary companies

We have audited the financial statements on pages 10 to 37 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies on pages 15 and 16.

Respective responsibilities of directors and auditors

As described on page 8 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.

Fundamental uncertainty

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the possible outcome to litigation with Silverstone Circuits Limited in connection with the purchase by Silverstone Circuits Limited of shares in a former subsidiary undertaking and now associated undertaking, Silverstone Motor Group Limited. This litigation has been suspended whilst the parties explore the sale of these shares. In the event that there was an unfavourable outcome, this could result in additional liabilities. Details of the circumstances relating to this fundamental uncertainty are described in note 27.

Our opinion is not qualified in respect of the above matter.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group at 31st December 1992 and of the Group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


ARTHUR ANDERSEN
Chartered Accountants & Registered Auditor
London

24th January 1994

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 31 December 1992

TWR GROUP LIMITED
and subsidiary companies

	Note	£'000	1992 £'000	£'000	1991 £'000
TURNOVER	2		56,031		110,448
Cost of Sales			(32,841)		(85,521)
GROSS PROFIT			23,190		24,927
Administrative Expenses			(17,698)		(19,840)
OPERATING PROFIT			5,492		5,087
Share of profits of associated undertakings		521		191	
Interest receivable and similar income	6	267		-	
Interest payable and similar charges	7	(3,750)		(4,452)	
			(2,962)		(4,261)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2 & 3		2,530		826
Taxation	8		(252)		(1,161)
RETAINED PROFIT/(LOSS) FOR THE YEAR	20		2,278		(335)

CONSOLIDATED BALANCE SHEET
31 December 1992

TWR GROUP LIMITED
and subsidiary companies

	Note	1992 £'000	1991 £'000
FIXED ASSETS			
Intangible assets	10	-	265
Tangible assets	11	22,171	24,470
Investments	12	12,953	11,513
		<hr/>	<hr/>
		35,124	36,248
CURRENT ASSETS			
Stocks	13	7,850	16,169
Debtors: falling due within one year	14	7,955	13,918
Debtors: falling due after one year	15	6,000	-
Cash at bank and in hand		58	871
		<hr/>	<hr/>
		21,863	30,958
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	16	(19,518)	(48,601)
		<hr/>	<hr/>
NET CURRENT ASSETS/(LIABILITIES)		2,345	(17,643)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		37,469	18,605
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	17	(17,191)	(7,904)
PROVISIONS FOR LIABILITIES AND CHARGES	18	(216)	(539)
		<hr/>	<hr/>
		20,062	10,162
		<hr/>	<hr/>
CAPITAL AND RESERVES			
CALLED UP SHARE CAPITAL	19	16,000	250
RESERVES	20	4,062	9,912
		<hr/>	<hr/>
		20,062	10,162
		<hr/>	<hr/>

These financial statements were approved by the Board of Directors on 24th January 1994.
Signed on behalf of the Board of Directors


T D T WALKINSHAW

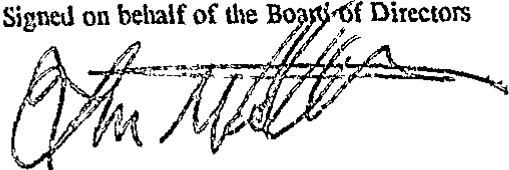

S J FERNBACK

TWR GROUP LIMITED

BALANCE SHEET
31 December 1992

	Note	1992 £'000	1991 £'000
FIXED ASSETS			
Tangible assets	11	3,090	5,510
Investments	12	14,869	13,158
		<u>17,959</u>	<u>18,668</u>
CURRENT ASSETS			
Stocks	13	2,903	2,027
Debtors: falling due within one year	14	26,518	21,129
Debtors: falling due after one year	15	6,000	6,151
Cash at bank and in hand		6,628	1,624
		<u>42,049</u>	<u>30,931</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	16	(19,464)	(27,580)
NET CURRENT ASSETS		<u>22,585</u>	<u>3,351</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>40,544</u>	<u>20,019</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	17	(20,250)	(12,316)
PROVISIONS FOR LIABILITIES AND CHARGES	18	-	(320)
		<u>20,294</u>	<u>9,383</u>
CAPITAL AND RESERVES			
CALLED UP SHARE CAPITAL	19	16,000	250
RESERVES	20	4,294	9,133
		<u>20,294</u>	<u>9,383</u>

These financial statements were approved by the Board of Directors on 24th January 1994.
Signed on behalf of the Board of Directors



T D T WALKINSHAW



S J FERNBACK

CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 1992

TWR GROUP LIMITED
and subsidiary companies

	Note	£'000	1992 £'000	£'000	1991 £'000
OPERATING ACTIVITIES					
Net cash (outflow)/inflow from operating activities	21		(249)		8,576
RETURNS ON INVESTMENT AND SERVICING OF FINANCE					
Interest received		267		-	
Interest paid		(2,633)		(2,950)	
Interest element of finance lease rentals		(1,117)		(1,502)	
Net cash outflow from returns on investment and servicing of finance			(3,483)		(4,452)
TAXATION					
UK corporation tax received		307		30	
Overseas tax paid		(13)		-	
Tax received			294		30
INVESTING ACTIVITIES					
Purchase of fixed assets		(3,525)		(3,065)	
Sale of subsidiary undertakings					
(net of cash and cash equivalents disposed of)		2,408		(63)	
Sale of tangible fixed assets		2,164		3,758	
Net cash inflow from investing activities			1,047		630
Net cash (outflow)/inflow before financing			(2,391)		4,784
FINANCING					
	23				
Issue of shares		8,000		-	
New loans		14,000		313	
Expenses paid in connection with share issue		(549)		-	
Repayment of loans		(4,485)		(1,287)	
Principal payment under finance leases		(1,838)		(4,672)	
Net cash inflow/(outflow) from financing			15,128		(5,646)
Increase/(decrease) in cash and cash equivalents	22		12,737		(862)

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 1992

TWR GROUP LIMITED
and subsidiary companies

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. A summary of the more important group accounting policies is set out below. These policies have been applied consistently except for the policy on depreciation of freehold property as explained below.

a. Changes in accounting policies

In prior years depreciation was not provided on freehold buildings as it is the Group's policy to maintain its properties in a sound state of repair and accordingly the directors had considered that the lives of the properties were so long and the residual values at such a level that depreciation was immaterial. However, given the recent rulings made by the Financial Reporting Review Panel, the directors believe that best accounting practice dictates that such properties should be depreciated and thus the accounting policy has been changed to depreciate such properties at 2% per annum. The effect of this change in accounting policy is disclosed in note 20.

b. Accounting convention

The financial statements have been prepared in accordance with the historical cost convention modified to incorporate the revaluation of certain assets. The revalued assets include both freehold and leasehold property and motor museum vehicles.

c. Basis of consolidation

The consolidated Financial Statements include the accounts of TWR Group Limited and its subsidiary undertakings made up to 31st December each year. The profits and losses of subsidiary undertakings acquired or disposed of during the year are included from their effective date of acquisition or up to the date of disposal.

d. Turnover

Turnover comprises sales in the ordinary course of business to external customers for goods and services provided exclusive of value added tax.

e. Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value with an allowance for obsolete or slow moving items.

Work in progress comprises direct materials and direct labour and overheads based on the normal level of activity. Net realisable value is the price at which stock and work in progress can be sold in the normal course of business after allowing for costs of realisation and completion.

f. Tangible fixed assets and depreciation

Depreciation is provided to write down the cost or valuation of tangible fixed assets over their estimated useful lives on the following bases:

Freehold property	2% straight line on buildings
Leasehold property	Over the period of the lease
Plant and equipment	12.5 to 25% straight line

Freehold properties are included in the financial statements on the basis of cost or open market value less accumulated depreciation.

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 1992

TWR GROUP LIMITED
and subsidiary companies

1. ACCOUNTING POLICIES (CONTINUED)

g. Research and development

Research expenditure is written off in the year in which it is incurred.

Development expenditure, on projects which the directors consider to be commercially viable, is capitalised in the balance sheet as it is incurred and then written off over the estimated future economic lives of the projects concerned. The expenditure is normally written off over two or three years from the date that the product of each project is available for sale and is based on the proportion of total forecasted sales that each particular project achieved during the financial year. Future expenditure to be incurred on such projects is taken into account in calculating the rate at which such expenditure is written off. Expenditure incurred on development rights is amortised over 10 years on a straight line basis.

h. Deferred taxation

Deferred taxation is provided using the full liability method except that no provision is made where there is reasonable probability that no liability will arise in the foreseeable future. No provision is therefore made on revaluation surpluses of certain freehold properties unless they are to be sold.

i. Foreign currency translation

Assets and liabilities denominated in foreign currencies and the financial statements of foreign subsidiary undertakings are translated into sterling at the rates of exchange ruling at the balance sheet date. Exchange differences arising in the consolidated financial statements on the retranslation at closing rates of the Group's net investment in foreign subsidiary undertakings are recorded as a movement on reserves. All other foreign currency transactions are translated into sterling at the average monthly rates of exchange and are dealt with through the profit and loss account.

j. Leased assets

Assets obtained under finance leases and lease purchase contracts are capitalised and depreciated over their expected useful lives. The finance charges are allocated over the primary period of the lease in proportion to the capital element outstanding. The costs of operating leases are charged to the profit and loss account as they accrue.

k. Associated undertakings

An associated undertaking is one in which the Group has a substantial interest held for the long term and upon whose commercial and financial policy decisions the Group exercises a significant influence. Associated undertakings are included in the balance sheet at equity valuation with provisions made as required.

l. Investments

Fixed asset investments are shown at cost or subsequent valuation as set out in note 12. Provisions are made for permanent reductions in value.

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 1992

TWR GROUP LIMITED
and subsidiary companies

2. SEGMENTAL AND GEOGRAPHICAL ANALYSIS

SEGMENTAL ANALYSIS

The analysis by class of business of the Group's turnover, profit before taxation and net assets is set out below.

Turnover and Profit Before Taxation

	Turnover		Profit/(Loss) before taxation	
	1992 £'000	1991 £'000	1992 £'000	1991 £'000
Automotive engineering division	42,642	56,007	4,698	6,442
Garage division (see note 24)	11,754	51,455	(167)	(1,947)
Industrial engineering division	1,635	2,986	(2,522)	(3,860)
Associated undertakings	-	-	521	191
	<u>56,031</u>	<u>110,448</u>	<u>2,530</u>	<u>826</u>

Net Assets

	1992 £'000	1991 £'000
Automotive engineering division	28,057	18,643
Garage division	-	(1,537)
Industrial engineering division	(11,009)	(8,487)
Associated undertakings	3,014	1,543
	<u>20,062</u>	<u>10,162</u>

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 1992

TWR GROUP LIMITED
and subsidiary companies

2. SEGMENTAL AND GEOGRAPHICAL ANALYSIS (CONTINUED)

GEOGRAPHICAL ANALYSIS

The analysis by geographical area of the Group's turnover, profit before taxation and net assets is set out below.

Turnover	By Destination		By Origin	
	1992 £'000	1991 £'000	1992 £'000	1992 £'000
United Kingdom	39,238	92,978	46,779	101,637
Other EC Countries	1,381	5,619	1,563	2,685
United States of America	240	836	240	310
Australia	7,449	5,816	7,449	5,816
Other	7,723	5,199	-	-
	<u>56,031</u>	<u>110,448</u>	<u>56,031</u>	<u>110,448</u>
 Profit Before Tax and Net Assets	Profit Before Tax		Net Assets	
	1992 £'000	1991 £'000	1992 £'000	1992 £'000
United Kingdom	2,116	992	19,110	9,467
Other EC Countries	(78)	(119)	(529)	(385)
United States of America	49	40	174	133
Australia	443	(87)	1,307	947
	<u>2,530</u>	<u>826</u>	<u>20,062</u>	<u>10,162</u>

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is arrived at after charging/(crediting):	1992 £'000	1991 £'000
Rent receivable	514	-
Depreciation - Owned assets	1,689	1,838
- Assets held under finance leases and hire purchase contracts	740	756
Amortisation of intangible assets	156	834
Amounts written off investments	11	113
Research and development expenditure	118	857
Loss on disposal of fixed assets	595	623
Operating lease rentals - Plant and machinery	118	315
- Land and buildings	1,243	493
Auditors' remuneration - Audit	119	180
Auditors' remuneration - Non-Audit	65	-
Exceptional profit on disposal of the share of the garage division (net of costs, see note 24)	(2,563)	-

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 1992

TWR GROUP LIMITED
and subsidiary companies

4. EMPLOYEES

The average number of persons (including directors) employed by the Group was:

	1992	1991
Production staff	252	361
Sales and distribution staff	86	83
Administration staff	203	245
Research and development staff	12	54
	<hr/>	<hr/>
	553	743

The costs in respect of these employees were:

	1992 £'000	1991 £'000
Wages and salaries	11,742	14,324
Social security costs	1,025	1,315
	<hr/>	<hr/>
	12,767	15,639

5. DIRECTORS' EMOLUMENTS

The total emoluments of the directors of the holding company, in respect of their services, were £665,958 (1991 £552,050). The emoluments of the Chairman and highest paid director (excluding pension contributions) were £262,755 (1991 £304,750). The emoluments of the directors (excluding pension contributions) fell within the following ranges:

	1992 No.	1991 No.
£0 - £5,000	4	-
£5,001 - £10,000	1	-
£35,001 - £40,000	-	1
£50,001 - £55,000	1	-
£95,001 - £100,000	-	1
£105,001 - £110,000	-	1
£135,001 - £140,000	1	-
£210,001 - £215,000	1	-
£260,001 - £265,000	1	-
£300,001 - £305,000	-	1

The following transactions between the Group and its directors and their connected persons have been charged within the Group profit before tax:

Fees payable to Broadstone Estates Limited, a company in which Mr T D T Walkinshaw is a director and major shareholder, in respect of his services as a director were £272,000 (1991 £nil), in respect of obtaining racing sponsorship were £634,000 (1991 £111,000), in respect of the occupation by the Group of various premises £750,000 (1991 £nil).

Fees payable to Investimenti 21 SpA, a subsidiary of Edizione Holdings SpA, a company in which Mr A Benetton is a director and whose family are major shareholders, in respect of management and consultancy services were £240,000 (1991 £nil).

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 1992

TWR GROUP LIMITED
and subsidiary companies

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	1992 £'000	1991 £'000
Bank interest	24	-
Other interest	243	-
	<hr/>	<hr/>
	267	-
	<hr/>	<hr/>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	1992 £'000	1991 £'000
Bank overdrafts	2,247	2,424
Bank loans (repayable within five years by instalments)	324	526
Bank loans (repayable after more than five years by instalments)	48	-
Finance leases and stocking loans	1,117	1,502
Convertible loan stock interest	14	-
	<hr/>	<hr/>
	3,750	4,452
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Note 17 to the financial statements provides information with regard to the repayment of loans and finance lease obligations.

8. TAXATION

Taxation is based on the profits for the year and comprises:

	1992 £'000	1991 £'000
Corporation tax at 33.00% (1991 33.25%) on taxable profit	-	51
Consortium relief (receivable)/ payable	(250)	950
Deferred taxation	(323)	161
Over provision for earlier years	-	(68)
	<hr/>	<hr/>
	(573)	1,094
Overseas taxation	75	52
	<hr/>	<hr/>
	(498)	1,146
Associated undertakings	750	15
	<hr/>	<hr/>
	252	1,161
	<hr/>	<hr/>

The tax charge for the year has been reduced by £nil (1991 £525,000) as a result of tax losses brought forward and by £390,000 (1991 £nil) as a result of the effect of prior year adjustments

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 1992

TWR GROUP LIMITED
and subsidiary companies

9. PROFIT OF THE PARENT COMPANY

Of the Group profit before taxation, a profit of £3,042,000 (1991 profit of £4,603,000) has been dealt with in the financial statements of the holding company. The Company has taken advantage of the exemption contained in s.230 of the Companies Act 1985 allowing it not to present its own profit and loss account.

10. INTANGIBLE ASSETS

	Development Expenditure £'000
THE GROUP	
Cost	
At 1 January 1992	1,369
Additions	490
Disposals	(543)
Transfers	(1,418)
Exchange differences	102
	<hr/>
At 31 December 1992	-
	<hr/>
Amortisation	
At 1 January 1992	1,104
Amortisation during the year	156
Disposals	(404)
Transfers	(939)
Exchange differences	83
	<hr/>
At 31 December 1992	-
	<hr/>
Net Book Value	
At 31 December 1992	-
	<hr/>
At 31 December 1991	265
	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 1992

TWR GROUP LIMITED
and subsidiary companies

11. TANGIBLE ASSETS

	Freehold Property £'000	Leasehold Property £'000	Plant & Equipment £'000	Total £'000
THE GROUP				
Cost or Valuation				
At 1 January 1992	13,606	2,092	14,130	29,828
Additions	753	236	2,070	3,059
Disposals	(50)	(11)	(3,505)	(3,566)
Eliminated on disposal of subsidiaries	-	(21)	(1,540)	(1,561)
Transfers	-	-	1,418	1,418
Exchange differences	46	8	247	301
At 31 December 1992	14,355	2,304	12,820	29,479
Depreciation				
At 1 January 1992	408	214	4,736	5,358
Charge for the year	123	116	2,190	2,429
Disposals	-	(6)	(597)	(603)
Eliminated on disposal of subsidiaries	-	(11)	(924)	(935)
Transfers	-	-	939	939
Exchange differences	2	2	116	120
At 31 December 1992	533	315	6,460	7,308
Net Book Value:				
At 31 December 1992	13,822	1,989	6,360	22,171
At 31 December 1991	13,198	1,878	9,394	24,470

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 1992

TWR GROUP LIMITED
and subsidiary companies

11. TANGIBLE ASSETS (CONTINUED)

	Leasehold Property £'000	Plant & Equipment £'000	Total £'000
THE COMPANY			
Cost			
At 1 January 1992	134	6,504	6,638
Additions	10	662	672
Disposals	-	(2,608)	(2,608)
Group transfers	-	321	321
	<hr/>	<hr/>	<hr/>
At 31 December 1992	144	4,879	5,023
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 January 1992	18	1,110	1,128
Charge for the year	28	865	893
Disposals	-	(287)	(287)
Group transfers	-	199	199
	<hr/>	<hr/>	<hr/>
At 31 December 1992	46	1,887	1,933
	<hr/>	<hr/>	<hr/>
Net Book Value			
At 31 December 1992	98	2,992	3,090
	<hr/>	<hr/>	<hr/>
At 31 December 1991	116	5,394	5,510
	<hr/>	<hr/>	<hr/>

LEASEHOLD PROPERTY

	Group		Company	
	1992 £'000	1991 £'000	1992 £'000	1991 £'000
The net book value of leasehold property comprises:				
Long leasehold	1,027	1,010	-	-
Short leasehold	962	868	98	116
	<hr/>	<hr/>	<hr/>	<hr/>
	1,989	1,878	98	116
	<hr/>	<hr/>	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 1992

TWR GROUP LIMITED
and subsidiary companies

11. TANGIBLE ASSETS (CONTINUED)

	Group	
	1992 £'000	1991 £'000
LEASEHOLD PROPERTY (CONTINUED)		
Leasehold property at cost or valuation is stated:		
At open market value by Messrs Dunning Burston and Associates, Chartered Surveyors of Bristol, at 31st December 1989	1,126	1,126
At cost	1,178	966
	<u>2,304</u>	<u>2,092</u>
If stated under historical cost principles the comparable amounts for the total of leasehold property would be:		
Cost	1,621	1,455
Accumulated depreciation	(290)	(188)
	<u>1,331</u>	<u>1,267</u>
FREEHOLD PROPERTY		
Freehold property at cost or valuation is stated:		
At open market value by Messrs Dunning Burston and Associates, Chartered Surveyors of Bristol, at 31st December 1989	6,573	4,848
At cost	7,782	8,758
	<u>14,355</u>	<u>13,606</u>
If stated under historical cost principles the comparable amounts for the total of freehold property would be:		
Cost	11,886	11,501
Accumulated depreciation	(455)	(408)
	<u>11,431</u>	<u>11,093</u>

All other tangible fixed assets are stated at historical cost.

There may be a difference between the current market value and carrying value of certain of the Group's properties. In the opinion of the directors this difference is not a permanent diminution and has therefore not been provided for in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 1992

TWR GROUP LIMITED
and subsidiary companies

11. TANGIBLE ASSETS (CONTINUED)

	Group		Company	
	1992	1991	1992	1991
	£'000	£'000	£'000	£'000
LEASED ASSETS				
included in plant and equipment are assets held under finance leases and hire purchase contracts with net book value:	2,580	3,110	1,854	1,983
ASSETS IN THE COURSE OF CONSTRUCTION				
Included in plant and equipment are assets in the course of construction with net book value:	-	81	-	-

12. INVESTMENTS

	Motor Museum Vehicles £'000	Subsidiary Undertakings £'000	Associated Undertakings £'000	Total £'000
THE GROUP				
Cost or Valuation				
At 1 January 1992	9,959	-	1,554	11,513
Additions	115	-	1,700	1,815
Disposals	(135)	-	-	(135)
Provisions	-	-	(11)	(11)
Movement in share of net assets	-	-	(229)	(229)
At 31 December 1992	9,939	-	3,014	12,953
THE COMPANY				
Cost or Valuation				
At 1 January 1992	9,959	599	2,600	13,158
Additions	115	-	1,700	1,815
Disposals	(135)	-	-	(135)
Group transfers	-	31	-	31
At 31 December 1992	9,939	630	4,300	14,869

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 1992

TWR GROUP LIMITED
and subsidiary companies

12. INVESTMENTS (CONTINUED)

ASSOCIATED UNDERTAKINGS

Details of material associated undertakings are as follows:

	Silverstone Motor Group Ltd	Jaguarsport Ltd		Project XJ220 Ltd	
	1992	1992	1991	1992	1991
	£'000	£'000	£'000	£'000	£'000
Development expenditure	-	436	829	26,597	24,278
Tangible fixed assets	816	3,999	4,229	6,989	8,016
Total liabilities	5,782	13,256	6,950	39,678	35,123
Aggregate of share capital and reserves	3,443	8,931	7,841	(1,839)	(1,134)
Turnover	44,633	23,028	18,564	14,386	33
Depreciation charge	194	600	855	5,109	1,097
Profit/(loss) after taxation	(422)	1,928	1,192	(705)	(1,426)
Prior year adjustment	-	(838)	-	-	-

Project XJ220 Limited

Project XJ220 Limited is currently involved in litigation/arbitration with a number of customers. It has received legal advice that in the event that it may sustain losses as a result of customers defaulting on their contracts, such losses will be recoverable through litigation/arbitration. The accounts of Project XJ220 Limited have therefore been prepared on the basis of full recoverability of development costs.

The directors of Project XJ220 Limited consider that Project XJ220 Limited will have adequate finance available to it for the foreseeable future.

TWR Group Limited's investment in Project XJ220 Limited has been fully provided against.

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 1992

TWR GROUP LIMITED
and subsidiary companies

12. INVESTMENTS (CONTINUED)

SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

The subsidiary undertakings and associated undertakings which, in the opinion of the directors, principally affected the results or net assets of the Group were:

	Percentage of nominal value of issued Ordinary shares held by		Effective % of capital held
	TWR Group Ltd	Subsidiaries	in Group
Automotive Engineering Division			
Tom Walkinshaw Racing Limited	-	100%	100%
TWR Special Vehicle Operations Limited	-	100%	100%
Advanced Structural Technology Limited	100%	-	100%
Crailglade Limited	100%	-	100%
TWR Inc.			
- Incorporated in U.S.A.	100%	-	100%
TWR Australia Pty Limited			
- Incorporated in Australia	100%	-	100%
TWR Special Vehicle Operations Limited			
- Incorporated in Luxembourg	-	100%	100%
Pernoso Pty Limited			
- Incorporated in Australia	-	100%	100%
Garage Division			
TWR Jaguar (Coventry) Limited	-	100%	100%
TWR Jaguar (Oxford) Limited	-	100%	100%
Prophets Garage Limited	-	100%	100%
Prophets (Gerrards Cross) Limited	-	100%	100%
Chariots (St. Albans) Limited	-	100%	100%
Shires (Coventry) Limited	-	100%	100%
Churchills (St. Albans) Limited	-	100%	100%
Oxford Mazda Limited	-	100%	100%
Industrial Engineering Division			
Compak Systems Limited	-	100%	100%
Track Marshall of Gainsborough Limited	-	100%	100%
Associated Undertakings			
Jaguarsport Limited			
- (Automotive Engineering)	50%	-	50%
Project XJ220 Limited			
- (Automotive Engineering)	50%	-	50%
Silverstone Motor Group Limited			
- (Garage)	50%	-	50%

Except where indicated all companies are registered in England and Wales.

Details of changes in the composition of the Group are provided in note 24.

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 1992

TWR GROUP LIMITED
and subsidiary companies

12. INVESTMENTS (CONTINUED)

MOTOR MUSEUM VEHICLES

Motor museum vehicles and the histories attaching thereto are regularly revalued at open market value. The latest valuations were carried out by Duncan Hamilton & Co.(Byfleet) at 31 May 1991 and Christies, Mason and Woods Limited on 1 October 1991, independent experts and specialists in the field of performance vehicles.

	Group & Company	
	1992	1991
	£'000	£'000
Motor museum vehicles at cost or valuation		
are stated at open market value on:		
31 May 1991	8,022	8,092
1 October 1991	1,300	1,300
At cost	617	567
	<hr/>	<hr/>
	9,939	9,959
	<hr/>	<hr/>
If stated under historical cost principles the comparable amounts for the total of motor museum vehicles at cost would be:	3,093	2,773
	<hr/>	<hr/>
Included in motor museum vehicles are assets held under finance leases and hire purchase contracts with net book value:	4,322	4,225
	<hr/>	<hr/>

13. STOCKS

	Group		Company	
	1992	1991	1992	1991
	£'000	£'000	£'000	£'000
Raw materials	414	140	56	10
Components and consumables	1,472	4,909	778	98
Work in progress	2,336	1,828	188	224
Stock for resale:				
- owned	3,513	8,475	1,766	1,580
- under finance lease and hire purchase contracts	115	817	115	115
	<hr/>	<hr/>	<hr/>	<hr/>
	7,850	16,169	2,903	2,027
	<hr/>	<hr/>	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 1992

TWR GROUP LIMITED
and subsidiary companies

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	1992	1991	1992	1991
	£'000	£'000	£'000	£'000
Trade debtors	4,860	3,983	109	130
Amounts owed by group undertakings	-	-	24,642	14,680
Amounts owed by associated undertakings	1,772	657	1,535	126
Corporation tax	-	283	-	-
Other debtors	576	7,212	15	5,380
Prepayments and accrued income	747	1,783	217	813
	<u>7,955</u>	<u>13,918</u>	<u>26,518</u>	<u>21,129</u>

15. DEBTORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	1992	1991	1992	1991
	£'000	£'000	£'000	£'000
Amounts owed by investing companies	6,000	-	6,000	-
Amounts owed by group undertakings	-	-	-	6,151
	<u>6,000</u>	<u>-</u>	<u>6,000</u>	<u>6,151</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	1992	1991	1992	1991
	£'000	£'000	£'000	£'000
Commercial loan (see note 17)	353	308	-	-
Stocking loans	-	1,819	-	532
Bank loan (see note 17)	-	400	-	-
Bank overdrafts (see note 17)	4,857	18,407	-	11,610
Trade creditors	3,416	6,410	1,527	865
Amounts owed to group undertakings	-	-	12,625	12,287
Amounts due to associated undertakings	1,073	4,309	97	16
Other creditors	150	1,836	5	328
Corporation tax	223	137	-	1
Other taxation and social security	516	1,603	331	79
Accruals and deferred income	6,887	11,140	3,161	432
Obligations under finance leases and hire purchase contracts	2,043	2,232	1,718	1,430
	<u>19,518</u>	<u>48,601</u>	<u>19,464</u>	<u>27,580</u>

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 1992

TWR GROUP LIMITED
and subsidiary companies

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

	Group		Company	
	1992	1991	1992	1991
	£'000	£'000	£'000	£'000
Convertible loan stock (see below)	4,000	-	4,000	-
Commercial loan (see below)	342	695	-	-
Bank loan (see below)	10,288	3,052	10,000	-
Long term loans (see below)	-	60	-	60
Amounts owed to group undertakings	-	-	4,116	8,679
Obligations under finance leases and hire purchase contracts (see below)	2,561	4,097	2,134	3,577
	<u>17,191</u>	<u>7,904</u>	<u>20,250</u>	<u>12,316</u>

CONVERTIBLE LOAN STOCK

During the year the company issued £4,000,000 loan stock bearing interest at 3% below LIBOR until 30th June 1995 and thereafter at 1% over LIBOR. The loan stock is convertible into non-voting Ordinary shares subject to the Group achieving agreed future profit targets. If the profit targets are not achieved the loan stock is repayable at the rate of £1 million per annum from 30th June 1994. The proceeds of the loan stock issue were used to reduce bank borrowings.

COMMERCIAL LOAN

The commercial loan is repayable over the next two years by half yearly repayments. Interest is payable on the loan at 3% above clearing bank base rate.

BANK LOANS AND OVERDRAFT

The main bank loan of £10,000,000 is repayable in annual instalments of £1,666,667 commencing on 30th November 1994. At 31st December 1992, £3,333,333 (1991 £1,200,000) is due after more than five years. The loan bears interest at a flexible rate over LIBOR.

Bank loans and overdrafts are secured by both a fixed charge over the freehold properties of the Group and by a floating charge over all the assets of the Group. The bank also holds an unlimited cross guarantee between all companies in the Group, supported by a fixed charge on book debts and a floating charge over all the assets of the Group.

LONG TERM LOANS

At 31st December 1992 there are no long term loans. The loans at 31st December 1991 represented loans from oil companies which were interest free and repayable within the second to fifth years inclusive. The loans were transferred to Silverstone Motor Group Limited as part of the disposal detailed in note 24.

OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

All amounts included within creditors falling due after more than one year are repayable within the second to fifth years inclusive.

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 1992

TWR GROUP LIMITED
and subsidiary companies

18. PROVISIONS FOR LIABILITIES AND CHARGES

DEFERRED TAXATION

	Group £'000	Company £'000
Movement in year		
At 1 January 1992	539	320
Credit for the year	(323)	(320)
	<hr/>	<hr/>
At 31 December 1992	216	-
	<hr/>	<hr/>
Provision at year end		

As explained in note (1h), provision is made for taxation liabilities arising from the allocation of items to different accounting periods for taxation and for accounting purposes, except where it is probable that the liability will not crystallise. No deferred taxation has been provided on earnings retained by overseas subsidiary undertakings. The source of the balance on the deferred taxation account and the amounts for which provision has not been made are as follows:

	Provided		Unprovided	
	1992 £'000	1991 £'000	1992 £'000	1991 £'000
THE GROUP				
Capital allowances in excess of depreciation	216	659	272	239
Short term timing differences	-	-	(75)	-
Surplus on revaluations and capital gains	-	-	1,467	1,467
Losses carried forward	-	(120)	(464)	(561)
	<hr/>	<hr/>	<hr/>	<hr/>
	216	539	1,200	1,145
	<hr/>	<hr/>	<hr/>	<hr/>
THE COMPANY				
Capital allowances in excess of depreciation	-	440	249	-
Short term timing differences	-	-	(165)	-
Losses carried forward	-	(120)	(112)	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	320	(28)	-
	<hr/>	<hr/>	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 1992

TWR GROUP LIMITED
and subsidiary companies

19. SHARE CAPITAL

	1992 £'000	1991 £'000
AUTHORISED		
8,000,000 (1991 nil) "A" Ordinary Shares of £1 each	8,000	-
8,000,000 (1991 1,000,000) "B" Ordinary Shares of £1 each	8,000	1,000
4,000,000 (1991 nil) Non-voting Shares of £1 each	4,000	-
	<hr/>	<hr/>
	20,000	1,000
	<hr/>	<hr/>
ALLOTTED CALLED UP AND FULLY PAID		
8,000,000 (1991 nil) "A" Ordinary shares of £1 each	8,000	-
8,000,000 (1991 250,000) "B" Ordinary shares of £1 each	8,000	250
	<hr/>	<hr/>
	16,000	250
	<hr/>	<hr/>

The following changes to authorised and issued share capital took place during the year to enable the Group's gearing to be reduced and also provide sufficient working capital to fulfil the Group's medium term plans :

- a. On 9th October 1992, the authorised share capital of the Company was increased to £8,000,000 by the creation of 7,000,000 "B" Ordinary shares of £1 each. On the same date the Company issued 31 bonus £1 "B" Ordinary shares for each "B" Ordinary share in issue. This bonus issue was made from reserves by way of issuing £7,750,000 of new shares.

- b. On 30th November 1992:

The authorised share capital of the Company was further increased to £20,000,000 by the creation of 8,000,000 "A" Ordinary shares of £1 each and 4,000,000 Non-voting shares of £1 each.

21, Investimenti UK Ltd, a wholly owned subsidiary of Edizione Holdings SpA, acquired 7,999,999 new £1 "A" Ordinary shares in exchange for £7,999,999 cash consideration.

Mr T D T Walkinshaw acquired one new £1 "A" Ordinary share in exchange for £1 cash consideration.

As detailed in note 17 to the financial statements, 4,000,000 Non-voting shares of £1 each may be issued by way of conversion of the £4,000,000 convertible loan stock in the event of the Company achieving agreed future profit targets.

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 1992

TWR GROUP LIMITED
and subsidiary companies

20. RESERVES

	Profit and Loss Account £'000	Capital Reserve £'000	Revaluation Reserve £'000	Translation Reserve £'000	Total £'000
THE GROUP					
At 1 January 1991 as previously reported	6,137	83	10,757	6	16,983
Prior year adjustments					
Director's property revaluation	-	-	(41)	-	(41)
Other adjustments (see below)	(6,635)	-	-	-	(6,635)
Transfer of amount equivalent to depreciation on revalued assets	35	-	(35)	-	-
At 1 January 1991 as restated	(463)	83	10,681	6	10,307
Loss for the year ended 31st December 1991 as restated (see below)	(335)	-	-	-	(335)
Eliminated on disposals	-	-	(267)	-	(267)
Exchange movement for the year	19	-	-	33	52
Deconsolidation of subsidiary	167	-	-	(12)	155
Transfer of amount equivalent to depreciation on revalued assets	37	-	(37)	-	-
At 1 January 1992 as restated	(575)	83	10,377	27	9,912
Retained profit for the year	2,278	-	-	-	2,278
Exchange movement for the year	-	-	-	73	73
Revaluations in year	-	-	(451)	-	(451)
Bonus share issue	(1,750)	-	(6,000)	-	(7,750)
Transfer of amount equivalent to depreciation on revalued assets	30	-	(30)	-	-
At 31 December 1992	(17)	83	3,896	100	4,062

The Group's share of post acquisition accumulated reserves of material associated undertakings at 31st December 1992 is a loss of £1,287,000, (1991 loss of £1,058,000). The loss therein for the year is £229,000, (1991 loss of £176,000).

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 1992

TWR GROUP LIMITED
and subsidiary companies

20. RESERVES (CONTINUED)

	Profit and Loss Account £'000	Capital Reserve £'000	Revaluation Reserve £'000	Translation Reserve £'000	Total £'000
THE COMPANY					
At 1 January 1991 as previously reported	1,141	-	4,986	-	6,127
Prior year adjustments (see below)	(878)	-	-	-	(878)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 1 January 1991 as restated	263	-	4,986	-	5,249
Profit for the year ended 31st December 1991 as previously reported	1,574	-	-	-	1,574
Eliminated on disposals	-	-	(30)	-	(30)
Group transfers	-	-	2,340	-	2,340
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 1 January 1992 as restated	1,837	-	7,296	-	9,133
Retained profit for the year	3,362	-	-	-	3,362
Revaluations in year	-	-	(451)	-	(451)
Bonus share issue	(1,750)	-	(6,000)	-	(7,750)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1992	3,449	-	845	-	4,294
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The directors currently consider that only the profit and loss account reserves are distributable.

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 1992

TWR GROUP LIMITED
and subsidiary companies

20. RESERVES (CONTINUED)

	Group		Company	
	1991	Pre-1991	1991	Pre-1991
	£'000	£'000	£'000	£'000
ANALYSIS OF PRIOR YEAR ADJUSTMENTS				
Profit for the year ended 31st December 1991				
as previously reported	1,900	-	1,574	-
Freehold property depreciation	(108)	(252)	-	-
Bad debt provisions	(93)	(696)	-	(268)
Property valuation provisions	-	(183)	-	-
Stock valuation provisions	(1,782)	(500)	-	(500)
Development expenditure write off	(242)	(1,877)	-	-
Write back of previously amortised development expenditure	161	-	-	-
Unlisted investment write off	(200)	(200)	-	-
Associated company investment write off	-	(2,383)	-	-
Museum vehicle investment write off	-	(110)	-	(110)
Goodwill on consolidation write back/(off)	303	(434)	-	-
Tooling costs write off	(108)	-	-	-
Other provisions	(166)	-	-	-
Loss for the year ended 31st December 1991 as restated	(335)		1,574	
Prior year adjustment total		(6,635)		(878)

The only prior year adjustment which has had an effect on the reported profit for 1992 is the adjustment to depreciate freehold property, which has had the effect of reducing reported profits by £110,000.

21. RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	1992	1991
	£'000	£'000
Operating profit	5,492	5,087
Depreciation and other amounts written off fixed assets	2,596	3,541
Loss on sale of tangible fixed assets	595	623
Gain on disposal of shares in subsidiary undertakings (see note 24)	(2,903)	-
Decrease/(increase) in stocks	5,236	(1,192)
Increase in trade and other debtors	(2,379)	(2,341)
(Decrease)/increase in trade and other creditors	(9,510)	2,834
Exchange differences	75	24
Expenses paid in connection with share issue	549	-
Net cash (outflow)/inflow from operating activities	(249)	8,576

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 1992

TWR GROUP LIMITED
and subsidiary companies

22. CASH AND CASH EQUIVALENTS

	1992 £'000	1991 £'000	
CHANGES DURING THE YEAR			
At 1st January	(17,536)	(16,674)	
Net cash inflow	12,737	(862)	
	<hr/>	<hr/>	
At 31st December	(4,799)	(17,536)	
	<hr/>	<hr/>	
ANALYSIS OF BALANCES			
	1992 £'000	1991 £'000	Change in year 1992 £'000
Cash at bank and in hand	58	871	(813)
Bank overdrafts	(4,857)	(18,407)	13,550
	<hr/>	<hr/>	<hr/>
At 31st December	(4,799)	(17,536)	12,737
	<hr/>	<hr/>	<hr/>
			Change in year 1991 £'000
	1991 £'000	1990 £'000	1991 £'000
Cash at bank and in hand	871	2,609	(1,738)
Bank overdrafts	(18,407)	(19,283)	876
	<hr/>	<hr/>	<hr/>
At 31st December	(17,536)	(16,674)	(862)
	<hr/>	<hr/>	<hr/>

23. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share Capital (Including Premium)		Loans and Finance Lease Obligations	
	1992 £'000	1991 £'000	1992 £'000	1991 £'000
At 1st January	250	250	12,663	14,544
Cash inflows from financing	-	-	14,000	313
Shares issued for cash	8,000	-	-	-
Shares issued for non-cash consideration	7,750	-	-	-
Loan repayments	-	-	(4,485)	(1,287)
Inception of finance lease contracts	-	-	639	3,765
Repayment of principal on finance leases	-	-	(1,838)	(4,672)
Subsidiary undertakings no longer consolidated	-	-	(1,392)	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st December	16,000	250	19,587	12,663

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 1992

TWR GROUP LIMITED
and subsidiary companies

24. DISPOSALS

On 9th April 1992, the group transferred its garage division to a newly formed subsidiary, Silverstone Motor Group Limited. On the same date Silverstone Circuits Limited invested £5,300,000 cash in Silverstone Motor Group Limited in exchange for the acquisition of 50% of the Ordinary share capital and 62.5% of the Preference share capital. The effect of the above transactions has been that the garage division of the Group became an associated undertaking as from 9th April 1992 and the accounts have been prepared on this basis. The financial effect of the transactions is as follows:

	£'000
Net liabilities disposed of:	
Fixed assets	626
Stocks	3,083
Debtors	2,086
Creditors	(5,090)
Bank overdraft	(2,408)
	(1,703)
Preference share investment acquired	1,200
Less: costs of disposal	(340)
Profit on disposal	2,563

25. OPERATING LEASE COMMITMENTS

At 31st December 1992 there existed annual commitments under non-cancellable operating leases as set out below:

	Land & Buildings		Other	
	1992	1991	1992	1991
	£'000	£'000	£'000	£'000
GROUP				
Operating leases which expire:				
Within one year	80	-	40	129
In the second to fifth years	69	822	125	192
Over five years	877	422	-	-
COMPANY				
Operating leases which expire:				
Within one year	-	-	-	2
In the second to fifth years	-	750	34	-
Over five years	662	147	-	-

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 1992

TWR GROUP LIMITED
and subsidiary companies

26. CAPITAL COMMITMENTS

	Group		Company	
	1992	1991	1992	1991
	£'000	£'000	£'000	£'000
Contracted for but not provided in the accounts	-	43	-	2
Authorised but not contracted for	-	92	-	29

27. CONTINGENT LIABILITIES

TWR Group Limited and certain of its subsidiary undertakings have, in the ordinary course of business, entered into indemnity and guarantee agreements in favour of third parties the total value of which at 31st December 1992 was £98,000 (1991 £302,000). The Group has also given guarantees in connection with banking facilities granted to subsidiary undertakings the value of which as at 31st December 1992 was £288,000 (1991 £280,000).

Prior to the disposal of Silverstone Motor Group Limited, certain subsidiary undertakings held new vehicle stocks on a consignment basis, and in the event of the stockholding period exceeding 180 days the undertakings become liable for the full value of the vehicles. There are no such stocks at 31st December 1992, however the value of new vehicle stock held on a consignment basis at 31st December 1991 was £1,268,000.

In the normal course of business, companies in the Group entered into forward contracts of foreign currency. At 31st December 1992 the value of such forward contracts was nil (1991 £1,898,000).

The Company is currently involved in litigation with Silverstone Circuits Limited in connection with the purchase by Silverstone Circuits Limited of 50% of the Ordinary share capital and 62.5% of the Preference share capital of Silverstone Motor Group Limited. The litigation has been suspended while the parties (which include Mr Walkinshaw, the Chairman) explore the sale of the above shares. In the event that litigation recommenced and there was an unfavourable outcome, this could result in additional liabilities. The Company is vigorously resisting the claim in respect of which the Defendants have arguable defences both as to liability and quantum. Details of the transaction, in which Silverstone Circuits Limited invested £5,300,000 cash in Silverstone Motor Group Limited are provided in note 24 to the financial statements.

28. POST BALANCE SHEET EVENTS

On 4th June 1993, The assets and trades, excluding the freehold property, of Compak Systems Limited and Track Marshall of Gainsborough Limited were transferred at book value to a new subsidiary, Bookman Promotions Limited.

On 7th July 1993, The investment in Bookman Promotions Limited was sold to Packmace Limited in exchange for £2,500,000 4% Cumulative Redeemable Convertible Preference Shares in Packmace Limited. The Preference shares in Packmace Limited will be converted into Deferred Ordinary Shares on the payment to TWR of deferred consideration based on future turnover.

29. INVESTING COMPANIES

The company is owned jointly by Broadstone Estates Limited and 21, Investimenti UK Limited, companies registered in England and Wales.

DIRECTORS, OFFICERS AND ADVISERS

**EXECUTIVE
DIRECTORS**

T D T Walkinshaw
(Chairman & Managing Director)
R S Silman
(Technical Director)
S Fernback
(Finance Director)

**NON-EXECUTIVE
DIRECTORS**

A Benetton
F Briatore
M Masetti

**SECRETARY AND
REGISTERED OFFICE**

A D Mitchell
1 Station Field Industrial Estate
Kidlington
Oxford OX5 1JD

AUDITORS

Arthur Andersen
1 Surrey Street
London WC2R 2PS

BANKERS

Royal Bank of Scotland plc
60 High Street
Musselburgh
Midlothian EH21 7PY

REGISTERED NUMBER

1194903