

McLAREN INTERNATIONAL LIMITED

Page 1.

REPORT OF THE DIRECTORS

The Directors present their Report together with the Audited Accounts for the financial year ended 31st October, 1981.

PRINCIPAL ACTIVITY

The Company was incorporated on 16th September, 1980 and commenced to trade in the development, manufacture and racing of motor racing cars on 1st November, 1980; which activity continued throughout.

RESULTS

The Results for the year are as set out on Page 4. The state of the Company's affairs at the Balance Sheet date was satisfactory.

DIVIDENDS

The Directors do not recommend the payment of a Dividend for the year under review and confirm that, in their opinion, no apportionment of income to the participators will arise.

DIRECTORS

The Directors of the Company during the year were:-

	<u>£1 Ordinary Shares</u> <u>held at 31/10/81.</u>		
	<u>'A'</u>	<u>'B'</u>	<u>'C'</u>
R. Dennis (Joint Managing Director)	-	29	-
E. E. Mayer (Joint Managing Director)	-	-	-
T. J. Alexander	-	-	-
J. E. Barnard	-	-	9
S. C. Brown	-	12	-

The 50 issued £1 'A' Ordinary Shares are held by Team McLaren Limited which Company is registered in England and controlled by E. E. Mayer and T. J. Alexander.


CLOSE COMPANY

In the opinion of the Directors the Company is a Close company within the meaning of the Income and Corporation Taxes Act 1970.

AUDITORS

Messrs. Blinshorn, Lyon, Colding & Co., Chartered Accountants, being eligible, offer themselves for re-election under Section 14 of the Companies Act 1976.

BY ORDER OF THE BOARD

  
D. G. SHEPPARD

Secretary

6th August, 1982.

REPORT OF THE AUDITORS

TO THE MEMBERS OF

McLAREN INTERNATIONAL LIMITED

We have audited the financial statements on pages 3 to 7 in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared under the historical cost convention, give a true and fair view of the state of the Company's affairs at 31st October, 1981 and of its results and source and application of funds for the year ended on 31st October, 1981 and comply with the Companies Acts 1948 to 1981 in so far as the provisions of those Acts apply to these financial statements.

14/16 Great Portland Street,  
London W1N 5AB.

6th August, 1982.

BLINKHORN, LYON, GOLDING & CO.  
Chartered Accountants  
14/16, GREAT PORTLAND STREET  
LONDON, W, 1

BLINKHORN, LYON, GOLDING & CO.  
Chartered Accountants



McLAREN INTERNATIONAL LIMITED

BALANCE SHEET AS AT 31st OCTOBER, 1981.

	<u>Note</u>		
<u>FIXED ASSETS</u>	(2)		189,325
<u>CURRENT ASSETS</u>			
Stocks	(1)	116,200	
Cash at Bank	(3)	154,680	
Cash in Hand		2,934	
Debtors and Prepayments		204,342	
Value Added Tax Recoverable		<u>78,573</u>	
			<u>556,729</u>
			746,054
<u>LESS: CURRENT LIABILITIES</u>			
Trade and Sundry Creditors			<u>471,630</u>
			<u>274,424</u>
<u>LESS: LOAN ACCOUNTS</u>	(4)		
Team McLaren Limited		130,099	
Project Four Racing Limited		<u>28,033</u>	
			<u>158,132</u>
<u>NET ASSETS</u>			<u>616,292</u>
<u>FINANCED BY:</u>			
<u>SHARE CAPITAL</u>			
Authorised, Issued and Fully Paid:			
100 Ordinary Shares of £1 each			100
<u>RESERVE DISTRIBUTION</u>			<u>116,192</u>
<u>SHAREHOLDERS' FUNDS</u>			<u>616,292</u>

...*A. E. M. ...* )  
...*[Signature]* )  
...*[Signature]* ) Directors

McLAREN INTERNATIONAL LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31st OCTOBER, 1981.

TURNOVER (Note 2)

£2,251,712

NET PROFIT BEFORE TAXATION

121,650

After charging:-

Directors' Remuneration

72,000

Auditors' Remuneration

5,900

Depreciation and Amortisation

41,660

Loss on Disposal of Fixed Assets

2,834

And after crediting:-

Bank Deposit Interest

29,105

LESS: FORMATION COSTS

5,438

RETAINED PROFIT CARRIED FORWARD

£116,192

NOTES TO AND FORMING PART OF THE ACCOUNTSFOR THE YEAR ENDED 31st OCTOBER, 1981.1. ACCOUNTING POLICIES

- (a) Turnover represents the total value of motor racing revenue receivable and of net invoiced sales excluding value added tax. Exports to the value of £1,993,452 are included.
- (b) Stock has been valued at the lower of cost or net realisable value.
- (c) Depreciation is provided at various rates designed to write off the cost of fixed assets over their anticipated useful lives.
- (d) Research and Development Expenditure is written off in the period in which it is incurred.

2. FIXED ASSETS

	<u>Leasehold Premises and Improvements</u>	<u>Plant, Furniture and Equipment</u>	<u>Motor Vehicles</u>	<u>Total</u>
<b>COST</b>				
Acquisitions	46,654	127,584	74,331	249,119
Disposals		(1,700)	(16,434)	(18,134)
At 31st October, 1981	46,654	125,884	58,437	230,985
<b>DEPRECIATION</b>				
Charged in year	3,254	23,794	14,612	41,660
<b>NET BOOK VALUE</b>				
at 31st October, 1981	£43,400	£102,690	£43,835	£189,325

The Company holds its leasehold premises on a full repairing lease of 21 years from 15th March, 1974 with rent reviews every seven years. The Directors are of the opinion that the value of the lease for the improved premises is in excess of the Balance Sheet figure.

McLAREN INTERNATIONAL LIMITEDNOTES TO AND FORMING PART OF THE ACCOUNTSFOR THE YEAR ENDED 31st OCTOBER, 1981.3. CASH AT BANK

The total of £154,680 includes £73,473 held in United States Dollar bank accounts and converted at the Balance Sheet date as  
£1. = U.S.\$1.845,

4. LOAN ACCOUNTS

An agreement was signed on 14th October, 1980 to the effect that the following loans were made to the Company for a period of 5 years from 1st November, 1980 and that such loans were unsecured and interest free:

Team McLaren Limited	£121,000
Project Four Racing Limited	£25,000

5. DEFERRED TAXATION

In accordance with current accountancy practice no provision has been made for corporation tax deferred by way of stock relief and accelerated depreciation for taxation purposes.

	Full potential liability at 31.10.81.
Accelerated Capital Allowances	82,103
Stock Appreciation Relief	4,155
	<u>86,258</u>
Less: Tax Losses carried forward	20,573
	<u>£65,685</u>

McLAREN INTERNATIONAL LIMITEDSTATEMENT OF SOURCE AND APPLICATION OF FUNDSFOR THE YEAR ENDING 31st OCTOBER, 1981.SOURCE OF FUNDS

Profit before taxation		121,650
Adjustments for items not involving the movement of funds:		
Depreciation	38,400	
Amortisation	3,254	
		<u>41,660</u>
Total generated from operations		163,310
Funds from other sources:		
Sale of Fixed Assets	18,134	
Issue of Share Capital	100	
Loans Received	198,132	
		<u>176,366</u>
		339,676

APPLICATION OF FUNDS

Purchase of Fixed Assets	249,119	
Formation Costs written off	5,458	
		<u>254,577</u>
		885,099

REPRESENTED BY:

Stock	116,200
Debtors	282,915
Creditors	(471,630)
Cash at Bank:	154,680
Cash in Hand	2,934
	<u>885,099</u>