

McLAREN INTERNATIONAL LIMITEDREPORT OF THE DIRECTORS

The Directors present their Report together with the Audited Accounts for the financial year ended 31st October, 1982.

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 has continued since without interruption.

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 throughout the year were:-

	<u>£1 Ordinary Shares held at 1/11/81 and at 31/10/82</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. On 16th December, 1982 E.E.Mayer and T.J.Alexander resigned as Directors of both McLaren International Ltd. and Team McLaren Ltd. and were replaced in the latter company by R.Dennis, J.E.Barnard and S.C.Brown. On the same day, McLaren International Ltd. acquired total control of Team McLaren Ltd.

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

BY ORDER OF THE BOARD

B. G. Sheppard
B. G. SHEPPARD

Secretary

27th September, 1983.



REPORT OF THE AUDITORS TO THE MEMBERS OF

McLAREN INTERNATIONAL LIMITED

We have audited the financial statements on pages 3 to 7. Our audit was conducted in accordance with approved Auditing Standards having regard to the matters referred to in the following paragraph.

In common with many businesses of similar size and organisation, the Company's system of control is dependent upon the close involvement of the directors, who are major shareholders. Where independent confirmation of the completeness of the accounting records was therefore not available, we have accepted assurances from the directors that all the company's transactions have been reflected in the records.

Subject to the foregoing, 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, 1982 and of its results for the year then ended and comply with the Companies Acts 1948 to 1981.

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

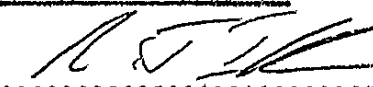
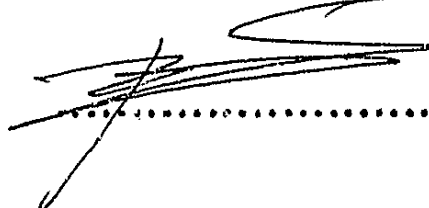
14/16 Great Portland Street,
London W1N 5AB.

27th September, 1983.

BLINKHORN LYON GOLDING & CO.
Chartered Accountants

McLAREN INTERNATIONAL LIMITEDBALANCE SHEET AS AT 31st OCTOBER, 1982.

	<u>Note</u>	<u>1982</u>	<u>1981</u>
<u>FIXED ASSETS</u>	(3)	167,234	189,325
<u>CURRENT ASSETS</u>			
Stocks	(1)	143,040	116,200
Cash at Bank	(4)	582,188	154,680
Cash in Hand		2,388	2,934
Debtors and Prepayments		129,993	204,342
Value Added Tax Recoverable		<u>33,971</u>	<u>78,573</u>
		891,580	556,729
		<u>1,058,814</u>	<u>746,054</u>
<u>LESS: CURRENT LIABILITIES</u>			
Trade and Sundry Creditors		<u>790,682</u>	<u>471,630</u>
		268,132	274,424
<u>LESS: LOAN ACCOUNTS</u> (5)			
Team McLaren Limited		103,812	130,099
Project Four Racing Limited		<u>56,027</u>	<u>28,033</u>
		<u>159,839</u>	<u>158,132</u>
<u>NET ASSETS</u>		<u>£ 108,293</u>	<u>£ 116,292</u>
<u>FINANCED BY:</u>			
<u>SHARE CAPITAL</u>			
Authorised, Issued and Fully Paid:			
100 Ordinary Shares of £1 each		100	100
<u>REVENUE RESERVES</u>		<u>108,193</u>	<u>116,192</u>
<u>SHAREHOLDERS' FUNDS</u>		<u>£108,293</u>	<u>£116,292</u>


..... } R.S. LUKMAN

..... } Directors
..... } R. DENNIS

McLAREN INTERNATIONAL LIMITED

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PROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 31st OCTOBER, 1982.

	<u>1982</u>	<u>1981</u>
<u>TURNOVER</u> (Note 2)	<u>£3,686,235</u>	<u>£2,251,712</u>
<u>NET PROFIT/(LOSS) ON TRADING</u>	<u>(7,999)</u>	<u>121,650</u>
After charging:-		
Directors' Remuneration (Note 7)	63,500	72,000
Auditors' Remuneration	5,300	5,900
Depreciation and Amortisation	36,102	41,660
Loss on Disposal of Fixed Assets	861	2,834
	<u>105,763</u>	<u>122,394</u>
And after crediting:-		
Bank Deposit Interest	50,744	29,105
	<u>50,744</u>	<u>29,105</u>
<u>LESS: FORMATION COSTS</u>	<u>-</u>	<u>5,458</u>
	<u>(7,999)</u>	<u>116,192</u>
Retained profit brought forward	<u>116,192</u>	<u>-</u>
<u>RETAINED PROFIT CARRIED</u> <u>FORWARD</u>	<u>£108,193</u>	<u>£116,192</u>

MOLARINI INTERNATIONAL LIMITEDNOTES TO AND FORMING PART OF THE ACCOUNTSFOR THE YEAR ENDED 31st OCTOBER, 1982.1. ACCOUNTING POLICIES

- (a) These accounts have been prepared in compliance with Section 149A of and Schedule 8A to the Companies Act 1948.
- (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. TURNOVER represents the total value of motor racing revenue receivable and of net invoiced sales excluding value added tax. Exports to the value of £2,637,153 are included.
(1981 = £1,993,452)

3. FIXED ASSETS

	<u>Leasehold Premises and Improvements</u>	<u>Plant, Fixtures and Equipment</u>	<u>Motor Vehicles</u>	<u>Total</u>
COST				
At 1st November, 1981	46,654	125,884	58,447	230,985
Acquisitions	(700)	19,830	392	19,442
Disposals	-	(4,440)	(1,322)	(5,762)
At 31st October, 1982	45,874	141,274	57,517	244,665
AGGREGATE DEPRECIATION				
At 1st November, 1981	3,254	23,794	14,612	41,660
Disposals	-	-	(331)	(331)
Charge for the year	3,185	22,141	10,776	36,102
At 31st October, 1982	6,439	45,935	25,057	77,431
NET BOOK VALUE				
At 31st October, 1982	£39,435	£95,339	£32,460	£167,234
At 31st October, 1981	£43,400	£102,090	£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.

NOTES TO AND FORMING PART OF THE ACCOUNTS

FOR THE YEAR ENDED 31st OCTOBER, 1982.

4. CASH AT BANK

The total of £582,188 includes £237,855 held in United States dollar bank accounts and converted at the Balance Sheet date as £1 = U.S. \$1.677.

5. 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	£29,000

6. 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. / at 31/10/82.	
Accelerated Capital Allowances	82,103	71,425
Stock Appreciation Relief	4,155	7,637
	<hr/> 86,258	<hr/> 79,062
Less: Tax Losses carried forward	20,573	15,359
	<hr/> 65,685	<hr/> 63,703

7. DIRECTORS REMUNERATION

The directors' emoluments fell within the following ranges:-

	1982	1981
	No.	No.
£ nil - £ 5,000	1	-
£ 5,001 - £10,000	-	-
£10,001 - £15,000	-	1
£15,001 - £20,000	3	3

STATEMENT OF SOURCE AND APPLICATION OF FUNDSFOR THE YEAR ENDED 31st OCTOBER, 1982.

	<u>1982</u>	<u>1981</u>
<u>SOURCE OF FUNDS</u>		
Net Trading Profit/(Loss)	(7,999)	121,650
Adjustments for items not involving the movement of funds:		
Depreciation	32,917	38,406
Amortisation	3,185	3,254
Loss on Disposal of Fixed Assets	861	-
	<u>36,963</u>	<u>41,660</u>
Total generated from operations	28,964	163,310
Funds from other sources :		
Sale of Fixed Assets	4,570	18,134
Issue of Share Capital	-	100
Loans Received	<u>1,707</u>	<u>158,132</u>
	<u>6,277</u>	<u>176,366</u>
	35,241	339,676
<u>APPLICATION OF FUNDS</u>		
Purchase of Fixed Assets	19,442	249,119
Formation Costs written off	-	5,458
	<u>19,442</u>	<u>254,577</u>
<u>INCREASE IN WORKING CAPITAL</u>	<u>£15,799</u>	<u>£85,099</u>
<u>REPRESENTED BY:</u>		
Increase in Stock	26,840	116,200
(Decrease) in Debtors	(118,951)	292,915
(Increase) in Creditors	(319,052)	(471,630)
Movement in Net Liquid Funds:		
Cash at Bank	427,508	154,680
Cash in Hand	<u>(546)</u>	<u>2,934</u>
	<u>£ 15,799</u>	<u>£85,099</u>