

Touche
Ross

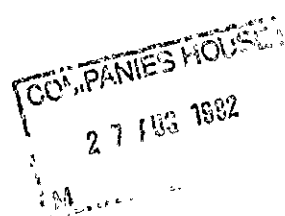


Company registered number: 1517478

McLAREN INTERNATIONAL LIMITED

REPORT AND FINANCIAL STATEMENTS

31 October 1991



Touche Ross & Co.
Hill House
1 Little New Street
London
EC4A 3TR.



REPORT AND FINANCIAL STATEMENTS 1991

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M.A. Ojje (Saudi Arabian) (Chairman)
R. Dennis (Managing)
R.J. Illman
A. Ojje (Saudi Arabian)
D.P. Trezise (USA)
S.C. Brown
I.G. Murray
M. Whitmarsh

SECRETARY

R.J. Illman

REGISTERED OFFICE

Woking Business Park
Albert Drive
Woking
Surrey
GU21 5JY

AUDITORS

Touche Ross & Co.
Chartered Accountants
Hill House
1 Little New Street
London
EC4A 3TR



DIRECTORS' REPORT

The directors submit their report and audited financial statements for the year ended 31 October 1991.

1. PRINCIPAL ACTIVITY

The company's principal activity during the year was that of participating in Formula One motor racing events throughout the world.

2. REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

The success of the company's racing activities are reflected in the financial profit shown in these accounts. It is to be hoped that this trend will continue in the future.

3. RESULTS

The profit for the year after taxation amounted to £3,576,800 (1990 - £1,115,953).

4. FIXED ASSETS

The company's policy is to ensure that fixed assets are both available and appropriate to the needs of a Formula One Racing Team. To that end extra factory and office space was made available during the year.

5. DIVIDENDS

The directors do not recommend the payment of a dividend. Accordingly the profit for the year of £3,576,800 has been transferred to reserves.

6. DIRECTORS

The membership of the Board is as set out on page 1. All directors served throughout the year with the exception of M. Whitmarsh who was appointed on 15 May 1991.

None of the directors had any interest in the shares of the company during the year. Their interests in the holding company, TAG McLaren Holdings Limited, are shown in the accounts of that company. The directors had no interest in any other group company incorporated in Great Britain.

Touche
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McLAREN INTERNATIONAL LIMITED

DIRECTORS' REPORT

7. AUDITORS

Touche Ross & Co. have expressed their willingness to continue in office and a resolution to reappoint them as auditors will be put to the members at the Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

Secretary

21 August 1992

**Touche
Ross**



Chartered Accountants

Touche Ross & Co
Rat House
1 Little New Street
London EC4A 3TR

Telephone: National 071 936 3000
International +44 71 936 3000
Telex 884759 TRLNDN G
Fax (Gp 3) 071 583 8517
LOF DX 599

McLAREN INTERNATIONAL LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 5 to 14 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 October 1991 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Touche Ross & Co.

Chartered Accountants and
Registered Auditor
London

21 August 1992

**Deloitte Touche
Tohmatsu
International**

Aberdeen, Belfast, Birmingham, Bournemouth, Bracknell, Bristol, Cambridge, Cardiff, Coleraine,
Crawley, Darford, Edinburgh, Glasgow, Leeds, Leicester, Liverpool, London, Manchester,
Milton Keynes, Newcastle upon Tyne, Nottingham and Southampton.

Principal place of business at which a list of partners' names is available:
Peterborough Court, 133 Fleet Street, London EC4A 2TR

Authorized by the Institute of Chartered Accountants in England and Wales to carry on
investment business

PROFIT AND LOSS ACCOUNT
Year ended 31 October 1991

	Note	1991 £	1990 £
Turnover	1(e)	36,738,098	22,417,112
Cost of sales		(25,715,757)	(14,350,286)
Gross profit		11,022,341	8,066,826
Administrative expenses		(7,204,859)	(6,387,240)
Operating profit		3,817,482	1,679,586
Other interest receivable and similar income		161,684	120,400
Interest payable and similar charges	3	(370,233)	(352,028)
Release of provision against inter-company loans and investments in subsidiaries		<u>1,184,937</u>	<u>227,374</u>
Profit on ordinary activities before taxation	4	4,793,870	1,675,332
Tax on profit on ordinary activities	5	<u>(1,217,070)</u>	<u>(559,379)</u>
Profit on ordinary activities after taxation		3,576,800	1,115,953
Profit and loss account brought forward		<u>(1,547,782)</u>	<u>(2,663,735)</u>
Profit and loss account carried forward		<u>£ 2,029,018</u>	<u>£(1,547,782)</u>



BALANCE SHEET 31 October 1991

	Note	£	1991 £	£	1990 £	£
FIXED ASSETS						
Tangible assets	6		6,922,705		5,484,685	
Investments	7		<u>694,710</u>		<u>94,710</u>	
			7,617,415		5,579,395	
CURRENT ASSETS						
Stocks	8	202,100		123,700		
Debtors	9	10,984,799		9,283,542		
Cash at bank and in hand		<u>2,342,967</u>		<u>898,841</u>		
		<u>13,529,866</u>		<u>10,306,083</u>		
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR						
Bank loans and overdrafts		567,939		193,145		
Trade creditors		1,234,760		896,350		
Amounts owed to group companies	10	2,607,825		244,224		
Other creditors including taxation and social security	11	2,101,516		1,395,174		
Accruals and deferred income		<u>11,908,073</u>		<u>11,177,855</u>		
		<u>18,420,113</u>		<u>13,906,748</u>		
NET CURRENT LIABILITIES			(4,890,247)		(3,600,665)	
TOTAL ASSETS LESS CURRENT LIABILITIES			2,727,168		1,978,730	
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR						
	12		-		(3,031,362)	
PROVISIONS FOR LIABILITIES AND CHARGES	13		<u>(648,000)</u>		<u>(445,000)</u>	
			£2,079,168		£(1,497,632)	
			=====		=====	
CAPITAL AND RESERVES						
Called up share capital	14	50,150		50,150		
Profit and loss account		<u>2,029,018</u>		<u>(1,447,782)</u>		
			£2,079,168		£(1,497,632)	
			=====		=====	

These financial statements were approved by the Board of Directors on
21 August, 1992.

Signed on behalf of the Board of Directors

Director

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
Year ended 31 October 1991

	1991 £	1990 £
SOURCE OF FUNDS		
Profit on ordinary activities before taxation	4,793,870	1,675,332
Adjustments for items not involving the movement of funds:		
Depreciation	875,144	984,498
Profit on sale of tangible fixed assets	(1,018,047)	(10,630)
Total generated by operations	4,650,967	2,649,200
Proceeds on sale of tangible fixed assets	1,930,997	75,645
Increase in creditors	764,604	6,384,503
Increase/(decrease) in amounts owed to group companies	2,363,601	(55,190)
Decrease/(increase) in amounts owed by group companies	1,314,051	(2,640,333)
	<u>11,024,220</u>	<u>6,413,825</u>
APPLICATION OF FUNDS		
Increase in investments	600,000	-
Tax paid	43,750	-
Increase in stock	78,400	12,400
Increase in debtors	2,975,257	2,689,918
Purchase of tangible fixed assets	3,226,119	1,318,627
Decrease in long term loans	3,031,362	1,356,685
	<u>9,954,888</u>	<u>5,377,630</u>
INCREASE IN NET LIQUID FUNDS	<u>£ 1,069,332</u>	<u>£1,036,195</u>

(Net liquid funds comprises cash at bank and in hand less bank loans and overdrafts).



NOTES TO THE ACCOUNTS
Year ended 31 October 1991

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

(a) Accounting convention

The financial statements are prepared under the historical cost convention.

(b) Depreciation

Depreciation is provided in equal instalments over the estimated useful lives of the assets at the following rates:

Fixtures, fittings, tools and equipment	- 20% of reducing balance
Plant and machinery	- 20% of reducing balance
Motor vehicles and aircraft	- 25% of reducing balance
Leasehold premises and improvements	- Written off over the life of the lease

Historic cars are not depreciated. No depreciation is provided until the assets are brought into use.

(c) Deferred taxation

Deferred taxation is provided at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability will crystallise in the future.

(d) Stocks

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

(e) Turnover

Turnover represents sponsorship fees, other motor racing revenue receivable and sales by the company to outside customers excluding value added tax.

NOTES TO THE ACCOUNTS
Year ended 31 October 1991

1. ACCOUNTING POLICIES (continued)

(f) Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling at the end of the month in which the transaction took place. Foreign currency assets and liabilities are translated into sterling at the year end rate. All foreign currency differences are dealt with through the profit and loss account.

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	1991 £	1990 £
Directors' emoluments:		
Fees	-	-
Other emoluments	<u>1,882,931</u>	<u>1,805,123</u>
	<u>£1,882,931</u>	<u>£1,805,123</u>
Remuneration of the chairman	<u>£ 600,000</u>	<u>£ 575,000</u>
Remuneration of the highest paid director	<u>£ 861,279</u>	<u>£ 686,759</u>
Scale of other directors' remuneration:	No.	No.
£ 0 - £ 5,000	2	2
£ 10,001 - £ 15,000	1	1
£ 80,001 - £ 85,000	1	-
£110,001 - £115,000	-	1
£145,001 - £150,000	1	-
£175,001 - £180,000	1	-
£400,001 - £405,000	1	1
	<u>===</u>	<u>===</u>
Employee costs during the year:	£	£
Wages and salaries	7,552,691	5,228,716
Social security costs	<u>610,467</u>	<u>467,741</u>
Average number of persons employed:	No.	No.
Production	150	138
Administration	<u>58</u>	<u>44</u>
	<u>===</u>	<u>===</u>

NOTES TO THE ACCOUNTS
Year ended 31 October 1991

3. INTEREST PAYABLE AND SIMILAR CHARGES

	1991	1990
Bank loans, overdrafts and other loans repayable within five years	£370,233 =====	£352,028 =====

4. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

	1991 £	1990 £
Profit on ordinary activities before taxation is after charging/(crediting):		
Depreciation	875,144	984,490
Auditors' remuneration	23,053	7,952
Exchange translation (gain)/loss	(556,029) =====	27,006 =====

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1991 £	1990 £
United Kingdom corporation tax at 33.4% (1990 - 35%) based on the profit for the year	1,023,000	201,879
Deferred tax	203,000	357,500
Adjustment in respect of prior years	(8,930) =====	- =====
	£1,217,070 =====	£559,379 =====

NOTES TO THE ACCOUNTS
Year ended 31 October 1991

6. TANGIBLE FIXED ASSETS

	Leasehold premises and improvements £	Plant and machinery £	Motor vehicles, historic cars and aircraft £	Fixtures, fittings, tools and equipment £	Total £
Cost:					
At 1 November 1990	1,324,544	1,368,805	3,073,726	3,207,708	8,974,783
Additions	1,260,506	294,467	929,011	742,135	3,226,119
Disposals	-	-	(1,882,860)	-	(1,882,860)
At 31 October 1991	<u>2,585,050</u>	<u>1,663,272</u>	<u>2,119,877</u>	<u>3,949,843</u>	<u>10,318,042</u>
Depreciation:					
At 31 October 1990	168,185	702,885	1,141,523	1,477,510	3,490,103
Charge for the year	92,154	157,023	177,978	447,989	875,144
Disposals	-	-	(969,910)	-	(969,910)
At 31 October 1991	<u>260,339</u>	<u>859,908</u>	<u>349,591</u>	<u>1,925,499</u>	<u>3,395,337</u>
Net book value:					
At 31 October 1991	<u>£2,324,711</u>	<u>£ 803,364</u>	<u>£1,770,286</u>	<u>£2,024,344</u>	<u>£ 6,922,705</u>
At 31 October 1990	<u>£1,156,359</u>	<u>£ 665,920</u>	<u>£1,932,208</u>	<u>£1,730,198</u>	<u>£ 5,484,685</u>

7. INVESTMENTS HELD AS FIXED ASSETS

	1991 £	1990 £
Shares in group companies	94,710	94,710
Loan to group company due after more than one year	<u>600,000</u>	<u>-</u>
	<u>£ 694,710</u>	<u>£ 94,710</u>

The company owns 100% of the issued share capital of Team McLaren Limited, a non-trading company registered in England and Wales. The goodwill portion of the cost of shares has been written off in prior years.

NOTES TO THE ACCOUNTS
Year ended 31 October 1991

7. INVESTMENTS HELD AS FIXED ASSETS (continued)

Team McLaren Limited owns 100% of the issued share capital of Woodhurst Equipments Limited, a non-trading company registered in England and Wales.

The company owns 55% of Grand Prix Engineering Services Limited, a company engaged in the restoration of historic racing cars, which is registered in England and Wales.

Consolidated accounts have not been prepared as the company is a wholly owned subsidiary of a company registered in England and Wales.

The £600,000 loan, due after more than one year, is made to McLaren Cars Limited. It has been transferred from amounts owed by fellow subsidiaries to reflect the long term nature of the loan. It has no fixed repayment date and bears interest at 1% above Barclays Bank Plc base rate per annum.

8. STOCKS

	1991	1990
Raw materials and consumables	£ 202,100 =====	£ 123,700 =====
The replacement cost of stocks	£2,808,619 =====	£1,314,000 =====

9. DEBTORS

	1991 £	1990 £
Trade debtors	1,304,523	1,068,652
Amounts owed by immediate parent company	47,552	43,700
Amounts owed by subsidiaries	303,419	142,958
Amounts owed by fellow subsidiaries	3,236,379	4,714,743
Other debtors	1,877,046	594,003
Prepayments and accrued income	4,215,880	2,719,486
	£10,984,799 =====	£9,283,542 =====

10. AMOUNTS OWED TO GROUP COMPANIES

	1991 £	1990 £
Owed to subsidiaries	275,390	93,560
Owed to fellow subsidiaries	2,332,435	150,664
	£2,607,825 =====	£244,224 =====

NOTES TO THE ACCOUNTS
Year ended 31 October 1991

11. OTHER CREDITORS INCLUDING TAXATION
AND SOCIAL SECURITY

	1991	1990
This heading includes:		
Taxation and social security	£2,101,516 =====	£699,766 =====

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

	1991 £	1990 £
Bank loan	-	385,604
Amount owed to fellow subsidiary	<u>1,700,000</u>	<u>2,800,000</u>
	1,700,000	3,185,604
Amounts falling due within one year	<u>1,700,000</u>	<u>154,242</u>
Amounts falling due after more than one year	£ - =====	£3,031,362 =====

Amount owed to a fellow subsidiary is repayable on 30 September 1992 and bears interest at the rate of 10% per annum and is unsecured.

13. PROVISIONS FOR LIABILITIES AND CHARGES

	Balance at 1 November 1990 £	Charged to profit and loss account £	Balance at 31 October 1991 £
Deferred taxation	445,000 =====	203,000 =====	648,000 =====

The amounts of deferred tax provided in the accounts are:

	1991 £	1990 £
Deferred taxation:		
Capital allowances in excess of depreciation	656,000	453,000
Other timing differences	<u>(8,000)</u>	<u>(8,000)</u>
	£648,000 =====	£445,000 =====

There are no unprovided tax liabilities.



NOTES TO THE ACCOUNTS
Year ended 31 October 1991

14. CALLED UP SHARE CAPITAL

	1991 £	1990 £
Authorised, allotted and fully paid ordinary shares of £1 each:		
30,090 'A' shares	30,090	30,090
20,060 'B' shares	<u>20,060</u>	<u>20,060</u>
	£50,150	£50,150
	=====	=====

15. OPERATING LEASE COMMITMENTS

At 31 October 1991 the company was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings £
Leases which expire:	
Within one year	13,500
Within two to five years	"
After 5 years	574,000
	=====

16. PARENT COMPANY

In the opinion of the directors, the company's ultimate parent company is TAG Group SA, a company incorporated in Luxembourg. This is also the parent undertaking of the largest group which includes the company and for which group accounts are prepared. The parent undertaking of the smallest such group is TAG McLaren Holdings Limited, a company registered in England and Wales. Copies of the group financial statements of TAG Group SA are available from TAG Group S.A. 41, boulevard du Prince Henri, L-1724-Luxembourg. Copies of the group financial statements of TAG McLaren Holdings Limited are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.