

**McLAREN CARS LIMITED**

**Report and Financial Statements**

**31 October 2000**

**Deloitte & Touche  
Hill House  
1 Little New Street  
London EC4A 3TR**



**REPORT AND FINANCIAL STATEMENTS 2000**

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**REPORT AND FINANCIAL STATEMENTS 2000**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

A Ojjeh	(Saudi Arabian)	
R Dennis		
R J Illman		
I G Murray		
D Vitoux	(Swiss)	
D P Bartram		
D A Waelend		(resigned 20 April 2000)
H J Schoepf	(German)	(appointed 19 January 2000)
A Walmsley		(appointed 1 February 2000)
J M Perrott		(appointed 1 August 2000)
B Tennant		(appointed 1 August 2000)

**SECRETARY**

R J Illman

**REGISTERED OFFICE**

Woking Business Park  
Albert Drive  
Woking  
Surrey  
GU21 5JY

**AUDITORS**

Deloitte & Touche  
Chartered Accountants  
Hill House  
1 Little New Street  
London EC4A 3TR

**BANKERS**

Barclays Bank PLC  
Town Gate House  
Church Street East  
Woking  
Surrey  
GU21 1AE

## **DIRECTORS' REPORT**

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

### **RESULTS**

The profit on ordinary activities after taxation for the year amounted to £882,271 (1999 - profit £1,212,781).

### **PRINCIPAL ACTIVITY**

The company's principal activity is that of providing automotive research, engineering, design, manufacturing services and the manufacture and sale of high performance sports cars. This activity is based in the United Kingdom.

### **REVIEW OF THE BUSINESS AND FUTURE PROSPECTS**

During 1999 McLaren Cars Limited entered into a contract for the design, development and construction of a super sports car with DaimlerChrysler AG of Germany. The directors are satisfied with the progress achieved during this financial year.

The directors remain optimistic about the future prospects for the company.

### **DIVIDENDS**

The directors do not propose a dividend for the year ended 31 October 2000 (1999 - £nil).

### **DIRECTORS AND THEIR INTERESTS**

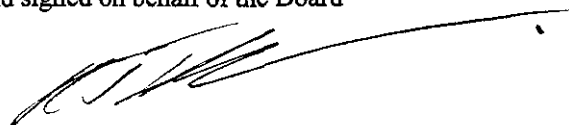
The membership of the Board is set out on page 1.

None of the directors held any interests in the shares of the company during the year under review. The interests of the directors in the shares of the UK parent company are disclosed in the financial statements of that company. The directors had no interests in any other group company incorporated in Great Britain.

### **AUDITORS**

A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

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



R J Illman

Secretary

15 January 2001

**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 as at the end of the financial year 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;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **AUDITORS' REPORT TO THE MEMBERS OF McLAREN CARS LIMITED**

We have audited the financial statements on pages 5 to 12 which have been prepared under the accounting policies set out on page 7.

### **Respective responsibilities of directors and auditors**

As described on page 3 the company's directors are responsible for the preparation of financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. 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 United Kingdom 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 as at 31 October 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*

Chartered Accountants and  
Registered Auditors

15 January 2001

**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 October 2000**

	Note	2000 £	1999 £
<b>TURNOVER</b>	1	13,041,988	14,690,460
Cost of sales		(10,289,447)	(11,173,554)
Gross profit		2,752,541	3,516,906
Administrative expenses		(1,399,250)	(1,439,348)
<b>OPERATING PROFIT</b>		1,353,291	2,077,558
Interest receivable and similar income		457,252	158,000
Interest payable and similar charges	4	(3,827)	(359,014)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	2	1,806,716	1,876,544
Tax charge on profit on ordinary activities	5	(924,445)	(663,763)
<b>RETAINED PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		882,271	1,212,781
<b>Profit and loss account brought forward</b>		(2,400,501)	(3,613,282)
<b>Profit and loss account carried forward</b>		(1,518,230)	(2,400,501)

The company has no recognised gains or losses other than the profit as shown above for the current and preceding year.

All amounts are derived from continuing activities.

**BALANCE SHEET**  
**31 October 2000**

	Note	£	2000 £	£	1999 £
<b>FIXED ASSETS</b>					
Tangible assets	6		1,113,980		1,448,864
			<u>1,113,980</u>		<u>1,448,864</u>
<b>CURRENT ASSETS</b>					
Stocks	7	1,178,253		1,223,460	
Debtors	8	1,535,867		1,001,755	
Cash at bank and in hand		9,525,699		2,691,490	
		<u>12,239,819</u>		<u>4,916,705</u>	
<b>CREDITORS: amounts falling due within one year</b>					
Bank loans and overdraft		56,100		-	
Obligations under finance leases	10	1,911		2,656	
Trade creditors		381,899		584,284	
Amounts owed to group undertakings		1,512,429		2,449,147	
Other creditors including taxation and social security	9	1,110,333		764,498	
Accruals and deferred income		11,113,506		4,364,598	
		<u>(14,176,178)</u>		<u>(8,165,183)</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(1,936,359)</u>		<u>(3,248,478)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>(822,379)</u>		<u>(1,799,614)</u>
<b>CREDITORS: amounts falling due after more than one year</b>					
Obligations under finance leases	10		-		(1,911)
<b>PROVISIONS FOR LIABILITIES CHARGES</b>	11		<u>(685,851)</u>		<u>(588,976)</u>
			<u>(1,508,230)</u>		<u>(2,390,501)</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	13		10,000		10,000
Profit and loss account			<u>(1,518,230)</u>		<u>(2,400,501)</u>
<b>EQUITY SHAREHOLDERS' DEFICIT</b>	15		<u>(1,508,230)</u>		<u>(2,390,501)</u>

These financial statements were approved by the Board of Directors on 5 January 2001.

Signed on behalf of the Board of Directors

R Dennis

Director



**NOTES TO THE ACCOUNTS**  
**Year ended 31 October 2000****1. ACCOUNTING POLICIES**

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

**Accounting convention**

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. The Company is reliant on the continued financial support of the parent undertaking which has agreed to meet the Company's obligations itself at least until twelve months from the date of approval of the financial statements. The directors consider that the Company is a going concern and the financial statements have been prepared therefore on this basis.

**Turnover**

Turnover represents the invoiced value of goods sold and services provided in the year, exclusive of value added tax. The company operates one class of business based in the UK.

**Research and development**

Research and development expenditure is written-off in the year it is incurred.

**Depreciation**

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

Leasehold improvements	Written off over the life of the lease
Motor vehicles	25% of reducing balance
Tools, equipment and plant	20% of reducing balance
Office equipment	20% of reducing balance

No depreciation is provided until the assets are brought into use.

Due to the impending move to new premises certain assets are subject to accelerated depreciation.

**Stocks**

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

**Leases**

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

Assets acquired under finance lease agreements are capitalised at cost and written off over the shorter of their expected working lives or the lease term. The related finance charges are charged to the profit and loss account on the sum of digits method.

**Deferred taxation**

Deferred taxation is provided at the anticipated tax rates on timing 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.

**Investments**

Investments are stated at cost less provision for impairment.

**Pensions**

The company pays contributions to the personal pension schemes of certain employees, with the cost being charged to the profit and loss account.

NOTES TO THE ACCOUNTS  
Year ended 31 October 2000

## 2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2000 £	1999 £
Profit on ordinary activities before taxation is after charging:		
Depreciation	816,336	690,303
Charge relating to property lease costs	96,875	96,875
Payments under operating leases:		
Land and buildings	373,500	287,000
Auditors' remuneration:		
Audit fees	12,800	12,000
Other remuneration	103,080	42,375
	<u>1,401,671</u>	<u>1,158,553</u>

## 3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2000 £	1999 £
<b>Directors' emoluments:</b>		
Emoluments (excluding pension contributions)	386,877	392,320
Highest paid director's emoluments:	518,652	631,195
Aggregate of emoluments (excluding pension contributions)	<u>905,529</u>	<u>1,023,515</u>

	£	£
Pension contributions	13,700	22,208
Highest paid director contributions	3,958	-
Total pension contributions	<u>17,658</u>	<u>22,208</u>

The company contributed to the personal pension schemes of two directors (1999 – two).

	£	£
<b>Employee costs during the year (including directors):</b>		
Wages and salaries	4,025,579	3,493,516
Social security costs	428,820	365,932
Other pension costs	17,658	22,208
	<u>4,472,057</u>	<u>3,881,656</u>

	Number	Number
Average number of persons employed:		
Production	40	44
Administration	66	52
	<u>106</u>	<u>96</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 October 2000**

**4. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Group company loans	-	346,137
Bank loans, overdrafts	3,410	3,444
Finance lease interest	309	564
Other interest payable	108	8,869
	<u>3,827</u>	<u>359,014</u>

**5. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES**

	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
United Kingdom corporation tax at 30 % (1999: 30%)	624,445	663,763
Adjustment in respect of prior year	300,000	-
	<u>924,445</u>	<u>663,763</u>

The tax charge is disproportionately higher than expected due to the adjustment in respect of prior year.

**6. TANGIBLE FIXED ASSETS**

	<b>Leasehold improvements</b>	<b>Motor vehicles</b>	<b>Tools, equipment and plant</b>	<b>Office equipment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>					
At 1 November 1999	554,675	249,663	1,123,837	1,187,928	3,116,103
Additions	12,272	116,890	140,407	240,565	510,134
Disposals	-	(60,757)	-	(14,540)	(75,297)
At 31 October 2000	<u>566,947</u>	<u>305,796</u>	<u>1,264,244</u>	<u>1,413,953</u>	<u>3,550,940</u>
<b>Depreciation</b>					
At 1 November 1999	274,010	100,203	687,437	605,589	1,667,239
Charge for the year	146,826	41,290	263,685	364,535	816,336
Disposals	-	(35,885)	-	(10,730)	(46,615)
At 31 October 2000	<u>420,836</u>	<u>105,608</u>	<u>951,122</u>	<u>959,394</u>	<u>2,436,960</u>
<b>Net book value</b>					
At 31 October 2000	<u>146,111</u>	<u>200,188</u>	<u>313,122</u>	<u>454,559</u>	<u>1,113,980</u>
At 31 October 1999	<u>280,665</u>	<u>149,460</u>	<u>436,400</u>	<u>582,339</u>	<u>1,448,864</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 October 2000**

**7. STOCKS**

	2000 £	1999 £
Raw materials	390,230	428,923
Work in progress	56,848	17,330
Finished goods	731,175	777,207
	<u>1,178,253</u>	<u>1,223,460</u>

**8. DEBTORS**

	2000 £	1999 £
Trade debtors	43,606	513,087
Amounts owed by immediate parent company and fellow subsidiaries	598,680	88,623
Other debtors	275,913	149,708
Prepayments and accrued income	617,668	250,337
	<u>1,535,867</u>	<u>1,001,755</u>

**9. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY**

	2000 £	1999 £
This heading includes:		
Corporation tax payable	942,978	593,874
Other taxation and social security	148,555	123,957
	<u>1,091,533</u>	<u>717,831</u>

**10. OBLIGATIONS UNDER FINANCE LEASES**

	2000 £	1999 £
Due within one year	1,911	2,656
Due within one to two years	-	1,911
	<u>1,911</u>	<u>4,567</u>

## NOTES TO THE ACCOUNTS

Year ended 31 October 2000

## 11. PROVISIONS FOR LIABILITIES AND CHARGES

	Balance at 31 October 1999 £	Charged to profit and loss account £	Balance at 31 October 2000 £
Provision for charges relating to leased premises	588,976	96,875	685,851

The dilapidations provision is to meet the contractual obligation to reinstate the leased premises to their original condition upon cessation of the lease which is expected to be within two years.

## 12. DEFERRED TAX ASSET

The amount of unprovided deferred tax is:

	2000 £	1999 £
Capital allowances in excess of depreciation	261,958	154,730
Other short term timing differences	337,711	568,668
	<u>599,669</u>	<u>723,398</u>

## 13. CALLED UP SHARE CAPITAL

	2000 £	1999 £
Authorised, called up, allotted and fully paid: 10,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

## 14. OPERATING LEASE COMMITMENTS

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

	Land and buildings 2000 £	Land and buildings 1999 £
Leases which expire:		
Within one year	9,041	-
Within two to five years	429,225	373,500
	<u>438,266</u>	<u>373,500</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 October 2000**

**15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT**

	2000 £	1999 £
Profit for the financial year	882,271	1,212,781
Net addition to shareholders' deficit	882,271	1,212,781
Opening shareholders' deficit	(2,390,501)	(3,603,282)
Closing shareholders' deficit	<u>(1,508,230)</u>	<u>(2,390,501)</u>

**16. ULTIMATE PARENT COMPANY**

In the opinion of the directors, the company's controlling entity is TAG McLaren Holdings Limited, a company registered in England and Wales. This is also the parent undertaking of the largest and only group which includes the company and for which group accounts are prepared. Copies of the group financial statements of TAG McLaren Holdings Limited are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

Ownership of TAG McLaren Holdings Limited is as follows: 40% DaimlerChrysler AG (incorporated in Germany), 30% Mr R Dennis and 30% TAG Group SA (incorporated in Luxembourg).

**17. RELATED PARTY TRANSACTIONS**

The company has made interest free loans to certain of its directors and the balances outstanding were as below:

	2000 £	1999 £
R Dennis	3,279	151,989
I G Murray	<u>417</u>	<u>4,608</u>

The maximum loans outstanding during the year for Mr R Dennis and Mr I G Murray were equal to the balance outstanding at the end of 1999 as shown above. The amounts noted above were repaid subsequent to the year end of the company.

During the year the company incurred a total of £33,601 of expenses on behalf of Mr R Dennis and £14,442 for Mr I G Murray, both of whom are directors of the company.

During the year the company bought a digital camera from Mr I G Murray for £1,137.

During the year the company made sales to Daimler Chrysler AG which totalled £16,146,441 (1999: £11,000,000).

Pursuant to the exemption granted by Financial Reporting Standard 8, 'Related Party Disclosures', transactions with other undertakings within, the TAG McLaren Holdings Group have not been disclosed within these financial statements.