

# Prodrive Automotive Technology Limited

## Report and Accounts

31 December 2003

*Registered Number: 2584542*



# Prodrive Automotive Technology Limited

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## DIRECTORS' REPORT

### RESULTS AND DIVIDENDS

The directors submit the audited accounts of the company for the year ended to 31 December 2003. The retained profit for the year after taxation and dividends amounted to £1,168,000 (2002: £801,000). The directors do not recommend the payment of a dividend for the year ended (2002: nil).

### PRINCIPAL ACTIVITIES

Throughout the year, the principal activity of the company has been that of a holding company. Details of the company's operating subsidiaries and their activities are given in note 6.

### DIRECTORS AND THEIR INTERESTS

The directors at 31 December 2003 who served during the year were as follows:

D Flint  
Mrs A Ross  
N R Fry

None of the directors had any interest (as defined by the Companies Act 1985) in any shares or debentures of the company.

Mr N R Fry is also a director of the company's parent undertaking, Prodrive (Holdings) Limited, and accordingly his interests in the shares of Prodrive (Holdings) Limited are shown in the director's report of that company. Mr D Flint has a total of 16,875 shares (2002: 16,875) and Mrs A Ross has a total of 725 shares (2002: 725) in Prodrive (Holdings) Limited.

### AUDITORS

Ernst & Young LLP have expressed their willingness to continue in office as Auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

On behalf of the board,



N R Fry  
Director  
16 March 2004

## Prodrive Automotive Technology Limited

### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those accounts, 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, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the 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 accounts comply with the Companies Act. 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.

## **INDEPENDENT AUDITORS' REPORT**

### **to the members of Prodrive Automotive Technology Limited**

We have audited the company's financial statements for the year ended 31 December 2003 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 12. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit 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 affairs of the company as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Ernst & Young LLP*

Ernst & Young LLP  
Registered Auditor  
Birmingham

16 March 2004

# Prodrive Automotive Technology Limited

## PROFIT AND LOSS ACCOUNT for the year ended 31 December 2003

	Notes	2003 £'000	2002 £'000
Administrative expenses		(317)	(97)
Foreign exchange losses		(64)	(147)
<b>OPERATING LOSS</b>	2	(381)	(244)
Income from investments		1,581	1,078
Interest receivable		63	73
Interest payable and similar charges	4	(146)	(106)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		1,117	801
Taxation on profit on ordinary activities	5	51	-
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED FOR THE YEAR</b>	10	1,168	801


### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses for the year, or for the previous year, other than those included in the profit and loss account.

# Prodrive Automotive Technology Limited

## BALANCE SHEET at 31 December 2003

	<i>Notes</i>	<i>2003 £'000</i>	<i>2002 £'000</i>
<b>FIXED ASSETS</b>			
Investments	6	1,142	1,142
<b>CURRENT ASSETS</b>			
Debtors	7	5,264	3,559
<b>CREDITORS - Amounts falling due within one year</b>	8	(2,336)	(1,799)
<b>NET CURRENT ASSETS</b>		2,928	1,760
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		4,070	2,902
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	270	270
Share redemption reserve	10	315	315
Profit and loss account	10	3,485	2,317
<b>EQUITY SHAREHOLDERS' FUNDS</b>	10	4,070	2,902



N R Fry  
Director  
16 March 2004

# Prodrive Automotive Technology Limited

## NOTES TO THE ACCOUNTS at 31 December 2003

### 1. ACCOUNTING POLICIES

#### *Accounting convention*

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

The company is exempt from preparing and delivering group accounts under S228 of the Companies Act 1985 (subsidiary undertaking of an EC parent). The financial statements present information about the company as an individual undertaking and not of the group as a whole.

#### *Foreign currencies*

Transactions expressed in foreign currencies have been translated into sterling at the rates of exchange approximating to those ruling at the date of the transactions. Monetary assets and liabilities have been translated at rates ruling at the balance sheet date. Exchange differences have been included in operating profit.

#### *Cash flow statement*

The cash flows of the company for the year are included within the consolidated cash flow statement disclosed in the accounts of Prodrive (Holdings) Limited. In accordance with FRS1 (Revised), no cash flow statement is required in these accounts.

#### *Investments*

Fixed asset investments are stated at cost less any provision for impairment.

### 2. OPERATING LOSS

The audit fee for the company was borne by a parent undertaking in both years.

### 3. DIRECTORS REMUNERATION

The directors are the only employees of the company and received no remuneration in respect of their services to the company (2002: £nil).

### 4. INTEREST PAYABLE AND SIMILAR CHARGES

	2003	2002
	£'000	£'000
Inter group loans	146	106

# Prodrive Automotive Technology Limited

## NOTES TO THE ACCOUNTS

at 31 December 2003

### 5. TAXATION

	2003 £'000	2002 £'000
a) Tax on profit on ordinary activities		
The tax charge is made up as follows:		
<i>Current tax:</i>		
UK Corporation tax	678	462
Adjustment in respect of prior years	(51)	-
Double taxation relief	(678)	(462)
Total current tax (see Note 5(b))	(51)	-
b) Factors affecting the current tax charge		
Profit on ordinary activities before tax	1,117	801
Profit on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 30% (2002: 30%)	335	240
Adjustment in respect of previous years	(51)	-
Excess foreign tax on overseas income	(474)	(323)
Tax losses	139	83
Total current tax (see Note 5(a))	(51)	-

There is an unprovided deferred tax asset of £194,000 (2002: £83,000) in respect of losses carried forward.

### 6. INVESTMENTS

*Subsidiary Undertakings*  
£'000

Cost and Net Book Value:	
At 1 January 2003 and 31 December 2003	1,142

Based on the number of entities owned by the company a statement of each subsidiary would be of excessive length, thus only the significant subsidiary undertakings and their activities are set out below.

<i>Undertaking</i>	<i>Country of incorporation</i>	<i>Activity</i>	<i>Proportion of shares Held at 31 December 2002</i>
Prodrive Automotive Technology Asia Pacific Pty Limited	Australia	Supply of engineering services	100%
Prodrive Automotive Technology (Europe) Limited	UK	Supply of engineering services	100%
Prodrive Automotive Technology (Overseas Holdings) Limited	UK	Holding Company	100%
Prodrive Automotive Technology Australia Pty Limited	Australia	Holding Company	100%
Ford Performance Vehicles Pty Limited	Australia	Converter of motor vehicles	51%
Prodrive Racing (Australia) Pty Limited	Australia	Motor car racing and engineering	100%



# Prodrive Automotive Technology Limited

## NOTES TO THE ACCOUNTS at 31 December 2003

### 7. DEBTORS

	2003 £'000	2002 £'000
Amounts due from subsidiary undertakings	5,180	3,532
Other debtors	84	27
	<u>5,264</u>	<u>3,559</u>

### 8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £'000	2002 £'000
Amounts due to subsidiary undertakings	2,333	1,748
Accruals and deferred income	3	-
Corporation tax	-	51
	<u>2,336</u>	<u>1,799</u>

### 9. SHARE CAPITAL

<i>Authorised</i>	<i>Number of shares</i>	<i>2003 £'000</i>	<i>Number of shares</i>	<i>2002 £'000</i>
<i>Equity:</i>				
Ordinary shares of £1 each	950,500	950	950,500	950
Deferred shares of £1 each	50,000	50	50,000	50
Participating shares of £1 each	54,500	55	54,500	55
	<u>1,055,000</u>	<u>1,055</u>	<u>1,055,000</u>	<u>1,055</u>
<i>Non-Equity:</i>				
Ordinary 'C' shares of £0.01 each	40,000	-	40,000	-
	<u>40,000</u>	<u>-</u>	<u>40,000</u>	<u>-</u>
<i>Issued, called up and fully paid</i>	<i>Number of shares</i>	<i>2003 £'000</i>	<i>Number of shares</i>	<i>2002 £'000</i>
<i>Equity:</i>				
Ordinary shares of £1 each	215,000	215	215,000	215
Dividend and participating shares of £1 each	55,000	55	55,000	55
	<u>270,000</u>	<u>270</u>	<u>270,000</u>	<u>270</u>
<i>Non-Equity:</i>				
Ordinary 'C' shares of £0.01 each	40,000	-	40,000	-
	<u>40,000</u>	<u>-</u>	<u>40,000</u>	<u>-</u>

The non-equity ordinary 'C' shares carry no voting rights and have no rights to dividends.

# Prodrive Automotive Technology Limited

## NOTES TO THE ACCOUNTS at 31 December 2003

### 10. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share capital £'000</i>	<i>Share redemption reserve £'000</i>	<i>Profit and loss account £'000</i>	<i>Total £'000</i>
At 1 January 2002	270	315	1,516	2,101
Profit for the year	-	-	801	801
At 31 December 2002	270	315	2,317	2,902
Profit for the year	-	-	1,168	1,168
At 31 December 2003	270	315	3,485	4,070

### 11. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption under FRS 8 not to disclose transactions with fellow group companies or other related parties as it is a wholly owned subsidiary of Prodrive (Holdings) Limited.

All related party transactions are disclosed within the accounts of Prodrive (Holdings) Limited.

### 12. PARENT UNDERTAKING

The company's immediate, ultimate and controlling parent undertaking is Prodrive (Holdings) Limited, a company incorporated in England and Wales.

Copies of the group accounts, which include the company are available from Acorn Way, Banbury, Oxfordshire, OX16 3ER.