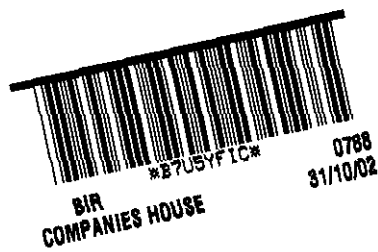


JAGUAR RACING LIMITED

(Company No. 3120645)

REPORT AND FINANCIAL STATEMENTS

31ST DECEMBER 2001



JAGUAR RACING LIMITED

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JAGUAR RACING LIMITED

REPORT OF THE DIRECTORS

The directors submit their report and the audited financial statements of the company for the year ended 31st December 2001.

PRINCIPAL ACTIVITY

The principal activity of the company during the year was the management of a formula one motor racing team.

RESULTS AND REVIEW OF THE BUSINESS

The results for the year are set out on page 4. The directors consider that the results for the year are in line with expectations and that the current state of affairs of the company is satisfactory.

The directors do not recommend the payment of a dividend.

DIRECTORS

The directors who held office during the year are given below:

R L Armstrong (resigned 19 February 2001)
J Browning (resigned 31 October 2001)
S G Dyble (appointed 20 December 2001)
A N Lauda (appointed 24 August 2001)
N C Newton
R Parry-Jones
R W Rahal (resigned 14 November 2001)
Dr H W Reitzle (resigned 1 May 2002)
N W Ressler
J Y Stewart OBE

None of the directors or their families had a notifiable interest in the share capital of the company or any other UK group company during the year under review.

EMPLOYEE INVOLVEMENT

The company's policy is to discuss and consult with employees on matters likely to affect their interests. Information on matters of concern to employees is provided through regular reports and bulletins which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the performance of the company.

DISABLED PERSONS

It is the company's policy to offer equal opportunities to disabled persons, whether registered or not, who apply for job vacancies, having regard to their aptitudes and abilities in relation to the jobs they apply for.

Employees who become disabled whilst in the company's employment will be retained in employment wherever possible and will be given help with any necessary rehabilitation and training.

JAGUAR RACING LIMITED
REPORT OF THE DIRECTORS (Continued)

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 period 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, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining 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 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

A resolution to reappoint the auditors, PricewaterhouseCoopers, will be proposed at the next Annual General Meeting.

On behalf of the Board



S L PEARSON
Assistant Secretary
8 July 2002

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
JAGUAR RACING LIMITED

We have audited the financial statements on pages 4 to 12.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the annual report, including as described on page 2, the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established, in the United Kingdom, by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

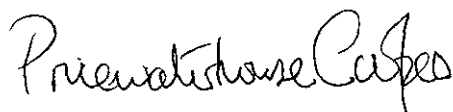
Basis of audit opinion

We conducted our audit in accordance with 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 December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the United Kingdom Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Birmingham
8 July 2002

JAGUAR RACING LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31ST DECEMBER 2001**

	<u>Notes</u>	<u>2001</u> <u>£'000</u>	<u>2000</u> <u>£'000</u>
TURNOVER	1	117,421	109,444
Cost of sales		<u>(94,756)</u>	<u>(85,388)</u>
GROSS PROFIT		22,665	24,056
Administrative costs; before exceptional costs		(20,669)	(16,223)
Exceptional costs		<u>(3,220)</u>	<u>-</u>
Total administrative costs	2	<u>(23,889)</u>	<u>(16,223)</u>
OPERATING (LOSS) / PROFIT		(1,224)	7,833
Interest receivable and similar income		610	656
Interest payable and similar charges	6	<u>(81)</u>	<u>(67)</u>
(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(695)	8,422
Tax on (loss)/profit on ordinary activities	7	<u>(88)</u>	<u>(2,808)</u>
RETAINED (LOSS) / PROFIT FOR THE FINANCIAL YEAR	15	<u><u>(783)</u></u>	<u><u>5,614</u></u>

The loss for the year is wholly attributable to continuing activities.

There are no gains and losses other than the (loss) / profit above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the (loss) / profit on ordinary activities before taxation and the retained (loss) / profit for the year stated above and their historical cost equivalents.

The notes on pages 6 to 12 form part of these accounts

JAGUAR RACING LIMITED**BALANCE SHEET****31ST DECEMBER 2001**

	<u>Notes</u>	<u>2001</u> <u>£'000</u>	<u>2000</u> <u>£'000</u>
FIXED ASSETS			
Tangible assets	8	14,283	9,280
CURRENT ASSETS			
Stocks	9	4,178	3,451
Debtors	10	7,125	11,249
		<u>11,303</u>	<u>14,700</u>
CREDITORS - amounts falling due within one year	11	<u>(14,583)</u>	<u>(12,204)</u>
NET CURRENT (LIABILITIES) / ASSETS		<u>(3,280)</u>	<u>2,496</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		11,003	11,776
CREDITORS - amounts falling due in more than one year	12	(37)	(255)
PROVISIONS FOR LIABILITIES AND CHARGES	13	<u>(228)</u>	<u>-</u>
		<u>10,738</u>	<u>11,521</u>
CAPITAL AND RESERVES			
Called up share capital	14	1,000	1,000
Profit and loss account	15	<u>9,738</u>	<u>10,521</u>
EQUITY SHAREHOLDERS' FUNDS	16	<u>10,738</u>	<u>11,521</u>

The financial statements on pages 4 to 12 were approved by the board of directors on 8 July 2002 and were signed on its behalf by:



N C NEWTON

The notes on pages 6 to 12 form part of these accounts

JAGUAR RACING LIMITED**NOTES TO THE ACCOUNTS****31ST DECEMBER 2001****1. ACCOUNTING POLICIES****Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the UK.

FRS 18 has been adopted in the current year, but this did not require any change in accounting policies or estimation techniques.

A summary of the more important accounting policies, which have been applied consistently, is set out below:

Turnover

Turnover represents sponsorship and promotional income, prize money, bonus payments and contributions towards the race programme.

Depreciation

Provision for depreciation of tangible fixed assets, is made on the straight line basis at rates calculated to write off the cost of the assets, less their estimated residual values, over their expected useful economic lives, which are considered to be:

Leasehold improvements	- over remaining period of lease
Fixtures and fittings	- 3 - 5 years
Vehicles	- 3 - 4 years
Office and workshop equipment	- 3 - 13 years

The estimated useful economic lives of office and workshop equipment has been revised during the year from a maximum of 5 years to a maximum of 13 years. The effect of this change in accounting estimate is disclosed in note 3.

Assets held under lease agreements

Tangible fixed assets acquired under finance leases are capitalised at cost and are written off over the shorter of their expected working lives or the lease term. The liabilities to the leasing companies are shown as obligations under finance leases within creditors. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the profit and loss account on bases appropriate to the terms of the agreements.

Payments under operating leases are charged to the profit and loss account on the straight line basis over the term of the lease.

Stocks and work in progress

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

In respect of raw materials, consumables and racing spares, and race cars in the course of construction, cost is defined as purchase price on a first in, first out basis. In the case of racing spares and race cars in the course of construction, costs also include an appropriate proportion of production overheads based on the normal level of activity.

JAGUAR RACING LIMITED

NOTES TO THE ACCOUNTS

31ST DECEMBER 2001

1. ACCOUNTING POLICIES (continued)

Deferred taxation

Provision for deferred taxation is made using the liability method in respect of all timing differences to the extent that it is probable a liability or asset will crystallise in the foreseeable future.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions denominated in foreign currencies are converted at the rate of exchange ruling at the date of the transaction. All translation differences are taken to the profit and loss account as they arise.

Development Expenditure

Research and Development expenditure is charged to the profit and loss account as incurred.

Cash flow statement

The company is exempt under FRS1 (revised) from the requirement to prepare a cash flow statement, being a wholly-owned subsidiary undertaking of a group whose accounts, incorporating the results of the company, are publicly available.

Related parties

The company is exempt under FRS 8 from the requirement to disclose transactions with other group companies qualifying as related parties, as 100% of its voting rights are controlled within the group.

2. TOTAL ADMINISTRATION COSTS

Included within total administration costs is an amount of £3,220,000 (2000 : £nil) relating to abortive design costs in respect of a proposed wind tunnel. Costs of £2,212,000 have been written off in respect of assets in the course of construction, whilst an amount of £1,008,000 has been accounted for as a provision for impairment.

JAGUAR RACING LIMITED

NOTES TO THE ACCOUNTS

31ST DECEMBER 2001

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>2001</u> £'000	<u>2000</u> £'000
Profit on ordinary activities before tax for the year was arrived at after charging:		
Depreciation on tangible fixed assets		
Owned	2,502	1,857
Held under finance lease	29	309
Operating lease rentals of:		
Land and buildings	355	355
Auditors' remuneration - audit	34	34
Group overheads	<u>2,300</u>	<u>-</u>

Group overheads relate to management fees payable to group undertakings during the year.

During the year the Directors have reviewed their assessment of estimate of the economic life of certain items of plant and machinery from up to 5 years to up to 13 years. The result of this change in accounting estimate has resulted in a reduction in the depreciation charge of £400,000.

4. DIRECTORS' EMOLUMENTS	<u>2001</u> £'000	<u>2000</u> £'000
The aggregate emoluments, including pension contributions, of the directors were:	<u>4,646</u>	<u>1,506</u>
Highest paid director: Aggregate emoluments	<u>3,417</u>	<u>526</u>

In addition to aggregate emoluments included within the above, the following payments were made to directors during the year in connection with the termination of their service agreements:

	£'000
Mr R Armstrong	500
Mr R Rahal	<u>1,475</u>

Retirement benefits are accruing to one director (2000:1) under a money purchase scheme in respect of his services to the company at the year end.

2 Directors (2000:nil) were in receipt of shares options in the ultimate parent undertaking. No options (2000:nil) were exercised during the year.

Further payments totalling £3,417,000 to the highest paid director have been recharged to fellow group undertakings and are not, therefore, included in the above disclosures.

5. EMPLOYEES	<u>2001</u>	<u>2000</u>
The average number, including directors, employed by the company during the year was as follows:	<u>No. of employees</u>	
Design	88	80
Racing and Production	204	185
Administration	39	42
	<u>331</u>	<u>307</u>
The related staff costs amounted to:	<u>£'000</u>	<u>£'000</u>
Wages and salaries	16,833	12,536
Social security costs	1,397	1,238
Pension costs	25	28
	<u>18,255</u>	<u>13,802</u>

The pension costs represent the amounts paid to directors to contribute to their personal pension plans. The company does not operate a company pension scheme.

JAGUAR RACING LIMITED

NOTES TO THE ACCOUNTS

31ST DECEMBER 2001

6. INTEREST PAYABLE AND SIMILAR CHARGES	2001 £'000	2000 £'000
Bank overdraft	43	-
Finance leases	38	67
	<u>81</u>	<u>67</u>

The overdraft facility is secured by fixed and floating charges on the assets of the company.

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

The charge for tax comprises:

Corporation tax at 30% based on the results for the year	353	2,800
(Over)/Under provision in respect of prior year	(66)	180
Deferred taxation at 30% - current year	(179)	49
- prior year	(20)	(221)
	<u>88</u>	<u>2,808</u>

Taxable profits have arisen primarily as a result of losses on the disposal of non qualifying fixed assets.

8. TANGIBLE FIXED ASSETS

	Leasehold improvements £'000	Assets in the course of construction £'000	Motor Vehicles £'000	Office and workshop equipment £'000	Total £'000
Cost					
At 1 January 2001	2,296	2,000	2,599	7,400	14,295
Additions	72	6,777	263	3,754	10,866
Disposals	-	(2,212)	(67)	(254)	(2,533)
At 31 December 2001	<u>2,368</u>	<u>6,565</u>	<u>2,795</u>	<u>10,900</u>	<u>22,628</u>
Depreciation					
At 1 January 2001	387	-	1,061	3,567	5,015
Charge for year	164	-	629	1,738	2,531
Disposals	-	-	(48)	(161)	(209)
Impairment provision	-	1,008	-	-	1,008
At 31 December 2001	<u>551</u>	<u>1,008</u>	<u>1,642</u>	<u>5,144</u>	<u>8,345</u>
Net book value					
At 31 December 2001	<u>1,817</u>	<u>5,557</u>	<u>1,153</u>	<u>5,756</u>	<u>14,283</u>
At 31 December 2000	<u>1,909</u>	<u>2,000</u>	<u>1,538</u>	<u>3,833</u>	<u>9,280</u>

The net book value of fixed assets includes an amount of £171,520 (2000 - £201,392) in respect of assets held under finance leases.

JAGUAR RACING LIMITED

NOTES TO THE ACCOUNT

31ST DECEMBER 2001

9. STOCKS	<u>2001</u> <u>£'000</u>	<u>2000</u> <u>£'000</u>
Raw materials, consumables and racing spares	3,506	3,178
Work in progress (race cars in the course of construction)	<u>672</u>	<u>273</u>
	<u>4,178</u>	<u>3,451</u>

10. DEBTORS

Amounts falling due within one year:

Trade debtors	741	844
Amounts owed by group undertakings	3,427	6,130
Other debtors	480	1,076
Prepayments and accrued income (see note 13)	<u>2,477</u>	<u>3,199</u>
	<u>7,125</u>	<u>11,249</u>

11. CREDITORS - amounts falling due within one year

Bank overdraft	282	1,996
Obligations under finance leases	224	241
Trade creditors	1,403	1,462
Amounts owed to group undertakings	2,464	3,256
Corporation tax	4	70
Other taxes and social security	507	444
Other creditors	16	13
Accruals and deferred income	<u>9,683</u>	<u>4,722</u>
	<u>14,583</u>	<u>12,204</u>

The obligations under finance leases are secured over the related assets as disclosed in note 8.
Included within other creditors is an amount of £nil (2000: £10,618) owed to J Y Stewart, a director of the company.

12. CREDITORS - amounts falling due in more than one year

Obligations under finance leases	<u>37</u>	<u>255</u>
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The future minimum payments under finance leases to which the company is committed as at 31 December 2001 are as follows:

Within one year	235	272
Between two and five years	<u>38</u>	<u>267</u>
	273	539
Less finance charges allocated to future periods	<u>(12)</u>	<u>(43)</u>
	<u>261</u>	<u>496</u>

JAGUAR RACING LIMITED**NOTES TO THE ACCOUNTS****31ST DECEMBER 2001****13. PROVISIONS FOR LIABILITIES AND CHARGES****2001
£'000****2000
£'000**

Provisions for liabilities and charges comprises provision for onerous lease obligations and deferred taxation.

Provision for onerous lease obligations

228-

The movements in deferred taxation during the current and previous years are as follows:

At 1 January 2001

(111)61

Charge for the year (note 7)

(199)(172)

At 31 December 2001

(310)(111)

Deferred taxation provided in the accounts and the maximum potential deferred tax asset is as follows:

Capital allowances in advance of depreciation

(154)190

Other timing differences

(156)(301)(310)(111)

The current year deferred tax asset of £310,000 is disclosed within prepayments and accrued income (note 10)

14. CALLED UP SHARE CAPITAL

Authorised, allotted, called up and fully paid
1,000,000 Ordinary shares of £1 each

1,0001,000**15. PROFIT AND LOSS ACCOUNT**

At 1 January

10,5214,907

Retained (loss) / profit for the financial year

(783)5,614

At 31 December

9,73810,521**16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

Opening shareholders' funds

11,5215,907

Profit for the year

(783)5,614

Closing shareholders' funds

10,73811,521**17. CAPITAL COMMITMENTS**

Contracts placed for future capital expenditure not provided for in the financial statements

1,416751

JAGUAR RACING LIMITED**NOTES TO THE ACCOUNTS****31ST DECEMBER 2001****17. OPERATING LEASES**

The company was committed to making the following annual payments under non-cancellable operating leases as at 31 December:

	2001 Land and buildings £'000	2000 Land and buildings £'000
Leases expiring:		
Between one and two years	35	-
Over five years	<u>355</u>	<u>355</u>

18. RELATED PARTY TRANSACTIONS

During the year the company entered into related party transactions with Objective Metric Indices (UK) Limited, a company of which N C Newton is a director, and of which R L Armstrong (resigned 18 May 2000) was a director. Transactions between the company and Objective Metric Indices (UK) Limited during the year all related to recharged expenses, on an arms length basis. In the prior year, the company entered into related party transactions with Stewart Racing Limited. No such transactions were entered into during 2001.

The amounts recharged were as follows:

	2001 Recharged £	2001 Debtor/ (Creditor) £	2000 Recharged £	2000 Debtor/ (Creditor) £
By the company to Objective Metric Indices (UK) Limited	-	-	52,065	-
To the company by Objective Metric Indices (UK) Limited	4,477	-	30,389	-
By the company to Stewart Racing Limited	-	-	42,455	-
To the company by Stewart Racing Limited	-	-	-	(52,502)

The company also entered into related party transactions with Mark Stewart Productions Limited, a company of which the director is a close family member of a director of Jaguar Racing Limited.

Mark Stewart Productions Limited carried out promotional video work amounting to £33,179 (2000: £66,158), and at the year end there is an outstanding creditor of £nil (2000 : £332).

As the company is a wholly owned subsidiary of Ford Automotive Holdings, it has not disclosed details of transactions with other group companies by virtue of the exemption available contained within paragraph 3 of Financial Reporting Standard No. 8.

19. ULTIMATE PARENT UNDERTAKING

According to the register kept by the company, the immediate parent undertaking is Ford Automotive Holdings.

In the opinion of the directors, the ultimate parent undertaking and controlling party is Ford Motor Company, a company incorporated in the state of Michigan in the United States of America. Copies of Ford Motor Company financial statements may be obtained from the Ford Motor Company, The American Road, Dearborn, Michigan 48121, USA.