

COMPANY REGISTRATION NUMBER 3258629

TRIPLE EIGHT RACE ENGINEERING LIMITED
ABBREVIATED FINANCIAL STATEMENTS
FOR
30 SEPTEMBER 2000



HEXTALL MEAKIN

Chartered Accountants & Registered Auditors
Argon House
Argon Mews
Fulham Broadway
London
SW6 1BJ

TRIPLE EIGHT RACE ENGINEERING LIMITED

ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2000

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TRIPLE EIGHT RACE ENGINEERING LIMITED

AUDITORS' REPORT TO THE COMPANY

PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 4 to 12, together with the financial statements of the company for the year ended 30 September 2000 prepared under Section 226 of the Companies Act 1985.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and report our opinion to you.

BASIS OF OPINION

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act, and the abbreviated accounts on pages 4 to 12 are properly prepared in accordance with those provisions.

Argon House
Argon Mews
Fulham Broadway
London
SW6 1BJ

HEXTALL MEAKIN
Chartered Accountants
& Registered Auditors

Dated:

2 January 2001

Hextall Meakin

TRIPLE EIGHT RACE ENGINEERING LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30 SEPTEMBER 2000

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30 September 2000.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company's principal activity during the year is that of the development and running of race cars.

In the directors' opinion both the results for the year and the company's financial position at the year end were satisfactory.

The directors expect trading conditions will be more difficult next year but are optimistic that the company will continue to trade profitably.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 30 September 2000	At 1 October 1999
R Dane	20,000	20,000
D Warwick	20,000	20,000
I Harrison	20,000	20,000

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 7, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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 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. The directors 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.

TRIPLE EIGHT RACE ENGINEERING LIMITED


THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 SEPTEMBER 2000

AUDITORS

A resolution to re-appoint Hextall Meakin as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Signed on behalf of the directors

A handwritten signature in black ink, appearing to be 'R Dane', followed by a horizontal line.

R Dane
Director

Approved by the directors on 21.12.00

TRIPLE EIGHT RACE ENGINEERING LIMITED**ABBREVIATED PROFIT AND LOSS ACCOUNT****YEAR ENDED 30 SEPTEMBER 2000**

	Note	2000 £	1999 £
GROSS PROFIT		2,923,074	2,202,370
Administrative expenses		2,595,042	2,122,197
OPERATING PROFIT	2	328,032	80,173
Interest receivable		12,753	7,338
Interest payable	5	(46,527)	(10,175)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		294,258	77,336
Tax on profit on ordinary activities	6	(123,182)	(15,725)
RETAINED PROFIT FOR THE FINANCIAL YEAR		171,076	61,611
Balance brought forward		340,822	279,211
Balance carried forward		511,898	340,822

The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

The notes on pages 7 to 12 form part of these financial statements.

TRIPLE EIGHT RACE ENGINEERING LIMITED

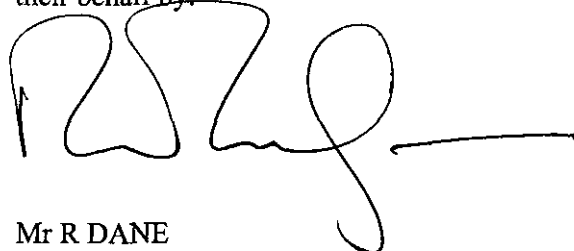
ABBREVIATED BALANCE SHEET

30 SEPTEMBER 2000

	Note	2000	1999
		£	£
FIXED ASSETS			
Tangible assets	7	1,181,316	637,385
CURRENT ASSETS			
Stocks	8	14,555	114,555
Debtors	9	296,672	753,025
Cash at bank and in hand		705,163	3,193
		<u>1,016,390</u>	<u>870,773</u>
CREDITORS: Amounts falling due within one year	10	<u>(1,151,152)</u>	<u>(994,996)</u>
NET CURRENT LIABILITIES		<u>(134,762)</u>	<u>(124,223)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,046,554</u>	<u>513,162</u>
CREDITORS: Amounts falling due after more than one year	11	<u>(474,656)</u>	<u>(112,340)</u>
		<u>571,898</u>	<u>400,822</u>
CAPITAL AND RESERVES			
Called-up equity share capital	14	60,000	60,000
Profit and Loss Account		511,898	340,822
SHAREHOLDERS' FUNDS	15	<u>571,898</u>	<u>400,822</u>

These accounts have been prepared in accordance with the special provisions for medium-sized companies under Part VII of the Companies Act 1985.

These financial statements were approved by the directors on the 21.12.00, and are signed on their behalf by:



Mr R DANE
Director

The notes on pages 7 to 12 form part of these financial statements.

TRIPLE EIGHT RACE ENGINEERING LIMITED

CASH FLOW STATEMENT

YEAR ENDED 30 SEPTEMBER 2000

	Note	2000	1999
		£	£
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	16	1,495,323	(516,073)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		12,753	7,338
Interest paid		(36,743)	(2,923)
Interest element of hire purchase		(10,253)	(8,240)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(34,243)	(3,825)
TAXATION		(18,889)	(873)
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets		(822,105)	(168,968)
Receipts from sale of fixed assets		1,250	-
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		(820,855)	(168,968)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		621,336	(689,739)
FINANCING			
Repayment of bank loans		470,555	-
Capital element of hire purchase		(32,670)	53,344
NET CASH INFLOW FROM FINANCING		437,885	53,344
INCREASE/(DECREASE) IN CASH	17	1,059,221	(636,395)

The notes on pages 7 to 12 form part of these financial statements.

TRIPLE EIGHT RACE ENGINEERING LIMITED
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2000

1. ACCOUNTING POLICIES

Basis of accounting

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

Turnover

The turnover shown in the Profit and Loss Account represents amounts invoiced during the year, exclusive of Value Added Tax.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold property	- Over 50 years
Leasehold improvements	- Over three years
Plant & machinery	- 20% straight line
Furniture and equipment	- 20% straight line
Motor vehicles	- 20% straight line
Engines	- 50% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the Profit and Loss Account on a straight line basis.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Deferred taxation

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

TRIPLE EIGHT RACE ENGINEERING LIMITED
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2000

2. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2000	1999
	£	£
Depreciation	276,924	288,719
Auditors' remuneration		
- as auditors	4,500	4,500
Net profit on foreign currency translation	<u>(8,062)</u>	<u>(10,461)</u>

3. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2000	1999
	No.	No.
Number of production staff	35	41
Number of administrative staff	7	7
	<u>42</u>	<u>48</u>

The aggregate payroll costs of the above were:

	2000	1999
	£	£
Wages and salaries	1,338,941	1,218,712
Social security costs	137,432	124,037
	<u>1,476,373</u>	<u>1,342,749</u>

4. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2000	1999
	£	£
Emoluments receivable	<u>281,071</u>	<u>249,012</u>

Emoluments of highest paid director:

	2000	1999
	£	£
Total emoluments (excluding pension contributions):	<u>182,219</u>	<u>82,050</u>

5. INTEREST PAYABLE

	2000	1999
	£	£
Interest payable on bank borrowing	267	1,935
Finance charges	10,253	8,240
Other similar charges payable	36,007	-
	<u>46,527</u>	<u>10,175</u>

TRIPLE EIGHT RACE ENGINEERING LIMITED
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2000

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000 £	1999 £
In respect of the year:		
Corporation Tax based on the results for the year at 24.90% (1999 - 21%)	123,000	40,000
Decrease in deferred tax provision	-	(23,855)
	<u>123,000</u>	<u>16,145</u>
Adjustment in respect of previous years:		
Corporation Tax	182	(420)
	<u>123,182</u>	<u>15,725</u>

7. TANGIBLE FIXED ASSETS

	Freehold property £	Leasehold improvements £	Plant & Machinery £	Furniture and equipment £	Other Assets £	Total £
COST						
At 1 Oct 1999	-	148,319	138,230	63,748	933,005	1,283,302
Additions	805,389	-	16,716	-	-	822,105
Disposals	-	(148,319)	-	-	(2,800)	(151,119)
At 30 Sep 2000	<u>805,389</u>	<u>-</u>	<u>154,946</u>	<u>63,748</u>	<u>930,205</u>	<u>1,954,288</u>
DEPRECIATION						
At 1 Oct 1999	-	126,197	67,322	34,058	418,340	645,917
Charge for the year	8,054	22,122	27,646	17,444	201,658	276,924
On disposals	-	(148,319)	-	-	(1,550)	(149,869)
At 30 Sep 2000	<u>8,054</u>	<u>-</u>	<u>94,968</u>	<u>51,502</u>	<u>618,448</u>	<u>772,972</u>
NET BOOK VALUE						
At 30 Sep 2000	<u>797,335</u>	<u>-</u>	<u>59,978</u>	<u>12,246</u>	<u>311,757</u>	<u>1,181,316</u>
At 30 Sep 1999	<u>-</u>	<u>22,122</u>	<u>70,908</u>	<u>29,690</u>	<u>514,665</u>	<u>637,385</u>

Hire purchase agreements

Included within the net book value of £1,181,316 is £112,524 (1999 - £164,463) relating to assets held under hire purchase agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £51,939 (1999 - £44,203).

8. STOCKS

	2000 £	1999 £
Stock	<u>14,555</u>	<u>114,555</u>

TRIPLE EIGHT RACE ENGINEERING LIMITED
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2000

9. DEBTORS

	2000	1999
	£	£
Trade debtors	259,475	668,131
Other debtors	-	66,330
Prepayments and accrued income	37,197	18,564
	<u>296,672</u>	<u>753,025</u>

10. CREDITORS: Amounts falling due within one year

	2000	1999
	£	£
Bank loans and overdrafts	33,901	357,251
Trade creditors	265,307	340,780
Hire purchase agreements	74,338	32,670
Other creditors	295,914	249,071
Accruals and deferred income	481,692	15,224
	<u>1,151,152</u>	<u>994,996</u>

11. CREDITORS: Amounts falling due after more than one year

	2000	1999
	£	£
Bank loans and overdrafts	436,654	-
Hire purchase agreements	38,002	112,340
	<u>474,656</u>	<u>112,340</u>

The bank loan is secured by a fixed charge over the company's freehold property.

The bank loan is repayable by monthly instalments over ten years. Interest is charged at 2% above HSBC Bank base rate.

13. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	2000	1999
	£	£
Amounts payable within 1 year	74,338	32,671
Amounts payable between 1 and 2 years	38,002	74,338
Amounts payable between 3 and 5 years	-	38,001
	<u>112,340</u>	<u>145,010</u>

TRIPLE EIGHT RACE ENGINEERING LIMITED
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2000

14. SHARE CAPITAL

Authorised share capital:

	2000	1999
	£	£
60,000 Ordinary shares of £1.00 each	60,000	60,000

Allotted, called up and fully paid:

	2000	1999
	£	£
Ordinary share capital	60,000	60,000

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000	1999
	£	£
Profit for the financial year	171,076	61,611
Opening shareholders' equity funds	400,822	339,211
Closing shareholders' equity funds	571,898	400,822

**16. RECONCILIATION OF OPERATING PROFIT TO
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES**

	2000	1999
	£	£
Operating profit	328,032	80,173
Interest payable	469	988
Depreciation	276,924	288,719
Decrease/(Increase) in stocks	100,000	(84,605)
Decrease/(Increase) in debtors	456,353	(629,347)
Increase/(Decrease) in creditors	333,545	(172,001)
Net cash inflow/(outflow) from operating activities	1,495,323	(516,073)

17. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2000	1999
	£	£
Increase/(Decrease) in cash in the period	1,059,221	(636,395)
Net cash inflow from bank loans	(470,555)	-
Net cash outflow/(inflow) in respect of hire purchase	32,670	(53,344)
	621,336	(689,739)
Change in net funds	621,336	(689,739)
Net debt at 1 Oct 1999	(499,068)	190,671
Net funds at 30 Sep 2000	122,268	(499,068)

TRIPLE EIGHT RACE ENGINEERING LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2000

18. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Oct 1999 £	Cash flows £	At 30 Sep 2000 £
Net cash:			
Cash in hand and at bank	3,193	701,970	705,163
Overdrafts	(357,251)	357,251	-
	<u>(354,058)</u>	<u>1,059,221</u>	<u>705,163</u>
Debt:			
Debt due within 1 year	-	(33,901)	(33,901)
Debt due after 1 year	-	(436,654)	(436,654)
Hire purchase agreements	(145,010)	32,670	(112,340)
	<u>(145,010)</u>	<u>(437,885)</u>	<u>(582,895)</u>
Net funds	<u>(499,068)</u>	<u>621,336</u>	<u>122,268</u>