

Honda GP Holdings Limited

Directors' report and financial statements

Registered number 05260453

31 December 2008

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2008

Principal activities

The principal activity of the group was the research, design, development, manufacture, supply, test and racing of Formula One motor racing cars

Review of business and future developments

The company is a small company and as such is exempt from the requirements of Section 234ZZB of the Companies Act 1985 to prepare a Business Review

On 5 December 2008 it was announced that Honda Motor Co, Limited would be withdrawing from all Formula One activities with immediate effect. Following the subsequent disposal of Honda GP Limited on 5 March 2009, the directors took the decision to liquidate Honda GP Holdings Limited. As a consequence, the financial statements have been prepared on a break-up basis.

Results and dividends

The results for the year are set out in the profit and loss account on page 5

The directors do not recommend the payment of an ordinary dividend (2007 £nil)

Financial risk management

The company is a small company and as such is exempt from the requirements of Schedule 7(5A) of the Companies Act 1985 to disclose the exposure of the company to financial risks

Directors and directors' interests

The directors who held office during the year were as follows

Mr Hiroshi Oshima (resigned 17 04 2009)

Mr Yasuhiro Wada (resigned 31 03 2008)

Mr Shigeru Takagi (appointed 01 04 2008)

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law)

The financial statements are required by law to 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 period

In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent, and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements

The directors confirm that they have complied with the above requirements in preparing the financial statements

Directors' report (continued)

Statement of directors' responsibilities (continued)

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the board



J Howells
Secretary

470 London Road
Slough
Berkshire

26 November 2010

Report of the independent auditors' to the members of Honda GP Holdings Limited

We have audited the financial statements of Honda GP Holdings Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet and related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Reading

29 November 2010

Profit and loss account
for the year ended 31 December

	Note	2008 £000	2007 £000
Turnover		-	-
Cost of sales		-	-
		<hr/>	<hr/>
Gross profit		-	-
Administrative expenses		-	-
		<hr/>	<hr/>
Operating profit		-	-
Interest receivable and similar income	5	1,258	875
Interest payable and similar charges	6	(1,258)	(875)
Loss on Investment		(55,554)	
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(55,554)	-
Tax on loss on ordinary activities	7	-	-
		<hr/>	<hr/>
Loss on ordinary activities after taxation	13, 14	(55,554)	-
		<hr/>	<hr/>

The loss for the years above is derived entirely from continuing activities

The company has no recognised gains and losses other than the loss above and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the loss on ordinary activities before taxation and the retained loss for the years stated above, and their historical cost equivalents

Balance sheet
at 31 December

	Note	2008 £000	2008 £000	2007 £000	2007 £000
Fixed assets					
Investments	8		-		55,554
			<hr/>		<hr/>
			-		55,554
Current assets					
Debtors – due within one year	9	10,712		9,004	
Debtors – due after more than one year	9	16,225		16,650	
Cash at bank and in hand		-		-	
		<hr/>		<hr/>	
		26,937		25,654	
Creditors - due within one year	10	(10,712)		(9,004)	
		<hr/>		<hr/>	
Net current assets			16,225		16,650
			<hr/>		<hr/>
Total assets less current liabilities			16,225		72,204
Creditors – due after more than one year	10		(16,225)		(16,650)
			<hr/>		<hr/>
Net assets			-		55,554
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	12		55,554		55,554
Profit and loss account	13		(55,554)		-
			<hr/>		<hr/>
Equity Shareholders' funds	14		-		55,554
			<hr/>		<hr/>

These financial statements on pages 5 to 12 were approved by the board of directors on 26 November 2010 and were signed on its behalf by


S Takagi
Director

Registered number 05360453

Notes

(forming part of the financial statements)

1 Accounting policies

These financial statements are prepared under the historical cost convention, and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Basis of preparation

In previous years, the financial statements have been prepared on a going concern basis but on 5 December 2008 it was announced that Honda Motor Co., Limited would be withdrawing from all Formula One activities with immediate effect. Following the subsequent disposal of Honda GP Limited on 5 March 2009, the directors took the decision to liquidate Honda GP Holdings Limited. As a consequence, the financial statements have been prepared on a break-up basis.

Consolidation

The company is a wholly-owned subsidiary of Honda Motor Co., Limited and is included in the consolidated financial statements of Honda Motor Co., Limited which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 228 of the Companies Act 1985.

Cash flow statement

Under Financial Reporting Standard 1 (revised), 'Cash Flow Statements' the company is exempt from the requirement to prepare a cash flow statement on the grounds that the parent undertaking includes the company in its own published consolidated financial statements.

Related parties

The company is a wholly owned subsidiary of Honda Motor Co., Limited and is included within the consolidated financial statements of Honda Motor Co., Limited, which are publicly available. Consequently, the company is exempt under the terms of Financial Reporting Standard 8, 'Related Party Disclosures' from disclosing related party transactions with entities that are part of the group.

Investments

Investments in subsidiary undertakings are stated in the balance sheet of the company at cost, less amounts written off where there has been permanent impairment in value. Impairment reviews are performed when evidence emerges that the net book value may not be recoverable.

2 Remuneration of directors

The emoluments of the directors of the company for both financial years have been paid by fellow group companies. It has not been practicable to determine the extent of those emoluments that relate to the services to this company.

3 Employee information

The company had no employees during the year ended 31 December 2008 or the year ended 31 December 2007.

4 Operating loss

Audit fees for the year ended 31 December 2008 have been borne by Honda Racing Developments Limited and in for the year ended 31 December 2007 were borne by Honda GP Limited.

Notes (continued)

5 Interest receivable and similar income

	2008 £000	2007 £000
Interest receivable on bank deposits	1,258	875
	<u>1,258</u>	<u>875</u>

6 Interest payable and similar charges

	2008 £000	2007 £000
Interest payable on bank loans	1,258	875
	<u>1,258</u>	<u>875</u>

7 Tax on loss on ordinary activities

The tax charge assessed for the year is higher (2007 higher) than the standard rate of corporation tax in the UK of 28.5% (2007 28%). The differences are explained below

	2008 £000	2007 £000
Loss on ordinary activities before taxation	(55,554)	-
Loss on ordinary activities multiplied by the standard rate in the UK of 28.5% (2007 28%)	(15,833)	-
Effects of Expenses not deductible for tax purposes	15,833	-
Current tax charge for the year	<u>-</u>	<u>-</u>

Notes (continued)

8 Fixed asset investments

	Subsidiary Undertaking £000
Cost:	
At 1 January 2008 and 31 December 2008	103,206
Provision for impairment:	
At 1 January 2008	(47,652)
Impairment	(55,554)
At 31 December 2008	(103,206)
Net Book Value:	
At 31 December 2008	-
At 31 December 2007	55,554

Following the decision of Honda Motor Co., Limited on 5 December 2008 to withdraw from all Formula One activities, the investments in Honda GP Limited and Honda Racing Development Limited have been fully impaired

Name of undertaking	Country of Incorporation	Principal activity	Description of shares held	Proportion of nominal value of issued shares held
Honda GP Limited	England	Design, development, manufacture, supply, test and racing of Formula One motor racing cars	Ordinary	100%
HRMS Limited	England	Dormant	Ordinary	100%
Honda Racing Development Limited	England	Research, development and testing of racing cars and engines for Formula One activity	Ordinary	100%
Application Electronics Limited	England	Dormant	Ordinary	100%
Advantage CFD Limited*	England	Dormant	Ordinary	100%

* Investment held indirectly

Notes (continued)

9 Debtors

Amounts falling due after more than one year

	2008 £000	2007 £000
Group Loans	16,225	16,650

Amounts falling due within one year

	2008 £000	2007 £000
Group Loans	8,925	6,800
Amounts owed by group undertakings	1,640	2,039
Prepayments and accrued income	147	165
	<u>10,712</u>	<u>9,004</u>

Included in group loans is an amount of £7,500,000 (2007 £11,250,000) which is due in two instalments per annum of £1,875,000, on 20 May and 20 November, and carries interest at 5.66% fixed. Also included is an amount of £9,150,000 (2007 £12,200,000) which is due in two instalments per annum of £1,525,000, on 15 May and 15 November, and carries interest at 5.98% fixed. Also included is an amount of £2,125,000 which is due in two instalments per annum of £1,062,500, on 28 May and 28 November, and carries interest at 4.38% fixed. The balance of £1,640,000 (2007 £2,039,000) relates to an overdraft held on behalf of Honda GP Limited and carries interest at the bank funding rate plus 0.3%.

Amounts owed by group undertakings to the company are interest free, unsecured and have no fixed date of repayment.

10 Creditors

Amounts falling due after more than one year

	2008 £000	2007 £000
Bank Loans (note 11)	16,225	16,650

Amounts falling due within one year

	2008 £000	2007 £000
Bank loans and overdraft (note 11)	10,565	8,839
Accruals and deferred income	147	165
	<u>10,712</u>	<u>9,004</u>

Notes (continued)

10 Creditors (continued)

Included in bank loans is an amount of £7,500,000 (2007 £11,250,000) which is payable in two instalments per annum of £1,875,000, on 20 May and 20 November, and carries interest at 5.66% fixed. Also included is an amount of £9,150,000 (2007 £12,200,000) which is payable in two instalments per annum of £1,525,000, on 15 May and 15 November, and carries interest at 5.98% fixed. Also included is an amount of £2,125,000 which is payable in two instalments per annum of £1,062,500, on 28 May and 28 November, and carries interest at 4.38% fixed. The balance of £1,640,000 (2007 £2,039,000) relates to an overdraft and carries interest at the bank funding rate plus 0.3%.

11 Loans and other borrowings

	2008 £000	2007 £000
Bank Loans and overdraft	26,790	25,489
Maturity of financial liabilities		
In one year or less, or on demand	10,565	8,839
In more than one year, but not more than two years	8,925	6,800
In more than two years, but not more than five years	7,300	9,850
	<u>26,790</u>	<u>25,489</u>

12 Called up share capital

	2008 £000	2007 £000
Authorised:		
60,000,000 ordinary shares of £1 each	60,000	60,000
Allotted, called up and fully paid ordinary shares of £1 each:		
At 31 December – 55,554,238	<u>55,554</u>	<u>55,554</u>

13 Reserves

	Profit and loss account £000
At 1 January 2008	-
Loss for the financial year	(55,554)
At 31 December 2008	<u>(55,554)</u>

Notes (continued)

14 Reconciliation of movements in equity shareholders' funds

	2008 £000	2007 £000
Proceeds of issue of share capital	-	103
Loss for the financial year	(55,554)	-
	<hr/>	<hr/>
Net (reduction in)/addition to shareholders' funds	(55,554)	103
Opening shareholders' funds	55,554	55,451
	<hr/>	<hr/>
Closing shareholders' funds	-	55,554
	<hr/>	<hr/>

15 Ultimate parent company and immediate controlling party

According to the register kept by the company, Honda Motor Co, Limited has a 100% interest in the equity share capital of Honda GP Holdings Limited. As such the directors regard Honda Motor Co, Limited, a company registered in the Japan, as the immediate and ultimate parent company and ultimate controlling party. Copies of the company's consolidated financial statements can be obtained from the Company Secretary, 1-1 Minami-Aoyama, 2-Chrome, Minatu-Ku, Tokyo, 107-8556.