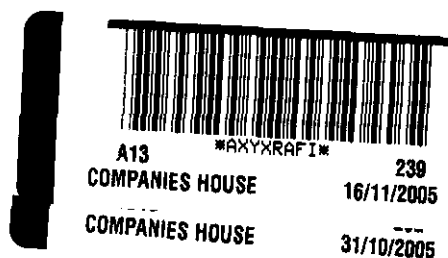


Company Registration No. 00694741 (England and Wales)

ENGINE DEVELOPMENTS LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2004



ENGINE DEVELOPMENTS LIMITED

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ENGINE DEVELOPMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO ENGINE DEVELOPMENTS LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 3 to 5, together with the financial statements of the company for the year ended 31 December 2004 prepared under section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246 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 sections 246(5) and (6) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of audit opinion

We have carried out the procedures we considered 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 sections 246(5) and (6) of the Companies Act 1985, and the abbreviated accounts on pages 3 to 5 are properly prepared in accordance with those provisions.

Other information

On we reported, as auditors of Engine Developments Limited, to the members on the financial statements prepared under section 226 of the Companies Act 1985 for the year ended 31 December 2004, and our audit report was as follows:

"We have audited the financial statements of Engine Developments Limited on pages 4 to 10 for the year ended 31 December 2004. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and 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 auditor's 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.

ENGINE DEVELOPMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO ENGINE DEVELOPMENTS LIMITED (CONTINUED) UNDER SECTION 247B OF THE COMPANIES ACT 1985

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities on page 1 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom 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 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. However, as stated in note 1, due to their special nature, the company's stock and work in progress have been included at the directors' valuation. There were no satisfactory audit procedures that we could adopt to confirm independently the valuation prepared by the directors and as a result we have been unable to verify the valuation of stock and work in progress shown in the financial statements.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Qualified opinion arising from limitation in scope

Except for any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence towards the valuation of stock and work in progress, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985."

Blinkhorns

Blinkhorns

Registered Auditor

31 October 2005

27 Mortimer Street
W1T 3BL

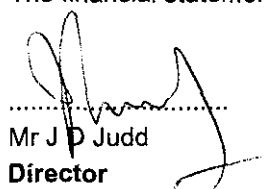
ENGINE DEVELOPMENTS LIMITED

ABBREVIATED BALANCE SHEET AS AT 31 DECEMBER 2004

	Notes	2004 £	£	2003 £	£
Fixed assets					
Tangible assets	2	1,123,500		985,505	
Investments	2	472,781		472,781	
		<u>1,596,281</u>		<u>1,458,286</u>	
Current assets					
Stocks		552,727		439,468	
Debtors		583,795		676,073	
Cash at bank and in hand		7,913,494		7,530,023	
		<u>9,050,016</u>		<u>8,645,564</u>	
Creditors: amounts falling due within one year		<u>(7,700,637)</u>		<u>(7,473,035)</u>	
Net current assets		<u>1,349,379</u>		<u>1,172,529</u>	
Total assets less current liabilities		<u>2,945,660</u>		<u>2,630,815</u>	
Provisions for liabilities and charges		<u>(90,000)</u>		<u>(75,000)</u>	
		<u>2,855,660</u>		<u>2,555,815</u>	
Capital and reserves					
Called up share capital	3	1,000		1,000	
Profit and loss account		2,854,660		2,554,815	
Shareholders' funds		<u>2,855,660</u>		<u>2,555,815</u>	

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 31-10-05



 Mr J P Judd
 Director

ENGINE DEVELOPMENTS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2004

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. Income from leased engines is recognised on a time apportionment basis.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	2% per annum on a straight line basis
Aircraft	4% on a reducing balance basis
Plant and machinery	20% on a reducing balance basis
Fixtures, fittings & equipment	15% on a reducing balance basis
Motor vehicles	25% on a reducing balance basis

No depreciation is provided in respect of freehold land.

1.4 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.5 Stock

The company develops and manufactures specialist motor racing engines and components, the design and development of which changes constantly.

As a result the valuation of the company's stock and work in progress has to take into account special factors. As the directors possess a detailed knowledge of the market the company operates in, stock and work in progress have been included in the financial statements at the lower of cost or net realisable value provided by the directors.

1.6 Deferred taxation

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

No provision has been made for deferred tax on gains recognised on revaluing property to its market value as the company does not intend to sell the revalued assets.

The above amounts to a change in accounting policy. The previous policy was to provide deferred tax only to the extent that it was probable that liabilities would crystallise in the foreseeable future.

The adoption of the standard has not required a prior period adjustment. If the new policy had been in place in the previous period no liability would have been recognised as the conditions for recognition would not have been satisfied.

ENGINE DEVELOPMENTS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

1 Accounting policies

(continued)

1.7 Foreign currency translation

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

2 Fixed assets

	Tangible assets	Investments	Total
	£	£	£
Cost			
At 1 January 2004	2,422,715	472,781	2,895,496
Additions	204,342	-	204,342
	<u>2,627,057</u>	<u>472,781</u>	<u>3,099,838</u>
At 31 December 2004			
Depreciation			
At 1 January 2004	1,437,210	-	1,437,210
Charge for the year	66,347	-	66,347
	<u>1,503,557</u>	<u>-</u>	<u>1,503,557</u>
At 31 December 2004			
Net book value			
At 31 December 2004	1,123,500	472,781	1,596,281
	<u>985,505</u>	<u>472,781</u>	<u>1,458,286</u>
At 31 December 2003			

3 Share capital

	2004	2003
	£	£
Authorised		
1,000 Ordinary shares of £1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>

4 Transactions with directors

Interest is charged on J D Judd's loan account at the rate of 3.0% per annum above NatWest Bank's Base Rate. The amount charged for the year amounted to £411,438 (2003: £386,998).

Interest is charged on Mrs S F Judd's loan account at the rate of 3.0% per annum above NatWest Bank's Base Rate. The amount charged for the year amounted to £5,845 (2003: £4,943).