

Registered no: 71518 9

Volkswagen Insurance Service
(Great Britain) Limited
Annual report
for the year ended 31 December 1997



Volkswagen Insurance Service (Great Britain) Limited

Annual report for the year ended 31 December 1997

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Volkswagen Insurance Service (Great Britain) Limited

Directors and advisers

Directors

R D Clinch
M J G Knox
K Kaminsky

Secretary and registered office

H F Hay
Yeomans Drive
Blakelands
Milton Keynes
MK14 5AN

Registered Auditors

Coopers & Lybrand
Central Business Exchange
Midsummer Boulevard
Central Milton Keynes
MK9 2DF

Volkswagen Insurance Service (Great Britain) Limited

Directors' report for the year ended 31 December 1997

The directors present their report and the audited financial statements for the year ended 31 December 1997.

Principal activities

The principal activity of the company is to arrange motor insurance for Audi, Volkswagen, SEAT and Skoda owners and other types of insurance on behalf of Audi and Volkswagen dealers in the United Kingdom.

There has been no significant change in the principal activities of the company during the year ended 31 December 1997.

Review of business

Both the level of business and the year end financial position remain satisfactory and the directors expect that the present level of operating activity will be sustained for the foreseeable future.

Dividends

The directors have declared a dividend of £100,000 in respect of the year ended 31 December 1997.

Directors

The directors who served during the year were:-

R D Clinch
M J G Knox
K Kaminsky (Chairman)

Directors' interests

None of the directors had any notifiable interests in shares of the company, or of the parent undertaking, Volkswagen Versicherungsdienst G.m.b.H., or of any fellow subsidiary undertakings of that company during the year.

Charitable and political contributions

The company made no charitable or political donation in 1997.

Volkswagen Insurance Service (Great Britain) Limited

Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

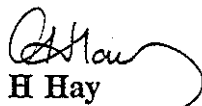
The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 1997. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, 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, Coopers & Lybrand, will be proposed at the annual general meeting.

By order of the board


H Hay
Company secretary
12 March 1998

Report of the auditors to the members of Volkswagen Insurance Service (Great Britain) Limited

We have audited the financial statements on pages 5 to 10.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

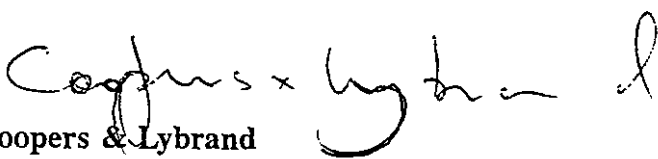
Basis of opinion

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 at 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Coopers & Lybrand
Chartered Accountants and Registered Auditors
Milton Keynes
17 April 1998

Volkswagen Insurance Service (Great Britain) Limited

Profit and loss account for the year ended 31 December 1997

	Notes	1997	1996 £
Turnover - continuing operations	2	231,729	199,671
Royalty expenses		(10,431)	(8,842)
Administration expenses		(17,754)	(16,803)
Operating profit - continuing operations		203,544	174,026
Interest receivable and similar income		10,118	10,337
Profit on ordinary activities before taxation	5	213,662	184,363
Tax on profit on ordinary activities	6	(67,289)	(60,882)
Profit on ordinary activities after taxation		146,373	123,481
Dividends	7	(100,000)	(100,000)
Retained profit/(loss) for the financial year	12	46,373	23,481

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

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

Volkswagen Insurance Service (Great Britain) Limited

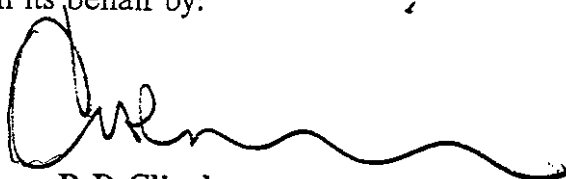
Balance sheet at 31 December 1997

	Notes	1997 £	1996 £
Current assets			
Stocks	8	10,626	14,168
Debtors: amounts falling due after more than one year	9	-	14,127
Debtors: amounts falling due within one year	9	26,328	15,590
Cash at bank and in hand		186,650	115,459
		<u>223,604</u>	<u>159,344</u>
Creditors: amounts falling due within one year	10	(89,441)	(71,554)
Net assets		<u>134,163</u>	<u>87,790</u>
Capital and reserves			
Called up share capital	11	40,000	40,000
Profit and loss account	12	94,163	47,790
Equity shareholders' funds	13	<u>134,163</u>	<u>87,790</u>

The financial statements on pages 5 to 10 were approved by the board of directors on 12 March 1998 and were signed on its behalf by:



M J G Knox
Director



R D Clinch
Director

Volkswagen Insurance Service (Great Britain) Limited

Notes to the financial statements for the year ended 31 December 1997

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements have been prepared in accordance with the historical cost convention.

Cash flow

The company qualifies as a small company under the terms of Section 247 of the Companies Act 1985. As a consequence, it is exempt from the requirement to publish a cash flow statement.

Stock

Stock is valued at the lower of cost and net realisable value.

Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of commission charged for arranging insurance.

2 Turnover

Turnover consists of commissions on premiums collected in the United Kingdom.

3 Directors' emoluments

The directors did not receive any emoluments from the company during either year.

4 Employee information

The company had no employees during either year.

Volkswagen Insurance Service (Great Britain) Limited

5 Profit on ordinary activities before taxation

Profit on ordinary activities is stated after charging:

	1997 £	1996 £
Auditors' remuneration for audit services	<u>1,645</u>	<u>1,650</u>

6 Tax on profit on ordinary activities

	1997 £	1996 £
United Kingdom corporation tax at 31.5% (1996: 33%):	67,289	60,840
Under provision in respect of prior years	-	42
	<u>67,289</u>	<u>60,882</u>

7 Dividends

	1997 £	1996 £
Dividends on equity shares:		
Ordinary - interim paid of £2.50 per share	100,000	100,000
	<u>100,000</u>	<u>100,000</u>

8 Stocks

	1997 £	1996 £
Consumables	<u>10,626</u>	<u>14,168</u>

Volkswagen Insurance Service (Great Britain) Limited

9 Debtors

	1997 £	1996 £
Amounts falling due after more than one year:		
ACT recoverable	-	14,127
	<u> </u>	<u> </u>
Amounts falling due within one year:		
Trade debtors	13,201	15,590
ACT recoverable	13,127	-
	<u> </u>	<u> </u>
	<u>26,328</u>	<u>15,590</u>

10 Creditors: amounts falling due within one year

	1997 £	1996 £
ACT payable	25,000	25,000
Corporation tax payable	42,289	24,967
Accruals and deferred income	22,152	21,587
	<u> </u>	<u> </u>
	<u>89,441</u>	<u>71,554</u>

11 Called up share capital

	1997 £	1996 £
Authorised, allotted, called up and fully paid:		
20,400 'A' ordinary shares of £1 each	20,400	20,400
19,600 'B' ordinary shares of £1 each	19,600	19,600
	<u> </u>	<u> </u>
	<u>40,000</u>	<u>40,000</u>

Volkswagen Insurance Service (Great Britain) Limited

12 Profit and loss account

£

At 1 January 1997	47,790
Retained profit for the year	46,373
At 31 December 1997	<u>94,163</u>

13 Reconciliation of movements in shareholders' funds

	1997 £	1996 £
Opening shareholders' funds	87,790	64,309
Profit for the financial year	146,373	123,481
Dividends	(100,000)	(100,000)
Closing shareholders' funds	<u>134,163</u>	<u>87,790</u>

14 Related party disclosures

During 1997 Volkswagen Insurance Service (Great Britain) Limited were charged a fee of £7,050 by VOLKSWAGEN Group United Kingdom Limited for services performed by its directors, officers and employees in the management of Volkswagen Insurance Service (Great Britain) Limited. Of this charge, £3,095 was outstanding at the year end. VOLKSWAGEN Group United Kingdom Limited holds a 49% shareholding interest in Volkswagen Insurance Service (Great Britain) Limited.

15 Ultimate parent company

The directors consider the ultimate parent undertaking to be Volkswagen Versicherungsdienst G.m.b.H., a company incorporated in Germany. Copies of the ultimate parent's consolidated financial statements may be obtained from Volkswagen Versicherungsdienst G.m.b.H., Finanz - Publizitat und Statistik, D-38436, Wolfsburg, Germany.