

**VOLKSWAGEN INSURANCE SERVICE
(GREAT BRITAIN) LIMITED
TRADING AS V.A.G INSURANCE SERVICE
REGISTERED NO. 715184**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 1994**



VOLKSWAGEN INSURANCE SERVICE (GREAT BRITAIN) LIMITED
TRADING AS V.A.G INSURANCE SERVICE

REPORT OF THE DIRECTORS

The directors submit their report, together with the audited financial statements of the company for the year ended 31 December 1994.

Principal Activity:

The principal activity of the company is concerned with arranging motor insurance for Audi and Volkswagen owners and other categories 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 1994.

Business Review:

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.

	<u>Year ended</u> <u>31 December</u> <u>1994</u> <u>£</u>	<u>Year ended</u> <u>31 December</u> <u>1993</u> <u>£</u>
Turnover	<u>237,281</u>	<u>228,093</u>
Profit before taxation	227,840	211,031
Taxation	<u>(75,394)</u>	<u>(69,637)</u>
Profit after taxation	152,446	141,394
Dividends	<u>(120,000)</u>	<u>(140,000)</u>
Balance transferred to reserves	<u>32,446</u>	<u>1,394</u>

VOLKSWAGEN INSURANCE SERVICE (GREAT BRITAIN) LIMITED
TRADING AS V.A.G INSURANCE SERVICE

REPORT OF THE DIRECTORS

(Continued)

Directors:

The directors who served during the year to 31 December 1994 were:

R. D. Clinch	
M. J. G. Knox	
K. Vacano	
K. Kaminsky	(Appointed 11 March 1994)
F. G. A. Reis	(Resigned 11 March 1994)

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.

Dividends:

The directors have declared a dividend of £120,000 in respect of the year ended 31 December 1994 (year ended 31 December 1993: £140,000). After payment of this dividend there was a retained profit of £32,446 (year ended 31 December 1993: £1,394).

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 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 keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the 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.

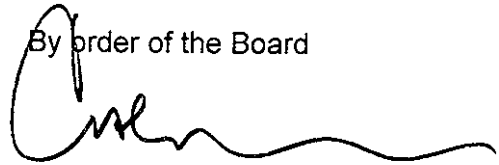
VOLKSWAGEN INSURANCE SERVICE (GREAT BRITAIN) LIMITED
TRADING AS VAG INSURANCE SERVICE

REPORT OF THE DIRECTORS
(Continued)

Auditors:

In accordance with section 385, Companies Act 1985, a resolution for the reappointment of Coopers & Lybrand as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board



Secretary

Date: 9 March 1995

Yeomans Drive
Blakelands
Milton Keynes
MK14 5AN

**REPORT OF THE AUDITORS, COOPERS AND LYBRAND, TO THE MEMBERS
OF VOLKSWAGEN INSURANCE SERVICE (GREAT BRITAIN) LIMITED
TRADING AS V.A.G INSURANCE SERVICE**

We have audited the financial statements on pages 5 to 9.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2 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 of 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 mis-statement, 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 affairs of the company as at 31 December 1994 and its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

Chartered Accountants
Registered Auditors

Date: 16 MAR 1995

Central Business Exchange
Midsummer Boulevard
Central Milton Keynes
MK9 2DF

VOLKSWAGEN INSURANCE SERVICE (GREAT BRITAIN) LIMITED
TRADING AS V.A.G INSURANCE SERVICE

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1994

	<u>Notes</u>	<u>Year ended</u> <u>31 December</u> <u>1994</u> <u>£</u>	<u>Year ended</u> <u>31 December</u> <u>1993</u> <u>£</u>
TURNOVER	2	237,281	228,093
Administration expenses		(27,533)	(29,628)
Interest receivable and similar income		<u>18,092</u>	<u>12,566</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	227,840	211,031
Tax on profit on ordinary activities	6	<u>(75,394)</u>	<u>(69,637)</u>
PROFIT FOR THE PERIOD		152,446	141,394
Dividends		<u>(120,000)</u>	<u>(140,000)</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR		32,446	1,394
Retained profit brought forward		<u>81,374</u>	<u>79,980</u>
RETAINED PROFIT CARRIED FORWARD		<u><u>113,820</u></u>	<u><u>81,374</u></u>

Turnover and administration expenses are in respect of continuing operations.

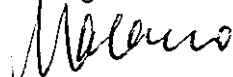
The company has no recognised gains and losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented.

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.

BALANCE SHEET AT 31 DECEMBER 1994

	Notes	Year ended 31 December 1994 £	Year ended 31 December 1993 £
CURRENT ASSETS			
Stock	7	18,309	945
Debtors	8	30,684	70,380
Cash at Bank and in hand		213,506	151,864
		<u>262,499</u>	<u>223,189</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
	9	<u>(108,679)</u>	<u>(101,815)</u>
NET ASSETS		<u>153,820</u>	<u>121,374</u>
CAPITAL AND RESERVES			
Called up share capital	10	40,000	40,000
Profit and loss account		<u>113,820</u>	<u>81,374</u>
EQUITY SHAREHOLDERS' FUNDS	11	<u>153,820</u>	<u>121,374</u>

These financial statements on pages 5 to 9 were approved by the board of directors at a meeting held on 9 March 1995 and signed on their behalf by:



Director



Director

VOLKSWAGEN INSURANCE SERVICE (GREAT BRITAIN) LIMITED
TRADING AS V.A.G INSURANCE SERVICE

NOTES TO THE FINANCIAL STATEMENTS

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.

Under the provision of section 8 of Financial Reporting Standard No 1, the company is exempt from producing a cash flow statement. The company has taken advantage of that exemption.

Basis of Accounting

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents the amounts invoiced during the year and is stated exclusive of value added tax.

Deferred Tax

Deferred tax is calculated under the liability method and is only provided where it is anticipated to be payable within the foreseeable future.

2. TURNOVER

Turnover represents commission receivable by the company arising out of insurance business transacted on behalf of Volkswagen/Audi dealerships, dealer employees and Volkswagen and Audi owners.

The whole amount of turnover related to insurance services provided in the United Kingdom.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The following amounts have been credited or charged in arriving at the profit before taxation:

	<u>Year ended</u> <u>31 December</u> <u>1994</u> <u>£</u>	<u>Year ended</u> <u>31 December</u> <u>1993</u> <u>£</u>
Auditors' remuneration for audit services	<u>1,584</u>	<u>1,532</u>

VOLKSWAGEN INSURANCE SERVICE (GREAT BRITAIN) LIMITED
TRADING AS V.A.G INSURANCE SERVICE

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

4. DIRECTORS EMOLUMENTS

The directors did not receive any emoluments from the company during the year (year ended 31 December 1993: £nil).

5. EMPLOYEES INFORMATION

The Company had no employees during the year (year ended 31 December 1993: nil).

6. TAXATION

Taxation based on the profits for the year ended 31 December 1994.

	<u>Year ended</u> <u>31 December</u> <u>1994</u> <u>£</u>	<u>Year ended</u> <u>31 December</u> <u>1993</u> <u>£</u>
Corporation tax at 33%	<u>75,394</u>	<u>69,637</u>

7. STOCK

	<u>31 December</u> <u>1994</u> <u>£</u>	<u>31 December</u> <u>1993</u> <u>£</u>
Consumables	<u>18,309</u>	<u>945</u>

8. DEBTORS

	<u>31 December</u> <u>1994</u> <u>£</u>	<u>31 December</u> <u>1993</u> <u>£</u>
Trade debtors	29,092	13,299
Amounts owed by associated undertakings	1,592	57,081
	<u>30,684</u>	<u>70,380</u>

All amounts under debtors fall due for payment within one year.

VOLKSWAGEN INSURANCE SERVICE (GREAT BRITAIN) LIMITED
TRADING AS V.A.G INSURANCE SERVICE

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>31 December</u> <u>1994</u> £	<u>31 December</u> <u>1993</u> £
ACT payable	30,000	0
Corporation tax payable	45,269	41,304
Accruals and deferred income	33,410	60,511
	<u>108,679</u>	<u>101,815</u>

10. CALLED UP SHARE CAPITAL

	<u>31 December</u> <u>1994</u> £	<u>31 December</u> <u>1993</u> £
Authorised 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>40,000</u>	<u>40,000</u>

11. STATEMENT OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>31 December</u> <u>1994</u> £	<u>31 December</u> <u>1993</u> £
Opening shareholders' funds	121,374	119,980
Profit for the financial period	152,446	141,394
Dividends and appropriations	(120,000)	(140,000)
Closing Shareholders' funds	<u>153,820</u>	<u>121,374</u>

12. HOLDING COMPANY

The ultimate parent undertaking is Volkswagen Versicherungsdienst G.m.b.h., a company incorporated in Germany.