

**Report of the Directors and  
Financial Statements  
for the year ended 31 December 1999  
for  
AVL United Kingdom Ltd**

1067225



**AVL United Kingdom Ltd**

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for the year ended 31 December 1999**

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**AVL United Kingdom Ltd**  
**Company Information**  
**for the year ended 31 December 1999**

**DIRECTORS:** H O List  
J M Read

**SECRETARY:** R. Whitby

**REGISTERED OFFICE:** Century House  
Gadbrook Park  
Northwich  
Cheshire  
CW9 7TL

**REGISTERED NUMBER:** 1067795 (England and Wales)

**AUDITORS:** Cooper Taylor  
Chartered Accountants  
Registered Auditors  
The Dowery  
Barker Street  
Nantwich Cheshire  
CW5 5TE

**BANKERS:** National Westminster Bank PLC  
P O Box 30  
The Bull Ring  
Northwich  
Cheshire  
CW9 5DU

**SOLICITORS:** Smith Whittingham  
Dysart Buildings  
Nantwich  
Cheshire  
CW5 5DW

**AVL United Kingdom Ltd**

**Report of the Directors  
for the year ended 31 December 1999**

The directors present their report with the financial statements of the company for the year ended 31 December 1999.

**PRINCIPAL ACTIVITIES**

The principal activities of the company in the year under review were those of providing marketing and support in the United Kingdom with regard to engine engineering, consulting, test systems and instrumentation provided by AVL Verwaltungsgesellschaft mbH, the ultimate holding company.

**REVIEW OF BUSINESS**

The results for the year and financial position of the company are as shown in the annexed financial statements.

During the year the company closed its site at Shoreham and expanded the engine engineering facility at Peterborough.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 1999.

**DIRECTORS**

The directors during the year under review were:

H O List  
J M Read

The directors holding office at 31 December 1999 did not hold any beneficial interest in the issued share capital of the company at 1 January 1999 or 31 December 1999.

**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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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. 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.

**AUDITORS**

The auditors, Cooper Taylor, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

**ON BEHALF OF THE BOARD:**

  
.....  
J M Read - DIRECTOR

Dated: 17-3-2000

**AVL United Kingdom Ltd**

**Report of the Auditors to the Shareholders of  
AVL United Kingdom Ltd**

We have audited the financial statements on pages four to seventeen which have been prepared under the historical cost convention and the accounting policies set out on pages nine and ten.

**Respective responsibilities of directors and auditors**

As described on page two 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.

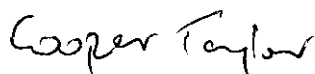
**Basis of opinion**

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 as at 31 December 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Cooper Taylor  
Chartered Accountants  
Registered Auditors  
The Dowery  
Barker Street  
Nantwich Cheshire  
CW5 5TE

Dated: 17-3-2000

**AVL United Kingdom Ltd**

**Profit and Loss Account  
for the year ended 31 December 1999**

	Notes	1999		1998	
		£	£	£	£
<b>TURNOVER</b>	2		<b>15,410,428</b>		10,533,095
Continuing operations		15,410,428		9,628,957	
Acquisitions		-		904,138	
		<u>15,410,428</u>		<u>10,533,095</u>	
 Cost of sales	3		<b>11,517,744</b>		7,064,328
<b>GROSS PROFIT</b>	3		<b>3,892,684</b>		3,468,767
 Net operating expenses	3		<b>4,158,210</b>		3,289,671
<b>OPERATING (LOSS)/PROFIT</b>	5		<b>(265,526)</b>		179,096
Continuing operations		(265,526)		316,837	
Acquisitions		-		(137,741)	
		<u>(265,526)</u>		<u>179,096</u>	
 Interest receivable and similar income			<b>24,356</b>		20,429
			<u>(241,170)</u>		199,525
 Interest payable and similar charges	7		<b>54,005</b>		43,551
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			<b>(295,175)</b>		155,974
 Tax on (loss)/profit on ordinary activities	8		<b>(62,388)</b>		59,407
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>			<b>(232,787)</b>		96,567
 Retained profit brought forward			<b>143,280</b>		46,713
<b>(DEFICIT)/RETAINED PROFIT CARRIED FORWARD</b>			<b>£(89,507)</b>		£143,280

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the loss for the current year and the profit for the previous year.

The notes form part of these financial statements

AVL United Kingdom Ltd

Balance Sheet  
31 December 1999

		1999		1998	
	Notes	£	£	£	£
<b>FIXED ASSETS:</b>					
Tangible assets	9		995,182		501,211
<b>CURRENT ASSETS:</b>					
Stocks	10	1,257,808		2,987,301	
Debtors within one year	11	6,924,783		4,257,885	
Debtors more than one year	11	2,250		41,200	
Cash at bank and in hand		124,804		3,920,996	
		8,309,645		11,207,382	
<b>CREDITORS:</b> Amounts falling due within one year	12	9,057,296		11,254,065	
<b>NET CURRENT LIABILITIES:</b>			(747,651)		(46,683)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES:</b>			247,531		454,528
<b>CREDITORS:</b> Amounts falling due after more than one year	13		(145,790)		-
<b>PROVISIONS FOR LIABILITIES AND CHARGES:</b>	17		-		(120,000)
			£101,741		£334,528
<b>CAPITAL AND RESERVES:</b>					
Called up share capital	18		180,000		180,000
Share premium	19		11,248		11,248
Profit and loss account			(89,507)		143,280
Shareholders' funds	24		£101,741		£334,528

ON BEHALF OF THE BOARD:

  
J M Read - DIRECTOR

Approved by the Board on 17-3-2000

**AVL United Kingdom Ltd**

**Cash Flow Statement  
for the year ended 31 December 1999**

	Notes	1999		1998	
		£	£	£	£
<b>Net cash (outflow)/inflow from operating activities</b>	1		(1,079,586)		1,006,697
<b>Returns on investments and servicing of finance</b>	2		(24,849)		(23,080)
<b>Taxation</b>			(100,262)		(11,007)
<b>Capital expenditure</b>	2		(485,096)		(409,080)
			<u>(1,689,793)</u>		<u>563,530</u>
<b>Financing</b>	2		(1,820,700)		2,504,862
<b>(Decrease)/Increase in cash in the period</b>			<u>£(3,510,493)</u>		<u>£3,068,392</u>
<hr/>					
<b>Reconciliation of net cash flow to movement in net funds</b>	3				
<b>(Decrease)/Increase in cash in the period</b>		(3,510,493)		3,068,392	
Cash outflow from decrease in debt and lease financing		<u>89,872</u>		<u>-</u>	
Change in net funds resulting from cash flows			(3,420,621)		3,068,392
New finance leases			<u>(371,831)</u>		<u>-</u>
<b>Movement in net funds in the period</b>			(3,792,452)		3,068,392
<b>Net funds at 1 January 1999</b>			<u>3,230,933</u>		<u>162,541</u>
<b>Net (debt)/funds at 31 December 1999</b>			<u>£(561,519)</u>		<u>£3,230,933</u>

The notes form part of these financial statements



**AVL United Kingdom Ltd**

**Notes to the Cash Flow Statement  
for the year ended 31 December 1999**

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

	1999 £	1998 £
Operating (loss)/profit	(265,526)	179,096
Depreciation charges	362,956	173,936
Loss on sale of fixed assets	-	175
Increase in pension provision	(120,000)	120,000
Decrease/(Increase) in stocks	1,729,493	(2,502,479)
Increase in debtors	(164,933)	(159,339)
(Decrease)/Increase in creditors	<u>(2,621,576)</u>	<u>3,195,308</u>
<b>Net cash (outflow)/inflow from operating activities</b>	<u><u>(1,079,586)</u></u>	<u><u>1,006,697</u></u>

**2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	1999 £	1998 £
<b>Returns on investments and servicing of finance</b>		
Interest received	24,356	20,471
Interest paid	(29,348)	(40,540)
Interest element of finance lease rentals payments	<u>(19,857)</u>	<u>(3,011)</u>
<b>Net cash outflow for returns on investments and servicing of finance</b>	<u><u>(24,849)</u></u>	<u><u>(23,080)</u></u>
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(546,044)	(409,080)
Sale of tangible fixed assets	<u>60,948</u>	<u>-</u>
<b>Net cash outflow for capital expenditure</b>	<u><u>(485,096)</u></u>	<u><u>(409,080)</u></u>
<b>Financing</b>		
Increase / (decrease) in group borrowings	(1,730,828)	2,323,614
Loan advances/ (repayments) in year	-	90,000
Capital element of finance lease repayments	(89,872)	-
Cash receipt re share issue	<u>-</u>	<u>91,248</u>
<b>Net cash (outflow)/inflow from financing</b>	<u><u>(1,820,700)</u></u>	<u><u>2,504,862</u></u>

The notes form part of these financial statements

**AVL United Kingdom Ltd**

**Notes to the Cash Flow Statement  
for the year ended 31 December 1999**

**3. ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.1.99 £	Cash flow £	Other non-cash changes £	At 31.12.99 £
Net cash:				
Cash at bank and in hand	3,920,996	(3,796,192)		124,804
Bank overdrafts	(690,063)	285,699		(404,364)
	<u>3,230,933</u>	<u>(3,510,493)</u>		<u>(279,560)</u>
Debt:				
Finance leases	-	89,872	(371,831)	(281,959)
	<u>-</u>	<u>89,872</u>	<u>(371,831)</u>	<u>(281,959)</u>
Total	<u>3,230,933</u>	<u>(3,420,621)</u>	<u>(371,831)</u>	<u>(561,519)</u>
<b>Analysed in Balance Sheet</b>				
Cash at bank and in hand	3,920,996			124,804
Bank overdrafts	(690,063)			(404,364)
Finance leases				
within one year	-			(136,169)
after one year	-			(145,790)
	<u>3,230,933</u>			<u>(561,519)</u>

The notes form part of these financial statements

AVL United Kingdom Ltd

Notes to the Financial Statements  
for the year ended 31 December 1999

1. ACCOUNTING POLICIES

**Basis of preparing the financial statements**

The group has indicated that it will continue to support the company for a period of at least twelve months from the date of signing these financial statements. On this basis, the directors consider it appropriate to prepare the financial statements on a going concern basis.

**Accounting convention**

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

**Turnover**

Turnover represents net invoiced sales of goods and services, excluding value added tax. Amounts invoiced on contracts which are not sufficiently complete to recognise turnover or profit thereon at the year end are shown as payments on account within creditors: amounts falling due within one year.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Plant and machinery	- 25% on cost
Office equipment and fixtures	- 10% on cost and 25% on cost
Motor vehicles	- 25% on cost

**Stocks**

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

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Provision is made for any foreseeable losses on contracts included in work in progress.

**Deferred taxation**

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

**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 transaction. Exchange differences are taken into account in arriving at the operating result.

**Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

**AVL United Kingdom Ltd**

**Notes to the Financial Statements  
for the year ended 31 December 1999**

**1. ACCOUNTING POLICIES - continued**

**Pensions**

The company operates a defined contribution pension scheme for Mr J M Read a company director. Although this scheme is a defined contribution scheme the company has agreed to provide the director with benefits based on final pensionable pay. The assets of the scheme are separately held from those of the company, being invested with an insurance company. Contributions are paid so as to spread the cost over the director's working life with the company reviewing annually the level of contributions required to ensure full funding at retirement. Provision is made for any shortfall between the contributions required and the contributions paid in the year.

**Pensions - employees**

The company makes contributions to personal pension schemes in respect of a number of employees. The amounts charged against profits represents the contributions payable in respect of the year.

**2. TURNOVER**

The turnover and loss (1998 - profit) before taxation are attributable to the principal activities of the company.

Included in turnover are exports to Europe totalling £20,758 (1998 - £127,768) and to Brazil of £19,297. In addition the company made sales to overseas group companies of £6,490,688 (1998 - £2,500,208).

**3. ANALYSIS OF OPERATIONS**

	Continuing £	1999 Acquisitions £	Total £
Cost of sales	<u>11,517,744</u>	<u>-</u>	<u>11,517,744</u>
Gross profit	<u>3,892,684</u>	<u>-</u>	<u>3,892,684</u>
Net operating expenses:			
Distribution costs	70,053	-	70,053
Administrative expenses	<u>4,088,157</u>	<u>-</u>	<u>4,088,157</u>
	<u>4,158,210</u>	<u>-</u>	<u>4,158,210</u>
	Continuing £	1998 Acquisitions £	Total £
Cost of sales	<u>6,625,870</u>	<u>438,458</u>	<u>7,064,328</u>
Gross profit	<u>3,003,087</u>	<u>465,680</u>	<u>3,468,767</u>
Net operating expenses:			
Distribution costs	29,726	-	29,726
Administrative expenses	<u>2,656,524</u>	<u>603,421</u>	<u>3,259,945</u>
	<u>2,686,250</u>	<u>603,421</u>	<u>3,289,671</u>

**AVL United Kingdom Ltd**

**Notes to the Financial Statements  
for the year ended 31 December 1999**

**4. STAFF COSTS**

	1999	1998
	£	£
Wages and salaries	1,876,702	1,490,367
Social security costs	191,574	157,535
Other pension costs	134,029	199,755
	<u>2,202,305</u>	<u>1,847,657</u>

The average monthly number of employees during the year was as follows:

	1999	1998
Sales ,service and administration	<u>56</u>	<u>49</u>

**5. OPERATING (LOSS)/PROFIT**

The operating loss (1998 - operating profit) is stated after charging/(crediting):

	1999	1998
	£	£
Hire of plant and machinery	120,156	102,189
Rent	145,297	138,014
Depreciation - owned assets	273,084	173,936
Depreciation - assets on finance leases	89,873	-
Loss on disposal of fixed assets	-	175
Auditors' remuneration	15,000	12,000
Non-audit work	9,548	5,803
Foreign exchange differences	<u>(91,199)</u>	<u>(100,600)</u>

Directors' emoluments	<u>65,064</u>	<u>67,097</u>
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**6. EXCEPTIONAL ITEMS**

Included in administrative expenses are exceptional costs relating to the closure of the companys' Shoreham site of £178,005. This comprises termination payments to employees, disposals of fixed assets and property closure cost.

Included in administrative expenses are exceptional pension cost of £82,952 (1998 - £120,000).

**7. INTEREST PAYABLE AND SIMILAR CHARGES**

	1999	1998
	£	£
Bank interest	3,681	1,178
Bank loan interest	24,062	26,961
Interest payable to ultimate holding company	6,405	12,401
Leasing charges	19,857	3,011
	<u>54,005</u>	<u>43,551</u>

**AVL United Kingdom Ltd**

**Notes to the Financial Statements  
for the year ended 31 December 1999**

**8. TAXATION**

The tax (credit)/charge on the loss on ordinary activities for the year was as follows:

	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
UK corporation tax	<b>(100,000)</b>	101,600
(Under) / over provision in earlier years	<b>(1,338)</b>	(993)
Deferred taxation	<b>38,950</b>	(41,200)
	<u><b>(62,388)</b></u>	<u><b>59,407</b></u>

UK corporation tax has been charged at 30% (1998 - 31%).

**9. TANGIBLE FIXED ASSETS**

	<b>Plant and machinery</b>	<b>Office equipment and fixtures</b>	<b>Motor vehicles</b>	<b>Totals</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>COST:</b>				
At 1 January 1999	246,863	754,750	16,553	1,018,166
Additions	48,176	869,699	-	917,875
Disposals	(2,312)	(62,495)	(16,553)	(81,360)
	<u>292,727</u>	<u>1,561,954</u>	<u>-</u>	<u>1,854,681</u>
<b>DEPRECIATION:</b>				
At 1 January 1999	115,540	392,009	9,405	516,954
Charge for year	55,996	304,831	2,130	362,957
Eliminated on disposals	(1,232)	(7,645)	(11,535)	(20,412)
	<u>170,304</u>	<u>689,195</u>	<u>-</u>	<u>859,499</u>
<b>NET BOOK VALUE:</b>				
At 31 December 1999	<u>122,423</u>	<u>872,759</u>	<u>-</u>	<u>995,182</u>
At 31 December 1998	<u>131,323</u>	<u>362,740</u>	<u>7,148</u>	<u>501,211</u>

AVL United Kingdom Ltd

Notes to the Financial Statements  
for the year ended 31 December 1999

9. TANGIBLE FIXED ASSETS - continued

Fixed assets, included in the above, which are held under finance leases are as follows:

	Office equipment and fixtures
	£
<b>COST:</b>	
Additions	371,831
At 31 December 1999	371,831
<b>DEPRECIATION:</b>	
Charge for year	89,873
At 31 December 1999	89,873
<b>NET BOOK VALUE:</b>	
At 31 December 1999	281,958

10. STOCKS

	1999	1998
	£	£
Stock	851,129	366,288
Work in progress	406,679	2,621,013
	<u>1,257,808</u>	<u>2,987,301</u>

There is no material difference between the carrying value of stocks and their replacement values.

11. DEBTORS

	1999	1998
	£	£
Amounts falling due within one year:		
Trade debtors	2,875,362	2,827,083
Other debtors	94,020	26,479
Prepayments & accrued income	99,827	50,714
Amounts due from group companies	3,755,574	1,353,609
Corporation tax	100,000	-
	<u>6,924,783</u>	<u>4,257,885</u>
Amounts falling due after more than one year:		
Deferred tax asset	2,250	41,200
Aggregate amounts	<u>6,927,033</u>	<u>4,299,085</u>

**AVL United Kingdom Ltd**

**Notes to the Financial Statements  
for the year ended 31 December 1999**

**12. CREDITORS: AMOUNTS FALLING  
DUE WITHIN ONE YEAR**

	1999 £	1998 £
Bank loans and overdrafts (see note 14)	404,364	690,063
San Paolo Bank Loan (see note 14)	350,000	350,000
Loan from holding company (see note 14)	90,000	90,000
Finance leases (see note 15)	136,169	-
Trade creditors	502,763	119,340
Other creditors	1,212	7,486
V.A.T.	84,047	672,083
Social security & other taxes	51,413	62,667
Amounts due to group companies	6,884,964	6,213,827
Deferred income	315,269	52,972
Payments on account	-	2,772,504
Taxation	-	101,600
Accruals	237,095	121,523
	<u>9,057,296</u>	<u>11,254,065</u>

**13. CREDITORS: AMOUNTS FALLING  
DUE AFTER MORE THAN ONE YEAR**

	1999 £	1998 £
Finance leases (see note 15)	<u>145,790</u>	<u>-</u>

**14. LOANS AND OVERDRAFTS**

An analysis of the maturity of loans and overdrafts is given below:

	1999 £	1998 £
Amounts falling due within one year or on demand:		
Bank overdrafts	404,364	690,063
San Paolo Bank Loan	350,000	350,000
Loan from holding company	90,000	90,000
	<u>844,364</u>	<u>1,130,063</u>



AVL United Kingdom Ltd

Notes to the Financial Statements  
for the year ended 31 December 1999

15. OBLIGATIONS UNDER LEASING AGREEMENTS

	Finance leases	
	1999 £	1998 £
Gross obligations repayable:		
Within one year	168,530	-
Between one and five years	176,314	-
	<u>344,844</u>	<u>-</u>
Finance charges repayable:		
Within one year	32,361	-
Between one and five years	30,524	-
	<u>62,885</u>	<u>-</u>
Net obligations repayable:		
Within one year	136,169	-
Between one and five years	145,790	-
	<u>281,959</u>	<u>-</u>

The following payments are committed to be paid within one year:

	Operating leases			
	Land and buildings		Other	
	1999 £	1998 £	1999 £	1998 £
Expiring:				
Within one year	-	-	21,068	17,047
Between one and five years	20,000	46,000	89,720	94,316
In more than five years	58,894	68,894	-	-
	<u>78,894</u>	<u>114,894</u>	<u>110,788</u>	<u>111,363</u>

16. SECURED DEBTS

The following secured debts are included within creditors:

	1999 £	1998 £
Finance leases	<u>281,959</u>	<u>-</u>

17. PROVISIONS FOR LIABILITIES AND CHARGES

	1999 £	1998 £
Pension provisions	<u>-</u>	<u>120,000</u>

**AVL United Kingdom Ltd**

**Notes to the Financial Statements  
for the year ended 31 December 1999**

**17. PROVISIONS FOR LIABILITIES AND CHARGES - continued**

	<b>Pensions</b>
	<b>£</b>
Balance at 1 January 1999	<b>120,000</b>
Utilised in year	<b>(120,000)</b>
	<hr/>
Balance at 31 December 1999	<b>-</b>
	<hr/> <hr/>

**18. CALLED UP SHARE CAPITAL**

Authorised:				
Number:	Class:	Nominal value:	1999	1998
			<b>£</b>	<b>£</b>
1,000,000	Ordinary	<b>£1</b>	<b>1,000,000</b>	<b>1,000,000</b>
			<hr/>	<hr/>

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	1999	1998
			<b>£</b>	<b>£</b>
180,000	Ordinary	<b>£1</b>	<b>180,000</b>	<b>180,000</b>
			<hr/>	<hr/>

**19. SHARE PREMIUM**

	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
Ordinary share issue in year	<b>11,248</b>	<b>11,248</b>
	<hr/>	<hr/>

**20. ULTIMATE PARENT COMPANY**

The share capital is owned by AVL UK Holdings Limited, a company registered in England and Wales. The ultimate holding company is AVL Verwaltungsgesellschaft mbH, a company registered in Austria.

During the year the company paid loan interest to its ultimate parent company of £6,405 ( 1998- £12,401).

**21. CONTINGENT LIABILITIES**

The company has entered into a guarantee dated 27 July 1984 to HM Customs & Excise to the value of £20,000 with recourse.

**22. CAPITAL COMMITMENTS**

	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
Contracted but not provided for in the financial statements	<b>-</b>	<b>170,871</b>
	<hr/>	<hr/>

**23. RELATED PARTY DISCLOSURES**

No related party disclosures are given in respect of transactions with group companies as the company is included in the consolidated accounts of AVL Verwaltungsgesellschaft mbH. There are no related parties other than group companies.

**AVL United Kingdom Ltd**

**Notes to the Financial Statements  
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**24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
(Loss)/Profit for the financial year	<b>(232,787)</b>	96,567
Issue of equity shares	-	91,248
	<hr/>	<hr/>
<b>NET (REDUCTION)/ADDITION TO SHAREHOLDERS' FUNDS</b>	<b>(232,787)</b>	187,815
Opening shareholders' funds	<b>334,528</b>	146,713
	<hr/>	<hr/>
<b>CLOSING SHAREHOLDERS' FUNDS</b>	<b>101,741</b>	334,528
	<hr/>	<hr/>
Equity interests	<b>101,741</b>	334,528
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