

REGISTERED NUMBER: 1067795 (England and Wales)

**Abbreviated Financial Statements**  
**for the year ended 31 December 1997**  
**for**  
**AVL United Kingdom Ltd**



**AVL United Kingdom Ltd**

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for the year ended 31 December 1997**

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**AVL United Kingdom Ltd**  
**Company Information**  
**for the year ended 31 December 1997**

|                           |   |
|---------------------------|---|
| <b>DIRECTORS:</b>         | H O List<br>J M Read  |
| <b>SECRETARY:</b>         | R. Whitby   |
| <b>REGISTERED OFFICE:</b> | Century House<br>Gadbrook Park<br>Northwich<br>Cheshire<br>CW9 7TL  |
| <b>REGISTERED NUMBER:</b> | 1067795 (England and Wales)   |
| <b>AUDITORS:</b>          | Cooper Taylor<br>Chartered Accountants<br>Registered Auditors<br>The Dowery<br>Barker Street<br>Nantwich      Cheshire<br>CW5 5TE |
| <b>BANKERS:</b>           | National Westminster Bank PLC<br>P O Box 30<br>The Bull Ring<br>Northwich<br>Cheshire<br>CW9 5DU                                  |
| <b>SOLICITORS:</b>        | Smith Whittingham<br>Dysart Buildings<br>Nantwich<br>Cheshire<br>CW5 5DW  |

**AVL United Kingdom Ltd**

**Report of the Directors  
for the year ended 31 December 1997**

The directors present their report with the financial statements of the company for the year ended 31 December 1997.

**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, an Austrian company.

**REVIEW OF BUSINESS**

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

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 1997.

**EVENTS SINCE THE END OF THE YEAR**

Information relating to events since the end of the year is given in the notes to the financial statements.

**DIRECTORS**

The directors during the year under review were:

H O List  
J M Read

The directors holding office at 31 December 1997 did not hold any beneficial interest in the issued share capital of the company at 1 January 1997 or 31 December 1997.

**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 judgments 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.

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: 25 - 3 - 98

**AVL United Kingdom Ltd**

**Report of the Auditors to  
AVL United Kingdom Ltd  
Under Section 247B of the Companies Act 1985**

We have examined the abbreviated financial statements on pages four to fifteen, together with the full financial statements of the company for the year ended 31 December 1997 prepared under Section 226 of the Companies Act 1985.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the abbreviated financial statements in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements prepared in accordance with Section 246A(3) of the Act to the Registrar of Companies and whether the financial statements to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

**Basis of opinion**

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements 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 full financial statements.

**Opinion**

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with Section 246A(3) of the Companies Act 1985, and the abbreviated financial statements on pages four to fifteen are properly prepared in accordance with that provision.

*Cooper Taylor*

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

Dated: *20 March 1998*

AVL United Kingdom Ltd

Abbreviated Profit and Loss Account  
for the year ended 31 December 1997

|  | Notes | 1997             |                  | 1996             |                  |
|--|-------|------------------|------------------|------------------|------------------|
|  |       | £                | £                | £                | £                |
| <b>GROSS PROFIT</b>                                  |       |                  | 1,887,771        |                  | 1,717,260        |
| Distribution costs                                   |       | 19,311           |                  | 15,142           |                  |
| Administrative expenses                              |       | <u>1,818,565</u> | <u>1,837,876</u> | <u>1,569,099</u> | <u>1,584,241</u> |
| <b>OPERATING PROFIT</b>                              | 3     |                  | 49,895           |                  | 133,019          |
| Interest receivable and similar income               | 5     |                  | <u>11,521</u>    |                  | <u>21,652</u>    |
|  |       |                  | 61,416           |                  | 154,671          |
| Interest payable and similar charges                 | 6     |                  | <u>32,899</u>    |                  | <u>25,579</u>    |
| <b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b> |       |                  | 28,517           |                  | 129,092          |
| Tax on profit on ordinary activities                 | 7     |                  | <u>12,000</u>    |                  | <u>10,897</u>    |
| <b>PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>  |       |                  | 16,517           |                  | 118,195          |
| Retained profit/(deficit) brought forward            |       |                  | <u>30,196</u>    |                  | <u>(87,999)</u>  |
| <b>RETAINED PROFIT CARRIED FORWARD</b>               |       |                  | <u>£46,713</u>   |                  | <u>£30,196</u>   |

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current and previous years.

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the profits for the current and previous years.

**AVL United Kingdom Ltd**

**Abbreviated Balance Sheet  
31 December 1997**

|   |       | 1997             |                  | 1996             |                 |
|---|-------|------------------|------------------|------------------|-----------------|
|   | Notes | £                | £                | £                | £               |
| <b>FIXED ASSETS:</b>                                  |       |                  |                  |                  |                 |
| Tangible assets                                       | 8     |                  | 266,242          |                  | 202,216         |
| <b>CURRENT ASSETS:</b>                                |       |                  |                  |                  |                 |
| Stocks  | 9     | 484,822          |                  | 438,434          |                 |
| Debtors   | 10    | 2,968,544        |                  | 4,821,022        |                 |
| Cash at bank and in hand                              |       | 162,541          |                  | 706,148          |                 |
|   |       | <u>3,615,907</u> |                  | <u>5,965,604</u> |                 |
| <b>CREDITORS:</b> Amounts falling due within one year | 11    | <u>3,735,436</u> |                  | <u>6,037,624</u> |                 |
| <b>NET CURRENT LIABILITIES:</b>                       |       |                  | <u>(119,529)</u> |                  | <u>(72,020)</u> |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES:</b>         |       |                  | <u>£146,713</u>  |                  | <u>£130,196</u> |
| <b>CAPITAL AND RESERVES:</b>                          |       |                  |                  |                  |                 |
| Called up share capital                               | 15    |                  | 100,000          |                  | 100,000         |
| Profit and loss account                               |       |                  | 46,713           |                  | 30,196          |
| Shareholders' funds                                   | 22    |                  | <u>£146,713</u>  |                  | <u>£130,196</u> |

These abbreviated financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

**ON BEHALF OF THE BOARD:**

.....  
J M Read - DIRECTOR

Approved by the Board on 25-3-98

**AVL United Kingdom Ltd**

**Cash Flow Statement  
for the year ended 31 December 1997**

|   | Notes | 1997 |                   | 1996 |                    |
|---|-------|------|-------------------|------|--------------------|
|   |       | £    | £                 | £    | £                  |
| Net cash inflow/(outflow)<br>from operating activities      | 1     |      | 1,594,994         |      | (1,915,799)        |
| Returns on investments and<br>servicing of finance          | 2     |      | (21,378)          |      | (8,429)            |
| Taxation  |       |      | (10,897)          |      | -                  |
| Capital expenditure   | 2     |      | (172,419)         |      | (107,184)          |
|   |       |      | <u>1,390,300</u>  |      | <u>(2,031,412)</u> |
| Financing   | 2     |      | (1,933,907)       |      | 1,547,535          |
| Decrease in cash in the period                              |       |      | <u>£(543,607)</u> |      | <u>£(483,877)</u>  |
| <hr/>   |       |      |                   |      |                    |
| Reconciliation of net cash flow<br>to movement in net funds | 3     |      |                   |      |                    |
| Decrease<br>in cash in the period                           |       |      | (543,607)         |      | (483,877)          |
| Cash inflow<br>from increase in<br>debt and lease financing |       |      | <u>12,119</u>     |      | <u>69,472</u>      |
| Change in net funds resulting<br>from cash flows            |       |      | (531,488)         |      | (414,405)          |
| New finance leases  |       |      | -                 |      | (72,712)           |
| Movement in net funds in the period                         |       |      | <u>(531,488)</u>  |      | <u>(487,117)</u>   |
| Net funds at 1 January 1997                                 |       |      | <u>694,029</u>    |      | <u>1,181,146</u>   |
| Net funds at 31 December 1997                               |       |      | <u>£162,541</u>   |      | <u>£694,029</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 1997**

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

|  | 1997<br>£        | 1996<br>£          |
|--|------------------|--------------------|
| Operating profit   | 49,895           | 133,019            |
| Depreciation charges   | 110,957          | 113,920            |
| Loss on sale of fixed assets                                   | 1,836            | 219                |
| Profit on sale of fixed assets                                 | (4,400)          | (242)              |
| Increase in stocks   | (46,388)         | (220,179)          |
| Decrease/(Increase) in debtors                                 | 1,916,150        | (2,311,645)        |
| (Decrease)/Increase in creditors                               | (433,056)        | 369,109            |
|  | <hr/>            | <hr/>              |
| <b>Net cash inflow/(outflow)<br/>from operating activities</b> | <b>1,594,994</b> | <b>(1,915,799)</b> |
|  | <hr/>            | <hr/>              |

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

|   | 1997<br>£          | 1996<br>£        |
|---|--------------------|------------------|
| <b>Returns on investments and<br/>servicing of finance</b>                      |                    |                  |
| Interest received   | 11,521             | 21,610           |
| Interest paid   | (29,933)           | (25,858)         |
| Interest element of finance lease<br>rentals payments                           | (2,966)            | (4,181)          |
|   | <hr/>              | <hr/>            |
| <b>Net cash outflow<br/>for returns on investments and servicing of finance</b> | <b>(21,378)</b>    | <b>(8,429)</b>   |
|   | <hr/>              | <hr/>            |
| <b>Capital expenditure</b>  |                    |                  |
| Purchase of tangible fixed assets   | (175,254)          | (171,977)        |
| Sale of tangible fixed assets   | 2,835              | 64,793           |
|   | <hr/>              | <hr/>            |
| <b>Net cash outflow<br/>for capital expenditure</b>                             | <b>(172,419)</b>   | <b>(107,184)</b> |
|   | <hr/>              | <hr/>            |
| <b>Financing</b>  |                    |                  |
| (Decrease)/increase in group<br>borrowings                                      | (1,921,243)        | 1,616,584        |
| Loan (repayments)/advances<br>in year   | (545)              | 423              |
| Capital element of hire<br>purchase and finance lease<br>rentals payments       | (12,119)           | (69,472)         |
|   | <hr/>              | <hr/>            |
| <b>Net cash (outflow)/inflow<br/>from financing</b>                             | <b>(1,933,907)</b> | <b>1,547,535</b> |
|   | <hr/>              | <hr/>            |

The notes form part of these financial statements

**AVL United Kingdom Ltd**

**Notes to the Cash Flow Statement  
for the year ended 31 December 1997**

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

|                                   | At 1.1.97<br>£  | Cash flow<br>£   | At 31.12.97<br>£ |
|-----------------------------------|-----------------|------------------|------------------|
| Net cash:                         |                 |                  |                  |
| Cash at bank and in hand          | 706,148         | (543,607)        | 162,541          |
|                                   | <u>706,148</u>  | <u>(543,607)</u> | <u>162,541</u>   |
| Debt:                             |                 |                  |                  |
| Finance leases                    | (12,119)        | 12,119           | -                |
|                                   | <u>(12,119)</u> | <u>12,119</u>    | <u>-</u>         |
| Total                             | <u>694,029</u>  | <u>(531,488)</u> | <u>162,541</u>   |
| <b>Analysed in Balance Sheet</b>  |                 |                  |                  |
| Cash at bank and in hand          | 706,148         |                  | 162,541          |
| Finance leases<br>within one year | (12,119)        |                  | -                |
|                                   | <u>694,029</u>  |                  | <u>162,541</u>   |

The notes form part of these financial statements

# AVL United Kingdom Ltd

## Notes to the Abbreviated Financial Statements for the year ended 31 December 1997

### 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.

#### Turnover

Turnover represents net invoiced sales of goods and services, excluding value added tax.

#### 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                    |
| Fixtures and fittings | - 10% on cost and<br>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.

#### 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.

#### Pensions

The company operates a pension scheme for a company director providing 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 by reviewing annually the level of contributions required to ensure full funding at retirement. There is consequently no difference between the contributions payable and the accounting charge and no outstanding or prepaid contributions at the beginning or end of the financial year.

**AVL United Kingdom Ltd**

**Notes to the Abbreviated Financial Statements  
for the year ended 31 December 1997**

**2. STAFF COSTS**

|                       | 1997             | 1996           |
|-----------------------|------------------|----------------|
|                       | £                | £              |
| Wages and salaries    | 946,939          | 773,294        |
| Social security costs | 99,100           | 80,556         |
| Other pension costs   | 37,150           | 29,896         |
|                       | <u>1,083,189</u> | <u>883,746</u> |

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

| 1997      | 1996      |
|-----------|-----------|
| 33        | 28        |
| <u>  </u> | <u>  </u> |

**3. OPERATING PROFIT**

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

|   | 1997            | 1996            |
|---|-----------------|-----------------|
|   | £               | £               |
| Hire of plant and machinery             | 95,979          | 109,157         |
| Rent                                    | 65,092          | 59,191          |
| Depreciation - owned assets             | 92,851          | 60,750          |
| Depreciation - assets on finance leases | 18,105          | 53,170          |
| Profit on disposal of fixed assets      | (2,564)         | (23)            |
| Auditors' remuneration                  | 10,000          | 13,000          |
| Foreign exchange differences            | <u>(15,531)</u> | <u>(38,782)</u> |
| Directors' emoluments                   | <u>60,857</u>   | <u>57,424</u>   |

**4. EXCEPTIONAL ITEMS**

Included in administrative expenses in the profit and loss account for the comparative year are exceptional rental charges of £22,332 and exceptional depreciation charges of £35,146.

There are no exceptional items in respect of the current year.

**5. INTEREST RECEIVABLE AND SIMILAR INCOME**

|                          | 1997          | 1996          |
|--------------------------|---------------|---------------|
|                          | £             | £             |
| Deposit account interest | <u>11,521</u> | <u>21,652</u> |

**AVL United Kingdom Ltd**

**Notes to the Abbreviated Financial Statements  
for the year ended 31 December 1997**

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

|                    | 1997          | 1996          |
|--------------------|---------------|---------------|
|                    | £             | £             |
| Bank interest      | 11            | 163           |
| Bank loan interest | 29,922        | 21,235        |
| Hire purchase      | -             | 226           |
| Leasing charges    | 2,966         | 3,955         |
|                    | <u>32,899</u> | <u>25,579</u> |

**7. TAXATION**

The tax charge on the profit on ordinary activities for the year was as follows:

|                    | 1997          | 1996          |
|--------------------|---------------|---------------|
|                    | £             | £             |
| UK Corporation Tax | <u>12,000</u> | <u>10,897</u> |

UK Corporation Tax has been charged at 31 % (1996 - 33%).

**8. TANGIBLE FIXED ASSETS**

|                         | Plant and<br>machinery | Fixtures<br>and<br>fittings | Motor<br>vehicles | Totals         |
|-------------------------|------------------------|-----------------------------|-------------------|----------------|
|                         | £                      | £                           | £                 | £              |
| <b>COST:</b>            |                        |                             |                   |                |
| At 1 January 1997       | 123,344                | 317,233                     | 21,875            | 462,452        |
| Additions               | -                      | 175,254                     | -                 | 175,254        |
| Disposals               | -                      | (319)                       | (21,875)          | (22,194)       |
|                         | <u>123,344</u>         | <u>492,168</u>              | <u>-</u>          | <u>615,512</u> |
| At 31 December 1997     | 123,344                | 492,168                     | -                 | 615,512        |
| <b>DEPRECIATION:</b>    |                        |                             |                   |                |
| At 1 January 1997       | 62,749                 | 175,613                     | 21,875            | 260,237        |
| Charge for year         | 21,605                 | 89,351                      | -                 | 110,956        |
| Eliminated on disposals | -                      | (48)                        | (21,875)          | (21,923)       |
|                         | <u>84,354</u>          | <u>264,916</u>              | <u>-</u>          | <u>349,270</u> |
| At 31 December 1997     | 84,354                 | 264,916                     | -                 | 349,270        |
| <b>NET BOOK VALUE:</b>  |                        |                             |                   |                |
| At 31 December 1997     | <u>38,990</u>          | <u>227,252</u>              | <u>-</u>          | <u>266,242</u> |
| At 31 December 1996     | <u>60,595</u>          | <u>141,621</u>              | <u>-</u>          | <u>202,216</u> |

**AVL United Kingdom Ltd**

**Notes to the Abbreviated Financial Statements  
for the year ended 31 December 1997**

**8. TANGIBLE FIXED ASSETS - continued**

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

|                          | Plant and<br>machinery | Fixtures<br>and<br>fittings | Totals            |
|--------------------------|------------------------|-----------------------------|-------------------|
|                          | £                      | £                           | £                 |
| <b>COST:</b>             |                        |                             |                   |
| At 1 January 1997        | 13,763                 | 58,949                      | 72,712            |
| Transferred to ownership | (13,763)               | (58,949)                    | (72,712)          |
|                          | <u>          </u>      | <u>          </u>           | <u>          </u> |
| At 31 December 1997      | -                      | -                           | -                 |
|                          | <u>          </u>      | <u>          </u>           | <u>          </u> |
| <b>DEPRECIATION:</b>     |                        |                             |                   |
| At 1 January 1997        | 10,322                 | 42,848                      | 53,170            |
| Charge for year          | 3,441                  | 14,664                      | 18,105            |
| Transferred to ownership | (13,763)               | (57,512)                    | (71,275)          |
|                          | <u>          </u>      | <u>          </u>           | <u>          </u> |
| At 31 December 1997      | -                      | -                           | -                 |
|                          | <u>          </u>      | <u>          </u>           | <u>          </u> |
| <b>NET BOOK VALUE:</b>   |                        |                             |                   |
| At 31 December 1997      | -                      | -                           | -                 |
|                          | <u>          </u>      | <u>          </u>           | <u>          </u> |
| At 31 December 1996      | <u>3,441</u>           | <u>16,101</u>               | <u>19,542</u>     |

**9. STOCKS**

|                  | 1997              | 1996              |
|------------------|-------------------|-------------------|
|                  | £                 | £                 |
| Stock            | 225,678           | 160,230           |
| Work in progress | 259,144           | 278,204           |
|                  | <u>          </u> | <u>          </u> |
|                  | <u>484,822</u>    | <u>438,434</u>    |

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

**10. DEBTORS: AMOUNTS FALLING  
DUE WITHIN ONE YEAR**

|                                     | 1997             | 1996             |
|-------------------------------------|------------------|------------------|
|                                     | £                | £                |
| Trade debtors                       | 2,699,516        | 4,553,218        |
| Other debtors                       | 23,887           | 13,500           |
| Prepayments & accrued income        | 21,534           | 94,369           |
| Amounts due from group<br>companies | <u>223,607</u>   | <u>159,935</u>   |
|                                     | <u>2,968,544</u> | <u>4,821,022</u> |

**AVL United Kingdom Ltd**

**Notes to the Abbreviated Financial Statements  
for the year ended 31 December 1997**

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

|  | 1997<br>£        | 1996<br>£        |
|--|------------------|------------------|
| Bank loans and overdrafts<br>(see note 12) | -                | 545              |
| San Paolo Bank Loan<br>(see note 12)       | 350,000          | 350,000          |
| Finance leases<br>(see note 13)            | -                | 12,119           |
| Trade creditors                            | 98,429           | 59,704           |
| Other creditors                            | 8,333            | 102,883          |
| V.A.T.                                     | 367,053          | 708,014          |
| Social security & other taxes              | 35,954           | 32,434           |
| Amounts due to group companies             | 2,760,211        | 4,617,782        |
| Taxation                                   | 12,000           | 10,897           |
| Accruals & deferred income                 | 103,456          | 143,246          |
|  | <u>3,735,436</u> | <u>6,037,624</u> |

**12. LOANS AND OVERDRAFTS**

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

|   | 1997<br>£      | 1996<br>£      |
|---|----------------|----------------|
| Amounts falling due within one year or on demand: |                |                |
| Bank loans  | -              | 545            |
| San Paolo Bank Loan                               | 350,000        | 350,000        |
|   | <u>350,000</u> | <u>350,545</u> |

**13. OBLIGATIONS UNDER LEASING AGREEMENTS**

|                              | 1997<br>£ | Finance<br>leases<br>1996<br>£ |
|------------------------------|-----------|--------------------------------|
| Gross obligations repayable: |           |                                |
| Within one year              | <u>-</u>  | <u>14,096</u>                  |
| Finance charges repayable:   |           |                                |
| Within one year              | <u>-</u>  | <u>1,977</u>                   |
| Net obligations repayable:   |           |                                |
| Within one year              | <u>-</u>  | <u>12,119</u>                  |

**AVL United Kingdom Ltd**

**Notes to the Abbreviated Financial Statements  
for the year ended 31 December 1997**

**13. OBLIGATIONS UNDER LEASING AGREEMENTS - continued**

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

|                            | Operating leases   |               |               |               |
|----------------------------|--------------------|---------------|---------------|---------------|
|                            | Land and buildings |               | Other         |               |
|                            | 1997<br>£          | 1996<br>£     | 1997<br>£     | 1996<br>£     |
| Expiring:                  |                    |               |               |               |
| Within one year            | -                  | -             | 3,725         | 28,834        |
| Between one and five years | -                  | 7,200         | 69,792        | 30,156        |
| In more than five years    | 58,894             | 55,486        | -             | -             |
|                            | <u>58,894</u>      | <u>62,686</u> | <u>73,517</u> | <u>58,990</u> |

**14. PROVISIONS FOR LIABILITIES AND CHARGES**

The amount for which no provision has been made in respect of deferred taxation, is as follows:

|   | 1997<br>£    | 1996<br>£    |
|---|--------------|--------------|
| Capital allowances in advance of depreciation | 6,393        | 5,313        |
|   | <u>6,393</u> | <u>5,313</u> |

**15. CALLED UP SHARE CAPITAL**

Authorised, allotted, issued and fully paid:

| Number: | Class:   | Nominal value: | 1997<br>£      | 1996<br>£      |
|---------|----------|----------------|----------------|----------------|
| 100,000 | Ordinary | £1             | <u>100,000</u> | <u>100,000</u> |

**16. 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.

**17. 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.

The company has open forward currency contracts of £6,700,000, these have a value of £6,395,134 at the rates of exchange ruling at the balance sheet date.



# AVL United Kingdom Ltd

## Notes to the Abbreviated Financial Statements for the year ended 31 December 1997

### 18. CAPITAL COMMITMENTS

|   | 1997   | 1996 |
|---|--------|------|
|   | £      | £    |
| Contracted but not provided for in the financial statements | 15,393 | -    |

### 19. OTHER FINANCIAL COMMITMENTS

Subsequent to the year end the company entered into a further operating lease for land and buildings with an annual commitment of £20,000. This lease expires in more than five years.

The operating leases contracted to by AVL Powertrain Engineering Ltd will also be assigned to the company following the transfer referred to in note 21. The leases have annual commitments of £26,000 per annum in respect of land and buildings and expire after five years.

### 20. 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.

### 21. POST BALANCE SHEET EVENTS

On 16 February it was announced that the trade, assets and undertaking of AVL Powertrain Engineering Ltd, a fellow subsidiary of AVL UK Holdings Limited, would be transferred to the company and the operations of the two companies combined. This transfer is planned to occur on 31 March 1998. As part of this transaction it is proposed that AVL United Kingdom Limited will issue a further £80,000 ordinary shares of £1 each.

### 22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

|  | 1997           | 1996           |
|--|----------------|----------------|
|  | £              | £              |
| Profit for the financial year              | 16,517         | 118,195        |
| <b>NET ADDITION TO SHAREHOLDERS' FUNDS</b> | <b>16,517</b>  | <b>118,195</b> |
| Opening shareholders' funds                | 130,196        | 12,001         |
| <b>CLOSING SHAREHOLDERS' FUNDS</b>         | <b>146,713</b> | <b>130,196</b> |
| Equity interests                           | 146,713        | 130,196        |