

Registered no: 3244589

Volkswagen Financial Services (UK) (March) Limited

Annual Report

for the year ended 31 March 1999



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Volkswagen Financial Services (UK) (March) Limited

Annual Report for the year ended 31 March 1999

	Pages
Directors' report	1-3
Report of the auditors	4-5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8-12

Volkswagen Financial Services (UK) (March) Limited

Directors' Report for the year ended 31 March 1999

The Directors have pleasure in presenting their report together with the audited financial statements for the year ended 31 March 1999.

Principal activities

The principal activity of the company is the provision of finance to franchised dealers, retail customers and corporates. In addition to this, the company provides various service and maintenance products.

Review of Business

The company has written a small number of asset finance contracts. The parent company Volkswagen Financial Services (UK) Limited have indicated that they will provide financial assistance to enable the company to continue as a going concern.

Dividends

The Directors do not recommend the payment of a dividend.

Directors

The Directors who served throughout the period are as follows:

P M Schneider (Chairman)
R B Ide
M G Hill (resigned 30 June 1999)
N M Massfeller
I Scola (resigned 31 August 1999)
M Benz (appointed 1 September 1999)
K James (appointed 22 April 1999)

Directors' interests in shares of the company

None of the Directors had a beneficial interest in the shares of the company or other group companies during the period.

Volkswagen Financial Services (UK) (March) Limited

Year 2000 and introduction of the Euro

The accounting information for Volkswagen Financial Services (UK) (March) Limited is sourced from the accounting systems of its immediate parent. The risks and uncertainties relating to Year 2000 and the introduction of the Euro are being addressed by the parent company.

Directors' responsibilities statement

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; 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 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.

Volkswagen Financial Services (UK) (March) Limited

Auditors

The company has elected to dispense with the requirement to appoint auditors annually in accordance with section 386. In the absence of a notice proposing that the appointment be terminated, the auditors will be deemed to be reappointed for the next financial year.

By order of the Board

A handwritten signature in black ink, appearing to be 'K James', is enclosed within a hand-drawn oval.

K James
Managing Director

Auditors' Report to the Members of Volkswagen Financial Services (UK) (March) Limited

We have audited the financial statements on pages 6 to 12 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 to 9.

Respective responsibilities of Directors and auditors

The Directors are responsible for preparing the Annual Report, including as described on page 2 the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

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. 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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

Volkswagen Financial Services (UK) (March) Limited

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 March 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in cursive script, appearing to read 'PricewaterhouseCoopers', is written over the printed name of the firm.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
MILTON KEYNES

21/12/99

Volkswagen Financial Services (UK) (March) Limited

Profit and Loss Account for the year ended 31 March 1999

	Notes	1999 £	1998 £
Turnover	2	21,851	21,356
Cost of sales		(16,282)	(15,692)
		<hr/>	<hr/>
		5,569	5,664
Administrative expenses		(5,919)	(2,372)
		<hr/>	<hr/>
Operating (loss) / profit		(350)	3,292
Interest payable and similar charges	4	(1,519)	(3,934)
		<hr/>	<hr/>
Loss on ordinary activities before taxation	5	(1,869)	(642)
Tax on loss on ordinary activities	6	181	-
		<hr/>	<hr/>
Retained loss for the year	11	(1,688)	(642)
		<hr/>	<hr/>

All items in 1998 and 1999 arise from continuing operations.

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

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

Volkswagen Financial Services (UK) (March) Limited

Balance Sheet at 31 March 1999

	Notes	1999 £	1998 £
Fixed assets			
Tangible assets	7	46,763	63,045
Current assets			
Debtors: due in less than one year	8	7,426	4,321
Creditors: amounts falling due within one year	9	(55,519)	(68,007)
Net current liabilities		(48,093)	(63,686)
Total assets less current liabilities		(1,330)	(641)
Net liabilities		<u>(1,330)</u>	<u>(641)</u>
Capital and reserves			
Called up share capital	10	1,000	1
Profit and loss account	11	(2,330)	(642)
Equity shareholders' funds	12	<u>(1,330)</u>	<u>641</u>

The financial statements on pages 6 to 12 were approved by the Board of Directors on 21 December 1999 and were signed on its behalf by:



K James
Managing Director

Volkswagen Financial Services (UK) (March) Limited

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

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.

(a) Basis of accounting

The accounts are prepared on the historical cost convention.

(b) Basis of preparation

The financial statements have been prepared on a going concern basis as Volkswagen Financial Services (UK) Limited (parent company) have indicated that they will provide financial assistance to enable the company to continue as a going concern.

(c) Operating leases

The investment in the lease, net of anticipated losses and depreciation, is recorded in the balance sheet as a fixed asset.

Gross earnings from lease transactions are allocated to accounting periods over the term of the lease so as to produce a constant rate of return on the net cash investment in the lease. Depreciation is provided in accordance with this basis.

Profit on the maintenance element of contract hire agreements is recognised at the end of the life of the agreement.

(d) Deferred taxation

Deferred taxation is provided at appropriate rates of corporation tax in respect of timing differences where there is a reasonable probability that such taxation will become payable in the foreseeable future.

(e) Cashflow statement

The Directors have adopted the provisions of FRS 1 (revised 1997) and have taken advantage of the exemption allowing them to dispense with the preparation of a cashflow statement as they are a 100% subsidiary whose parent company accounts are available to the public.

Volkswagen Financial Services (UK) (March) Limited

(f) Related parties

The Directors have adopted the provisions of FRS 8 and have taken advantage of the exemption of the disclosure requirements regarding related party transactions with other Group companies as it is a 100% subsidiary whose consolidated accounts are available to the public.

2. Turnover

Turnover represents the amount of leasing income earned under instalment finance arrangements in the United Kingdom.

3. Directors' emoluments

The Directors of the company claimed no remuneration from the company during the year ended 31 March 1999.

4. Interest payable and similar charges

	1999 £	1998 £
On bank loans, overdrafts and other loans wholly payable within one year	-	324
Interest payable to group companies	1,519	3,610
	<u>1,519</u>	<u>3,934</u>

5. Loss on ordinary activities before taxation

	1999 £	1998 £
Loss on ordinary activities before tax is stated after charging:		
Depreciation charge for the period:		
Tangible owned fixed assets	16,282	15,692
Auditors' remuneration for audit services	1,500	2,000
	<u>16,282</u>	<u>15,692</u>

All rentals receivable in the accounting period are amounts receivable under operating leases.

Volkswagen Financial Services (UK) (March) Limited

6. Tax on loss on ordinary activities

	1999 £	1998 £
United Kingdom corporation tax at 31%	(181)	-
Deferred tax	-	-
	<u>(181)</u>	<u>-</u>

The corporation tax credit for the year arises due to losses which have been surrendered to the parent company.

7. Tangible fixed assets

	Leased Assets £	Total £
Cost		
At 1 April 1998	78,737	78,737
Additions	-	-
Disposals	-	-
At 31 March 1999	<u>78,737</u>	<u>78,737</u>
Depreciation		
At 1 April 1998	15,692	15,692
Charge for period	16,282	16,282
At 31 March 1999	<u>31,974</u>	<u>31,974</u>
Net book value		
At 31 March 1999	<u>46,763</u>	<u>46,763</u>
At 31 March 1998	<u>63,045</u>	<u>63,045</u>

8. Debtors

	1999 £	1998 £
Trade debtors	4,231	1,447
Amounts owed by immediate parent undertaking	1,574	1,432
Other debtors	1,440	1,442
Taxation	181	-
	<u>7,426</u>	<u>4,321</u>

Volkswagen Financial Services (UK) (March) Limited

9. Creditors: amounts falling due within one year

	1999 £	1998 £
Trade creditors	2,933	2,769
Amounts owed to immediate parent undertaking	45,019	61,678
Other creditors	7,567	3,560
	<u>55,519</u>	<u>68,007</u>

10. Called up share capital

	1999 £	1998 £
Authorised: 1,000 ordinary shares of £1 each	1,000	1,000
Allotted, called up share capital not paid up 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1</u>

Volkswagen Financial Services (UK) (March) Limited

11. Reserves

	Profit & loss account £
Retained profit:	
As at 1 April 1998	(642)
Loss for the year	(1,688)
	<hr/>
At 31 March 1999	<u>2,330</u>

12. Reconciliation of movements in shareholders' funds

	1999 £	1998 £
Equity shareholders' funds:		
As at 1 April	(641)	-
Issue of shares	999	1
Loss for the financial year	(1,688)	(642)
	<hr/>	<hr/>
At 31 March	<u>(1,330)</u>	<u>(641)</u>

13. Ultimate parent company

The immediate parent undertaking is Volkswagen Financial Services (UK) Limited.

The ultimate parent undertaking is Volkswagen Aktiengesellschaft, a company incorporated in Germany. Copies of the ultimate parent's consolidated financial statements can be obtained from Volkswagen Aktiengesellschaft, Finanz-Publizität and Statistik, D-38436 Wolfsburg, Germany.