

ARNOLD CLARK AUTOMOBILES LIMITED AND ITS SUBSIDIARY

Directors Report

The Directors submit their Annual Report and the Audited Accounts of the Group for the year ended 31st December, 1979.

Details of the Directors of Arnold Clark Automobiles Limited and of their shareholdings in that Company were as follows:-

| <u>Name of Director</u>               | <u>No. of Shares Held</u>      |                                |
|---------------------------------------|--------------------------------|--------------------------------|
|                                       | <u>At .</u><br><u>31.12.78</u> | <u>At .</u><br><u>31.12.79</u> |
| John A. Clark                         | 9,990                          | 9,990                          |
| Walter G.P. Gall                      | 4                              | 4                              |
| William Hunter                        | 2                              | 2                              |
| Mrs. P.B. Clark                       | 1                              | 1                              |
| Hugh D. Wallace<br>(Resigned 12.3.79) | 1                              | 1                              |

The Director retiring by rotation is Walter G.P. Gall who, being eligible, offers himself for re-election.

The main activities of the Group consist of retailing and contract hiring of motor vehicles.

The Turnover of the Group, arrived at on the basis of cash sales, goods invoiced and hiring charges, amounted to £7,523,433 (1978 £6,199,718).

The Group Net Profit before and after Taxation, insofar as it concerns members of the Company was £203,790 to be added to the balance brought forward of £957,548 giving £1,161,338 to be carried forward.

The Directors recommend that no dividend be paid in respect of the year under review.

A resolution to re-appoint the Auditors, Messrs. John Gray and Company, Chartered Accountants, will be put to the Annual General Meeting.

By Order of the Board

*W. H. Harte*

Secretary.

87 Bothwell Street,  
GLASGOW.

4th June, 1980.

ARNOLD CLARK AUTOMOBILES LIMITED AND ITS SUBSIDIARY  
Consolidated Profit and Loss Account  
for the year ended 31st December, 1979

1978

|                          |   |            |
|--------------------------|---|------------|
| £1,036,598               | Trading Profit before charging the undernoted;  | £1,709,611 |
| £ 35,822                 | Directors Remuneration (Note 5)                 | 35,822     |
| 562,957                  | Depreciation (Note 1)                           | 928,205    |
| 111,714                  | Hire Purchase Interest                          | 345,771    |
| 84,435                   | Bank Overdraft Interest                         | 166,666    |
| 7,302                    | Loan Interest                                   | 9,849      |
| 5,250                    | Auditors Remuneration                           | 5,250      |
| -                        | Loss on Disposal of Fixed Assets                | 50         |
| £ 807,480                |   | 1,488,477  |
| £ 229,118                | Net Profit for the year before Taxation         | £ 221,134  |
| <u>Taxation (Note 3)</u> |   |            |
| (£ 94,985)               | Transfer from Deferred Taxation Reserve         | -          |
| 237,000                  | Transfer to Taxation Equalisation Reserve       | -          |
| £ 142,015                |   | -          |
| £ 87,103                 | Net Profit for the year after Taxation (Note 4) | £ 221,134  |
| 10,227                   | Whereof Attributable to Minority Shareholders   | 17,344     |
| £ 76,876                 |   | £ 203,790  |
| 124,000                  | Transfer from General Reserve                   | -          |
| £ 200,876                |   | £ 203,790  |
| 756,672                  | Balance Brought Forward                         | 957,548    |
| £ 957,548                | Balance Carried Forward                         | £1,161,338 |

ARNOLD CLARK AUTOMOBILES LIMITED AND ITS SUBSIDIARY  
Consolidated Balance Sheet as at 31st December, 1979

1978

|                   |   |                              |  |                   |
|-------------------|---|------------------------------|--|-------------------|
|                   |   | <u>Fixed Assets</u>          |  |                   |
| <u>£3,704,626</u> | As per Schedule (Note 1)                                |                              |  | <u>£4,221,404</u> |
| <u>£ 15,000</u>   | <u>Goodwill</u> - At Cost                               |                              |  | <u>15,000</u>     |
|                   |   | <u>Current Assets</u>        |  |                   |
| £ 394,308         | Sundry Debtors  | £ 878,731                    |  |                   |
| 496,280           | Stock (Note 6)  | 1,142,405                    |  |                   |
| 697,793           | Cash at Bank and on Hand                                | 305,248                      |  |                   |
| <u>£1,588,381</u> |   |                              |  | <u>2,326,384</u>  |
| <u>£5,308,007</u> | <u>Total Assets</u>                                     |                              |  | <u>£6,562,788</u> |
|                   |   | <u>Current Liabilities</u>   |  |                   |
| £ 343,316         | Sundry Creditors  | £ 559,079                    |  |                   |
| 1,203,788         | Bank Overdrafts (Note 7)                                | 1,447,372                    |  |                   |
| -                 | Bank Loan   | 250,000                      |  |                   |
| 3,051             | Directors Current Accounts                              | 1,203                        |  |                   |
| 41,681            | Contract Hire Instalments Paid in Advance               | 45,692                       |  |                   |
| 1,738,461         | Hire Purchase Outstanding                               | 2,074,399                    |  |                   |
| <u>£3,330,297</u> |   |                              |  | <u>4,377,745</u>  |
| <u>£1,977,710</u> |   |                              |  | <u>£2,185,043</u> |
|                   |   | <u>Long-Term Liabilities</u> |  |                   |
| £ 70,475          | Loan - Lombard North Central Limited (Secured) (Note 2) | £ 61,666                     |  |                   |
| 23,752            | Term Loan - Royal Bank of Scotland Limited              | 18,760                       |  |                   |
| 15,000            | Loan - A. Clark's West End Motors Limited               | 15,000                       |  |                   |
| <u>£ 109,227</u>  |   |                              |  | <u>95,426</u>     |
| <u>£1,868,483</u> |   |                              |  | <u>£2,089,617</u> |
| 31,335            | Less: Attributable to Minority Shareholders             |                              |  | <u>48,679</u>     |
| <u>£1,837,148</u> | <u>Net Assets Attributable to Group</u>                 |                              |  | <u>£2,040,938</u> |

ARNOLD CLARK AUTOMOBILES LIMITED AND ITS SUBSIDIARY  
Consolidated Balance Sheet as at 31st December, 1979 (Continued)

1978

£1,837,148 Net Assets Attributable to Group

£2,040,938

Represented by:-

Share Capital and Reserves

Share Capital

Authorised, Issued and Fully Paid

£ 10,000

10,000 Ordinary Shares of £1 each

£ 10,000

Reserves

£ 869,600

Taxation Equalisation Reserve  
(Note 3)

£ 869,600

957,548

Profit and Loss Account

1,161,338

£1,827,148

2,030,938

*[Signature]* Director

*[Signature]* Director

£1,837,148

£2,040,938

ARNOLD CLARK AUTOMOBILES LIMITED AND ITS SUBSIDIARY

Notes on Consolidated Accounts

1. Schedule of Fixed Assets

|                               | <u>As at</u><br><u>31.12.78</u> | <u>Additions</u>  | <u>Disposals</u>  | <u>Depreciation</u><br><u>for year</u> | <u>As at</u><br><u>31.12.79</u> |
|-------------------------------|---------------------------------|-------------------|-------------------|--|---------------------------------|
| <u>Heritable Property</u>     |                                 |                   |                   |  |                                 |
| At Cost                       | £ 233,950                       | £ -               | £ -               | £ -                                    | £ 233,950                       |
| Aggregate Depreciation        | 4,679                           | -                 | -                 | 4,678                                  | 9,357                           |
|                               | <u>£ 229,271</u>                | <u>£ -</u>        | <u>£ -</u>        | <u>£ 4,678</u>                         | <u>£ 224,593</u>                |
| <u>Garage Equipment</u>       |                                 |                   |                   |  |                                 |
| At Cost                       | £ 28,096                        | £ 115             | £ -               | £ -                                    | £ 28,211                        |
| Aggregate Depreciation        | 14,853                          | -                 | -                 | 1,670                                  | 16,523                          |
|                               | <u>£ 13,243</u>                 | <u>£ 115</u>      | <u>£ -</u>        | <u>£ 1,670</u>                         | <u>£ 11,688</u>                 |
| <u>Motor Vehicles</u>         |                                 |                   |                   |  |                                 |
| At Cost                       | £4,189,867                      | £3,779,792        | £2,857,788        | £ -                                    | £5,111,871                      |
| Aggregate Depreciation        | 737,309                         | -                 | 517,104           | 919,943                                | 1,140,148                       |
|                               | <u>£3,452,558</u>               | <u>£3,779,792</u> | <u>£2,340,684</u> | <u>£ 919,943</u>                       | <u>£3,971,723</u>               |
| <u>Furniture and Fittings</u> |                                 |                   |                   |  |                                 |
| At Cost                       | £ 11,722                        | £ 5,760           | £ -               | £ -                                    | £ 17,482                        |
| Aggregate Depreciation        | 2,168                           | -                 | -                 | 1,914                                  | 4,082                           |
|                               | <u>£ 9,554</u>                  | <u>£ 5,760</u>    | <u>£ -</u>        | <u>£ 1,914</u>                         | <u>£ 13,400</u>                 |
|                               |                                 |                   |                   | <u>£ 928,205</u>                       | <u>£4,221,404</u>               |

Depreciation has been charged on the various classes of Fixed Assets at the following annual rates:-

|                        |                               |
|------------------------|-------------------------------|
| Heritable Property     | 2% (Straight Line Basis)      |
| Garage Equipment       | 12½% (Reducing Balance Basis) |
| Motor Vehicles         | 25% (Reducing Balance Basis)  |
| Furniture and Fittings | 12½% (Reducing Balance Basis) |

ARNOLD CLARK AUTOMOBILES LIMITED AND ITS SUBSIDIARY  
Notes on Consolidated Accounts (Continued)

2. Loan - Lombard North Central Limited

The Loan, which bears interest at 1½% above Bank Rate on the balance outstanding is repayable by half yearly instalments of £4,405.

3. No United Kingdom Corporation Tax will be payable by the Group due to:-

- a) Stock Appreciation Relief Claimed and Losses incurred by the Holding Company.
- b) Excess of Capital Allowances over the Depreciation Charge in the Accounts of the Subsidiary.

4. The Net Profit after Taxation attributable to the Group and dealt with in the Consolidated Profit and Loss Account incorporates a loss retained in the Profit and Loss Account of the Holding Company amounting to £39,020.

5. The Remuneration of the Chairman amounted to £8,081, and that of the highest paid Director £11,368. The Remuneration of the remaining 3 Directors fell within the following ranges:-

|         |   |         |         |   |
|---------|---|---------|---------|---|
| £       | 1 | -       | £ 2,500 | 2 |
| £10,001 | - | £12,500 |         | 1 |

6. Stock

1978

|                 |  |                   |
|-----------------|--|-------------------|
| £495,451        | Stocks at lower of cost and net realisable value   | £1,138,408        |
|                 | Stock on Hire Purchase at that proportion of cost which instalments not due bears to total sums due under agreements | 3,997             |
| 829             |  |                   |
| <u>£496,280</u> |  | <u>£1,142,405</u> |

7. Bank Overdrafts include the sum of £250,000 due to Lloyds and Scottish Trust Limited by the Holding Company, secured by a First Standard Security over the Company's Heritable Property at 64/74 Kirkintilloch Road, Bishopbriggs, Glasgow.

Bank Overdrafts also include the sum of £300,000 due to Lombard North Central Limited by the Subsidiary, secured by a Standard Security over the Holding Company's Heritable Property at 10/24 Vinicombe Street, Glasgow. This overdraft is also guaranteed by the Holding Company.

8. These Accounts have been prepared using the Historical Cost Convention.

ARNOLD CLARK AUTOMOBILES LIMITED  
Balance Sheet as at 31st December, 1979

1978

|   |   |            |
|---|---|------------|
| <u>Fixed Assets</u>                     |   |            |
| £ 253,116                               | As per Schedule   | £ 250,417  |
| £ 15,000                                | <u>Goodwill</u> - At Cost                               | 15,000     |
| <u>Investment in Subsidiary Company</u> |   |            |
| £ 14,000                                | 14,000 Ordinary Shares at Cost                          | £ 14,000   |
| 288,596                                 | Arnold Clark Finance Limited                            | -          |
|   | On Current Account                                      |            |
| £ 302,596                               |   | 14,000     |
| £ 570,712                               |   | £ 279,417  |
| <u>Current Assets</u>                   |   |            |
| £ 496,280                               | Stocks (Note 2)   | £1,142,405 |
| 282,764                                 | Sundry Debtors (Note 3)                                 | 648,382    |
| 2,063                                   | Cash at Bank and on Hand                                | 1,031      |
| £ 781,107                               |   | 1,791,818  |
| £1,351,819                              |   | £2,071,235 |
| <u>Deduct: Current Liabilities</u>      |   |            |
| £ 182,112                               | Sundry Creditors (Note 4)                               | £ 307,606  |
| 903,788                                 | Bank Overdrafts (Note 5)                                | 1,147,372  |
| 1,452                                   | Directors Current Accounts                              | 604        |
| £1,087,352                              |   | 1,455,582  |
| £ 264,467                               |   | £ 615,653  |
| <u>Deduct:</u>                          |   |            |
| -                                       | Amount owing to Arnold Clark Finance Limited            | 505,192    |
| £ 264,467                               |   | £ 110,461  |
| <u>Deduct: Long Term Liabilities</u>    |   |            |
| £ 70,475                                | Loan - Lombard North Central Limited (Secured) (Note 6) | £ 61,666   |
| 23,752                                  | Term Loan - Royal Bank of Scotland Limited              | 18,760     |
| £ 94,227                                |   | 80,426     |
| £ 170,240                               | <u>Net Free Assets</u>                                  | £ 30,035   |

ARNOLD CLARK AUTOMOBILES LIMITED  
Balance Sheet as at 31st December, 1979 (Continued)

1978

£170,240      Net Free Assets

£ 30,035

Represented by:-

Share Capital and Reserves

Share Capital

Authorised, Issued and Fully Paid

£ 10,000

10,000 Ordinary Shares of £1 each

£ 10,000

Reserves

160,240

Profit and Loss Account

20,035

.....  ..... Director

.....  ..... Director

£170,240

£ 30,035



ARNOLD CLARK AUTOMOBILES LIMITED  
Schedule of Fixed Assets (Note 8)

| <u>Heritable Property (Notes 5 and 9)</u> |                        |          |           |              |              |
|---|------------------------|----------|-----------|--------------|--------------|
| At Cost                                   | Aggregate Depreciation | As at    | Additions | Disposals in | Depreciation |
|   |                        | 31.12.78 | in year   | Year         | for year     |
|   |                        | £        | £         | £            | £            |
|   |                        | 233,950  | -         | -            | -            |
|   |                        | 4,679    | -         | -            | 4,678        |
|   |                        | 229,271  | -         | -            | 4,678        |
|   |                        |          |           |              | 233,950      |
|   |                        |          |           |              | 9,357        |
|   |                        |          |           |              | 224,593      |
| <u>Garage Equipment</u>                   |                        |          |           |              |              |
|   |                        | 28,096   | 115       | -            | -            |
|   |                        | 14,853   | -         | -            | 1,670        |
|   |                        | 13,243   | 115       | -            | 1,670        |
|   |                        |          |           |              | 28,211       |
|   |                        |          |           |              | 16,523       |
|   |                        |          |           |              | 11,688       |
| <u>Motor Vehicles</u>                     |                        |          |           |              |              |
|   |                        | 2,704    | -         | 601          | -            |
|   |                        | 1,656    | -         | 551          | 262          |
|   |                        | 1,048    | -         | 50           | 262          |
|   |                        |          |           |              | 2,103        |
|   |                        |          |           |              | 1,367        |
|   |                        |          |           |              | 736          |
| <u>Furniture and Fittings</u>             |                        |          |           |              |              |
|   |                        | 11,722   | 5,760     | -            | -            |
|   |                        | 2,168    | -         | -            | 1,914        |
|   |                        | 9,554    | 5,760     | -            | 1,914        |
|   |                        |          |           |              | 23,400       |
|   |                        |          |           |              | 8,524        |
|   |                        |          |           |              | 17,482       |
|   |                        |          |           |              | 4,082        |
|   |                        |          |           |              | 250,417      |

ARNOLD CLARK AUTOMOBILES LIMITED

Year ended 31st December, 1979

Notes on Accounts

1. Directors Remuneration

The number of Directors within each of the following salary ranges is:-

|   |        |   |         |   |
|---|--------|---|---------|---|
| £ | 1      | - | £ 2,500 | 2 |
| £ | 2,501  | - | £ 5,000 | - |
| £ | 5,001  | - | £ 7,500 | - |
| £ | 7,501  | - | £10,000 | 1 |
| £ | 10,001 | - | £12,500 | 2 |

Included in the above is the Chairman's remuneration of £8,081 and that of the highest paid Director £11,368.

2. Stocks

1978

|          |   |            |
|----------|---|------------|
| £495,451 | Stocks at lower of cost and net<br>realisable value   | £1,138,408 |
|          | Stock on Hire Purchase at that<br>proportion of cost which<br>instalments not due bears to<br>total sums due under agreements | 3,997      |
| 829      |   |            |
| £496,280 |   | £1,142,405 |

3. Sundry Debtors include the sums due on Current Account of £327,973 (1978 £55,845) from A. Clark's West End Motors Limited, £76,234 (1978 £60,211) from Arnold Clark (Bearsden) Limited and £28,811 (1978 £Nil) from Arnold Clark (Paisley) Limited.

4. Sundry Creditors include the sums due on Current Account of £Nil (1978 £4,872) to Arnold Clark (Paisley) Limited and £29,744 (1978 £7,107) to Grant, Melrose and Tennent Limited.

5. Bank Overdrafts include the sum of £250,000 due to Lloyds & Scottish Trust Limited secured by a First Standard Security over the Company's Heritable Property at 64/74 Kirkintilloch Road, Bishopbriggs, Glasgow.

6. Lombard North Central Limited

The Loan which bears interest at 1½% above Bank Rate on the balance outstanding is repayable by half-yearly instalments of £4,405.

7. No United Kingdom Corporation Tax will be payable by the Company in respect of the year under review.

8. Depreciation has been charged at the following annual rates:-

|                         |      |
|-------------------------|------|
| Straight Line Basis:    |      |
| Heritable Property      | 2%   |
| Reducing Balance Basis: |      |
| Garage Equipment        | 12½% |
| Motor Vehicles          | 25%  |
| Furniture and Fittings  | 12½% |

9. There is a Standard Security over the Vinicombe Street premises in respect of an overdraft to the Subsidiary Company amounting to £300,000. The Company has also guaranteed this overdraft.

10. These Accounts have been prepared using the Historical Cost Convention.

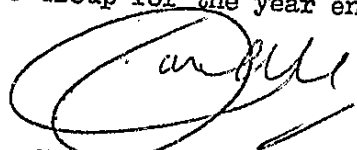
ARNOLD CLARK AUTOMOBILES LIMITED AND ITS SUBSIDIARY  
Consolidated Statement of Source and Application of Funds

1978

| <u>Source of Funds</u>                        |  |                   |
|---|--|-------------------|
| £ 229,118                                     | Profit before Tax  | £ 221,134         |
|   | Adjustment for items not involving the movement of funds:- |                   |
| 562,957                                       | Depreciation   | 928,205           |
| £ 792,075                                     | <u>Total Generated from Operations</u>                     | <u>£1,149,339</u> |
|   | Funds from other sources                                   |                   |
| -   | Bank Loan Received   | 300,000           |
| 1,143,404                                     | Sales of Fixed Assets                                      | 2,340,684         |
| £1,935,479                                    |  | <u>£3,790,023</u> |
| <u>Application of Funds</u>                   |  |                   |
| 3,311,415                                     | Purchase of Fixed Assets                                   | 3,785,667         |
| <u>(£1,375,936)</u>                           |  | <u>£ 4,356</u>    |
| <u>Increase/(Decrease) in Working Capital</u> |  |                   |
| £ 174,524                                     | Increase in Debtors  | £ 484,423         |
| ( 276,531)                                    | Increase/Decrease in Stocks                                | 646,125           |
| ( 76,136)                                     | Increase in Creditors                                      | ( 215,763)        |
| 2,241   | Decrease in Directors Current Accounts                     | 1,848             |
| ( 24,111)                                     | Increase in Contract Hire Instalments paid in Advance      | ( 4,011)          |
| ( 1,582,981)                                  | Increase in Hire Purchase Creditor                         | ( 335,938)        |
| 8,810   | Decrease in Long Term Loans                                | 8,809             |
| -   | Reduction of Bank Loan                                     | 50,000            |
| 398,248                                       | Decrease/Increase in Cash and Bank Balances                | ( 631,137)        |
| <u>(£1,375,936)</u>                           |  | <u>£ 4,356</u>    |

PORT GLASGOW - 4th June, 1980

In our opinion, the attached Accounts together with the Notes thereon comply with the Companies Acts 1948 and 1967 and, so far as concerns members of the Company, give a true and fair view of the state of affairs as at 31st December, 1979 of the Company and of the Group, and of the profit of the Group for the year ended on that date.



CHARTERED ACCOUNTANTS