

ARNOLD CLARK FINANCE LIMITED REPORT & FINANCIAL STATEMENTS

31 DECEMBER 2009

THURSDAY



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23/09/2010
COMPANIES HOUSE

Registered Number 39597 (Scotland)

DIRECTORS, PRINCIPAL OFFICERS AND ADVISERS

DIRECTORS

Sir Arnold Clark *DUniv FIMI* - Chairman
H D Wallace - Managing Director
E Hawthorne *BA CA* - Director
D M Cooper *B Acc (Hons) FCCA* - Director

PRINCIPAL OFFICERS

A J Clark - General Manager Hire Drive
D F Kerr *MA (Cantab)* - Company Secretary
A J Gillon - General Manager Public Sector

REGISTERED OFFICE

134 Nithsdale Drive
Glasgow G41 2PP

PRINCIPAL BANKERS

The Royal Bank of Scotland plc
1304 Duke Street
Glasgow G31 5PZ

AUDITORS

Ernst & Young LLP
50 George Square
Glasgow G2 1RR

TAX ADVISERS

Grant Thornton UK LLP
95 Bothwell Street
Glasgow G2 7JZ

VAT ADVISERS

Deloitte LLP
1 City Square
Leeds LS1 2AL

SOLICITORS

HBM Sayers
13 Bath Street
Glasgow G2 1HY

Brodies LLP
2 Blythswood Square
Glasgow G2 4AD

MANAGING DIRECTOR'S STATEMENT

REVIEW

I am delighted to report that the company increased its turnover by 2.9% to achieve a new record figure of £142m. Residual values strengthened significantly during 2009, especially between April and September, from the very low position that we experienced during the latter part of 2008. This, along with low interest costs and a major improvement in our daily rental business, contributed to profits before tax of £6.5m.

The turnaround in our daily rental business is very pleasing, especially after our results in 2008, and highlights the success of the consolidation programme that was undertaken at the end of 2008; our average monthly unit income increased by just over 10% whilst at the same time we have managed to reduce our overheads by 2.5% over 2008. We have also benefited from the fact that the vehicle manufacturers are no longer offering guaranteed buy back deals to our competitors. This practice had previously resulted in very low holding costs and consequently suppressed rental prices.

GROWTH

In 2009 the total fleet continued to grow in line with our expectations owing to the consolidation of existing customer partnerships as well as a sustained effort to develop new business. The contract hire fleet increased by 3.1% to 32,303 vehicles while our managed customer vehicles increased by 1.8% to 61,987.

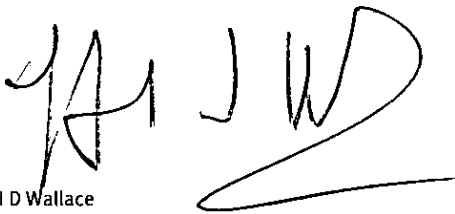
STAFF

Our success is testimony to the enthusiasm and professionalism of all our staff and I wish to record my gratitude to all of them for their dedication and commitment. We strongly believe that continuity of customer contact is vital and take great pride in the fact that all our senior management team have been with the company for 14 years or more.

OUTLOOK

With the number of total vehicle registrations in 2010 projected to be less than 2009, this should result in strong residual values remaining throughout next year. 2010 has already started well as we have in February 2010 been re-appointed as one of the main service providers to our largest daily rental customer for the next three years.

As part of one of the largest privately owned vehicle retailers in Europe, the continued success of the group during the recent difficult economic times allows us to continue to provide an unparalleled level of service to all our customers. I believe this will result in a continued expansion in 2010 and look forward to what promises to be an excellent year.



H D Wallace
Managing Director
16 March 2010

DIRECTORS' REPORT

RESULTS AND DIVIDENDS

The profit on ordinary activities before taxation amounted to £6,505,000. The profit for the year after taxation amounted to £4,697,000.

The directors do not recommend a dividend leaving £4,697,000 to be transferred to reserves.

REVIEW OF THE BUSINESS

The company's principal activity during the year was the hiring of motor vehicles.

The balance sheet discloses net current liabilities of £167 million arising primarily as a result of hire purchase payments due on contract hire vehicles. These payments will be met from vehicle rental incomes receivable in the future under the relevant contract hire agreements.

The company's key financial and other performance indicators during the year were as follows:

	2009	2008	Change
Turnover	£142m	£138m	2.9%
Contract hire fleet	32,303	31,344	3.1%
Managed customer vehicles	61,987	60,907	1.8%

The increases in turnover, contract hire fleet and managed customer vehicles during the year are all entirely attributable to the continued organic growth of the company. The forecasts for 2010 are for this trend to continue.

PRINCIPAL RISKS AND UNCERTAINTIES

The company's principal financial instruments comprise cash, cash equivalents and hire purchase contracts. Other financial assets and liabilities, such as trade creditors and trade debtors, arise directly from operating activities.

The main risks associated with the company's financial assets and liabilities are set out below.

Interest rate risk: The company invests surplus cash in a floating rate interest yielding bank deposit account and has access to a floating rate interest bearing overdraft facility. Hire purchase agreements are entered into at floating interest rates. The company's interest income and expenses are therefore affected by movements in interest rates. The company does not undertake active hedging of this risk.

Credit risk: The company has external debtors; however, the company undertakes assessments of its customers in order to ensure that credit is not extended where there is a likelihood of default.

Liquidity risk: The company aims to mitigate liquidity risk by managing cash generated by its operations.

General economic conditions: The company's performance is influenced by general economic conditions and business confidence. Business confidence in the UK remains fragile as a result of the wider economic conditions and therefore discretionary expenditure has been reduced by many customers, which may impact the number and type of vehicles taken on contract in the year.

EMPLOYEE INVOLVEMENT

Regular meetings are held between management and employees to allow a free flow of information and exchange of ideas.

DIRECTORS' REPORT

DISABLED EMPLOYEES

The company gives every consideration to applications for employment from disabled persons where the requirements of the job may be adequately covered by a disabled person.

With regard to existing employees and those who have become disabled during the year, the company has continued to examine ways and means of providing continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

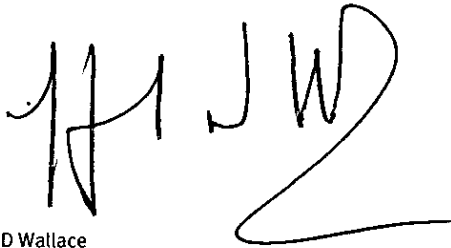
The directors who were members of the board at the time of approving the Directors' Report are listed on page 1. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant information and to establish that the company's auditors are aware of that information.

AUDITORS

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the board

A handwritten signature in black ink, appearing to read 'H D Wallace', with a large, stylized flourish extending from the end.

H D Wallace
Managing Director
16 March 2010



STATEMENT OF DIRECTORS' RESPONSIBILITIES

IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ARNOLD CLARK FINANCE LIMITED

We have audited the financial statements of Arnold Clark Finance Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, the Statement of Cash Flows and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

OPINION ON FINANCIAL STATEMENTS

In our opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

James Andrew Bishop (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory auditor
Glasgow

16 March 2010

PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 £000	2008 £000
TURNOVER	2	142,140	138,139
Cost of sales		(107,236)	(101,585)
GROSS PROFIT		34,904	36,554
Administrative expenses		(21,477)	(21,556)
OPERATING PROFIT	3	13,427	14,998
Interest payable	6	(6,922)	(16,507)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		6,505	(1,509)
Tax on profit on ordinary activities	7	(1,808)	501
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	14	4,697	(1,008)

All operations were classed as continuing operations during the year.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit attributable to shareholders of the company of £4,697,000 in the year ended 31 December 2009 and the loss attributable to shareholders of the company of £1,008,000 in the year ended 31 December 2008.

BALANCE SHEET

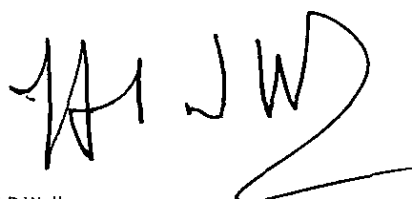
AT 31 DECEMBER 2009

	Notes	2009 £000	2008 £000
FIXED ASSETS			
Tangible assets	8	364,397	321,223
CURRENT ASSETS			
Stocks		17,840	17,956
Debtors	9	16,204	15,465
Cash at bank and in hand		28,731	15,526
		62,775	48,947
CREDITORS: amounts falling due within one year	10	(229,879)	(191,065)
NET CURRENT LIABILITIES		(167,104)	(142,118)
TOTAL ASSETS LESS CURRENT LIABILITIES		197,293	179,105
CREDITORS: amounts falling due after more than one year	11	(148,819)	(135,547)
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	7(c)	(20,415)	(20,196)
NET ASSETS		28,059	23,362
CAPITAL AND RESERVES			
Called up share capital	13	15	15
Profit and loss account	14	28,044	23,347
EQUITY SHAREHOLDERS' FUNDS	14	28,059	23,362

Approved by the Board on 16 March 2010



Sir Arnold Clark
Chairman



H D Wallace
Managing Director

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2009

	<i>Notes</i>	<i>2009 £000</i>	<i>2008 £000</i>
Net cash inflow from operating activities	15(a)	104,432	105,703
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest element of hire purchase contracts received		(6,843)	(17,561)
TAXATION PAID		(1,612)	(33)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire fixed assets		(325,462)	(292,491)
Receipts from sales of fixed assets		198,518	221,522
		(126,944)	(70,969)
NET CASH INFLOW BEFORE FINANCING		(30,967)	17,140
FINANCING			
Repayment of capital element of hire purchase contracts		(262,738)	(303,260)
New hire purchase contracts		306,910	269,185
		44,172	(34,075)
INCREASE / (DECREASE) IN CASH		13,205	(16,935)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	<i>Notes</i>	<i>2009 £000</i>	<i>2008 £000</i>
Increase / (decrease) in cash		13,205	(16,935)
Repayment of capital element of hire purchase contracts		262,738	303,260
Inception of new hire purchase contracts		(306,910)	(269,185)
MOVEMENT IN NET DEBT		(30,967)	17,140
NET DEBT AT 1 JANUARY	15(b)	(264,260)	(281,400)
NET DEBT AT 31 DECEMBER	15(b)	(295,227)	(264,260)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

1. ACCOUNTING POLICIES

BASIS OF PREPARATION

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

GOING CONCERN

The company's business activities, a review of the business and a description of the principal risks and uncertainties, together with the company's financial risk management processes and narrative regarding its exposure to key financial risks are outlined in the Director's Report.

The company funds vehicles purchased for the company's hire fleet using finance leases from a number of providers. The vehicles are accounted for as fixed assets and a corresponding finance lease liability is recognised, an element of which will be classified as a current liability. This gives rise to the company's net current liabilities position at the year end. The directors have reviewed the company's forecasted cash flows and these are sufficient to meet the finance lease liabilities as they fall due.

Taking into account the above and after making enquiries, the directors believe that the company has adequate resources to meet its liabilities as they fall due for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

DEPRECIATION

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life, as follows:

Freehold property	-	2% (straight line basis)
Fixtures and fittings	-	15% (reducing balance basis)
Computer equipment	-	40% (reducing balance basis)
Motor vehicles	: Own use	20% or 25% (reducing balance basis)
	: Contract hire vehicles	- straight line over the term of the hire contract

STOCK

Motor vehicles held for resale are stated at the lower of cost and net realisable value.

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

LEASING AND HIRE PURCHASE COMMITMENTS

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under leases and hire purchase contracts are included as liabilities in the balance sheet. The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of the capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

1. ACCOUNTING POLICIES *(continued)*

DEFERRED TAX

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2. TURNOVER

Turnover represents the amounts due for goods sold and services provided stated net of discounts and value added tax.

Rentals receivable on vehicles held for use in operating leases are recognised on a straight line basis over the term of the lease. The maintenance element of any rental payment is recognised as the maintenance is performed.

The turnover and pre-tax profit all arises in the United Kingdom and is attributable to the company's principal continuing activity.

3. OPERATING PROFIT

	2009 £000	2008 £000
This is stated after charging / (crediting):		
Auditors' remuneration - audit services	25	24
Depreciation - owned assets	479	346
- assets held under hire purchase contracts	83,357	81,139
Gain on sale of land and buildings	(66)	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

4. STAFF COSTS

	2009 £000	2008 £000
Wages and salaries	11,031	11,180
Social security cost	971	993
Pension costs	23	8
	<u>12,025</u>	<u>12,181</u>

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

	2009 £000	2008 £000
Office and management	405	456
Sales	156	139
	<u>561</u>	<u>595</u>

5. DIRECTORS' EMOLUMENTS

	2009 £000	2008 £000
Emoluments	<u>198</u>	<u>196</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2009 £000	2008 £000
Finance charges payable under hire purchase contracts	<u>6,922</u>	<u>16,507</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

7. TAX

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2009 £000	2008 £000
<i>Current tax:</i>		
UK corporation tax	1,417	2,154
Adjustments in respect of previous years	172	(1,827)
Total current tax (note 7(b))	1,589	327
<i>Deferred tax:</i>		
Origination and reversal of timing differences	388	(2,535)
Adjustments in respect of previous years	(169)	1,707
Total deferred tax charge (note 7(c))	219	(828)
Tax on profit on ordinary activities	1,808	(501)

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower (2008 - higher) than the standard rate of corporation tax in the UK of 28% (2008 - 28.5%). The differences are reconciled below:

	2009 £000	2008 £000
Profit on ordinary activities before tax	6,505	(1,509)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008 - 28.5%)	1,821	(430)
Expenses not deductible for tax purposes	2	3
Decelerated / (accelerated) capital allowances	(387)	2,581
Rollover relief on property gain	(19)	-
Adjustments in respect of previous years	172	(1,827)
Total current tax (note 7(a))	1,589	327

(c) Deferred tax

The deferred tax included in provisions for liabilities and charges within the balance sheet is as follows:

	2009 £000	2008 £000
Accelerated capital allowances	20,415	20,196
At 1 January 2009		£000
Deferred tax charge in profit and loss account (note 7(a))		20,196
		219
At 31 December 2009		20,415

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

8. TANGIBLE FIXED ASSETS

	<i>Freehold property £000</i>	<i>Computer equipment £000</i>	<i>Motor vehicles £000</i>	<i>Fixtures and fittings £000</i>	<i>Total £000</i>
<i>Cost:</i>					
At 1 January 2009	127	2,615	451,415	397	454,554
Additions	-	147	324,954	361	325,462
Disposals	(56)	-	(275,638)	-	(275,694)
At 31 December 2009	71	2,762	500,731	758	504,322
<i>Depreciation:</i>					
At 1 January 2009	50	2,202	130,797	282	133,331
Provided during the year	2	346	83,357	131	83,836
Disposals	(21)	-	(77,221)	-	(77,242)
At 31 December 2009	31	2,548	136,933	413	139,925
<i>Net book value:</i>					
At 31 December 2009	40	214	363,798	345	364,397
At 31 December 2008	77	413	320,618	115	321,223

All of the company's motor vehicles are purchased by way of hire purchase agreements and are held for use in operating leases.

9. DEBTORS

	<i>2009 £000</i>	<i>2008 £000</i>
Trade debtors	10,196	11,381
Other debtors	1,337	1,272
VAT receivable from HMRC	1,944	-
Prepayments and accrued income	2,727	2,812
	<u>16,204</u>	<u>15,465</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<i>2009 £000</i>	<i>2008 £000</i>
Obligations under hire purchase contracts (note 12)	179,023	148,158
Trade creditors	1,422	864
Current corporation tax	1,417	1,440
Other taxes and social security costs	-	1,376
Other creditors	9,839	7,631
Accruals and deferred income	31,104	28,737
Amounts due to group undertakings	7,074	2,859
	<u>229,879</u>	<u>191,065</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2009 £000	2008 £000
Obligations under hire purchase contracts (note 12)	144,935	131,628
Rentals in advance	3,884	3,919
	<u>148,819</u>	<u>135,547</u>

12. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

	2009 £000	2008 £000
<i>Amounts payable:</i>		
Within one year (note 10)	179,023	148,158
In two to five years (note 11)	144,935	131,628
	<u>323,958</u>	<u>279,786</u>

13. SHARE CAPITAL

	2009 No.	Authorised 2008 No.	Allotted, called up and fully paid 2009 £000	2008 £000
Ordinary shares of £1 each	15,000	15,000	15	15

14. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital £000	Profit and loss account £000	Total shareholders' funds £000
At 1 January 2009	15	23,347	23,362
Profit for the year	-	4,697	4,697
At 31 December 2009	<u>15</u>	<u>28,044</u>	<u>28,059</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

15. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of operating profit to net cash inflow from operating activities

	2009 £000	2008 £000
Operating profit	13,427	14,998
Depreciation	83,836	81,485
Gain on disposal of fixed assets	(66)	-
Decrease / (increase) in motor vehicles held for resale	116	12,769
Decrease / (increase) in debtors	95	382
Increase / (decrease) in creditors	7,024	(3,931)
Net cash inflow from operating activities	104,432	105,703

(b) Analysis of net debt

	At 1 January 2009 £000	Cash flow £000	At 31 December 2009 £000
Cash at bank and in hand	15,526	13,205	28,731
Hire purchase contracts	(279,786)	(44,172)	(323,958)
	(264,260)	(30,967)	(295,227)

16. CONTINGENT ASSETS / LIABILITIES

Under a group registration for Value Added Tax the companies within the group are jointly and severally liable for Value Added Tax due by any member of the group registration. At 31 December 2009 the Value Added Tax recoverable by other members of the group registration amounted to £11,402,000 (2008 - £2,789,000 payable).

Under the terms of an inter company guarantee the parent company and its trading subsidiaries have jointly and severally guaranteed repayment of all sums due to The Royal Bank of Scotland plc by any of the parties to the guarantee. At 31 December 2009 the other companies included in the guarantee had net debts of £10,500,000 due to (2008 - net funds of £28,981,000 due from) The Royal Bank of Scotland plc.

17. ULTIMATE PARENT COMPANY

The directors report that Arnold Clark Automobiles Limited (registered in Scotland) is the company's ultimate parent company. This is the only parent undertaking for which group financial statements are drawn up and of which the company is a member. The address from which copies of these group financial statements are available to the public is: The Registrar of Companies, Companies House, 37 Castle Terrace, Edinburgh, EH1 2EB.

The directors consider that Sir Arnold Clark is the company's ultimate controlling related party by virtue of his office, his shareholding in Arnold Clark Automobiles Limited and the shareholdings of his immediate family.

The company has taken advantage of the exemption in FRS 8 from disclosing transactions with related parties that are part of the Arnold Clark Automobiles Limited group.