

Company No: 117238

REGISTERED

A A CLARK LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1996



A A CLARK LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1996

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A A CLARK LIMITED

DIRECTORS' REPORT

The directors submit their report together with the audited financial statements for the year ended 31st December 1996.

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 its profit or loss for that period. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business;
- d. State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors 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.

Activities

The principal activities of the company which have remained unchanged during the financial year were those of garage proprietors, motor car distributors and motor car hirers.

Business review and future developments

Although trading remained slow in some areas during the year, there were very encouraging signs in others and much of the trading loss for the year relates to measures taken by the directors which are expected to improve the company's performance in 1997.

Dividends

In view of the company's current and future requirements and the maintenance and development of the company's business the directors do not recommend the payment of a dividend.

A A CLARK LIMITED

DIRECTORS' REPORT (continued)

Market value of land and buildings

The directors consider that there is no significant difference between the value of land and buildings as shown in the balance sheet and market value.

Directors and their interests

The directors of the company at 31st December 1996 were as follows:

P. Newton
R.J. Clark
J.C. Berry
G.I. Nicholson
D.A. Grayson
T.W. Kirby
A.C. Owen
J.F.A. Wiggins (resigned March 1997)

No director had any interest in the shares of the company.

P. Newton, R.J. Clark, G.I. Nicholson and D.A. Grayson are directors of the ultimate parent company, Aureole Investments Limited, and their interests in the shares of that company are disclosed in that company's financial statements.

Environmental policy

It is the policy of the company that, in its operation, due regard and care be taken of the effects on the environment of its working processes, practices and procedures.

Taxation status

The company is a close company within the provisions of the Income and Corporation Taxes Act 1988.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing the reappointment of Casson Beckman, chartered accountants, as auditors to the company will be put to the annual general meeting.

BY ORDER OF THE BOARD


D A Grayson

Secretary

31st July 1997

Registered Office: 17/19 Alma Road
Windsor
Berkshire

A A CLARK LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF A A CLARK LIMITED

We have audited the financial statements on pages 4 to 16 which have been prepared under the historical cost convention as modified by the revaluation of land and buildings and the accounting policies as set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described in the directors' report, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, are consistently applied and are adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31st December 1996 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



CASSON BECKMAN

Chartered Accountants
and Registered Auditors

Hobson House
155 Gower Street
London WC1E 6BJ

31st July 1997

A A CLARK LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31ST DECEMBER 1996**

	Notes	1996 £	1995 £
Turnover	2	15,630,204	13,900,008
Cost of sales	3	(13,949,746)	(12,064,300)
Gross profit		1,680,458	1,835,708
Distribution costs		(247,284)	(249,871)
Administrative expenses	4	(1,424,534)	(1,389,482)
Operating profit		8,640	196,355
Release of provision against amounts due from fellow subsidiary companies		-	819,807
Income from shares in group undertakings		-	2,474,810
Provision for diminution in value of fixed asset investments		-	(152,375)
		8,640	3,338,597
Interest payable	5	(66,020)	(211,110)
(Loss)/profit on ordinary activities before taxation		(57,380)	3,127,487
Tax on (loss)/profit on ordinary activities	7	(37,000)	38,000
(Loss)/profit for the financial year		(94,380)	3,165,487
Dividends	8	-	(4,000,000)
Loss for the year		£ (94,380)	£ (834,513)

Turnover and operating profit for the year all derive from continuing operations.

A A CLARK LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31ST DECEMBER 1996

	1996	1995
	£	£
(Loss)/profit for the financial year	(94,380)	3,165,487
Unrealised surplus on revaluation of properties	-	-
Total gains and losses recognised since the last annual report	£ (94,380)	£ 3,165,487

NOTE OF HISTORICAL COST PROFITS AND LOSSES

The (loss)/profit on ordinary activities for the year before taxation stated on an unmodified historical cost basis was as follows:

	1996	1995
	£	£
(Loss)/profit on ordinary activities before taxation as reported on page 4	(57,380)	3,127,487
Depreciation on revalued element of fixed assets	-	-
(Loss)/profit on ordinary activities before taxation on an unmodified historical cost basis	£ (57,380)	£3,127,487

The loss for the financial year stated on an unmodified historical cost basis was £94,380 (1995 - profit £3,165,487).

A A CLARK LIMITED

BALANCE SHEET

AT 31ST DECEMBER 1996

	Notes	1996	1995
		£	£
Fixed assets			
Tangible assets	9	2,790,292	2,376,160
Investments	10	3,000,000	3,000,100
		<u>5,790,292</u>	<u>5,376,260</u>
Current assets			
Vehicles	11	501,539	393,405
Stocks	12	1,405,648	1,218,668
Debtors	13	684,825	6,137,604
Cash at bank and in hand		9,565	20,529
		<u>2,601,577</u>	<u>7,770,206</u>
Creditors: Amounts falling due within one year	14	(2,496,729)	(7,935,737)
		<u></u>	<u></u>
Net current assets/(liabilities)		<u>104,848</u>	<u>(165,531)</u>
Total assets less current liabilities		<u>5,895,140</u>	<u>5,210,729</u>
Creditors: Amounts falling due after more than one year	15	(776,395)	(34,604)
Provisions for liabilities and charges	16	(37,000)	-
		<u></u>	<u></u>
		<u>(813,395)</u>	<u>(34,604)</u>
		<u>£5,081,745</u>	<u>£5,176,125</u>
Capital and reserves			
Called up share capital	17	3,003,550	3,003,550
Revaluation reserve	18	1,536,736	1,536,736
Profit and loss account	18	541,459	635,839
		<u></u>	<u></u>
Shareholders' funds		<u>£5,081,745</u>	<u>£5,176,125</u>

Approved by the board on 31st July 1997 and signed on its behalf by

P Newton - Director



R J Clark - Director



A A CLARK LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1996

1. Accounting policies

The financial statements have been prepared in accordance with applicable accounting standards.

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

Basis of accounting

The financial statements have been prepared under the historical cost convention, with the exception of freehold land and buildings which are stated at revalued amounts.

Turnover

Turnover represents amounts invoiced by the company in respect of goods sold and services rendered during the year and is stated net of value added tax.

Tangible fixed assets

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

Leasehold land and buildings	-	over the remaining terms of the leases
Plant and machinery	-	20% reducing balance basis
Motor vehicles	-	on a straight line basis over an average of 2 years

Depreciation is not provided in respect of freehold properties as it is the company's policy to maintain the buildings to a high standard, and, because of this, such properties maintain residual disposal values in aggregate at least equal to their book values.

The company's appraisal of residual values is based on prices prevailing at the time of acquisition or subsequent valuation of the property in question. Provision is made in the profit and loss account in the event of the occurrence of any permanent diminution in property values.

Freehold land and buildings are stated at revalued amounts.

Vehicles

Vehicles held for hire are included in the balance sheet under current assets at cost less accumulated depreciation.

Depreciation on vehicles held for hire is provided on a straight line basis over an average of 2 years.

Investments

Fixed asset investments are stated at cost, less any provision for diminution in value.

A A CLARK LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1996

1. Accounting policies (continued)

Stocks

Stocks are valued on a first in, first out basis at the lower of cost and net realisable value.

Cost includes all expenditure incurred in the normal course of business in bringing stocks to their present location and condition.

Net realisable value is based on the estimated selling price less further costs expected to be incurred up to subsequent disposal.

Stock legally owned by the manufacturer, but held by the company on terms that give a right to sell the stock in the normal course of business, is treated as an asset of the company. The stock together with the corresponding liability to the manufacturer is recognised in the financial statements at the time of delivery.

Hire purchase obligations

Assets held under hire purchase agreements and the related obligations are recorded in the balance sheet at the fair value of the assets at the inception of the agreements. The excess of the payments over the recorded obligations are treated as finance charges. The finance charges are allocated to accounting periods to give a constant rate of charge on the remaining balance of the obligation.

Deferred taxation

Deferred taxation is calculated on the liability method. It is provided to the extent that it is considered, with reasonable probability, that a liability will become payable within the foreseeable future.

Pensions

The company participates in a defined contribution pension scheme operated on a group basis covering the majority of the permanent employees. Pension costs charged against profits represent amounts payable to the scheme in respect of the year.

2. Turnover

The turnover of the company during the year covered by these financial statements was made in the same geographical area.

The turnover derives from the same class of business which is more particularly described in the directors' report.

A A CLARK LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST DECEMBER 1996

3. Cost of sales	1996	1995
	£	£
Cost of sales includes:		
Depreciation - own assets	138,741	98,121
- assets held under hire purchase contracts	31,300	23,350
Profit on sale of fixed assets and hire vehicles	(20,334)	(20,433)
	<u> </u>	<u> </u>
4. Administrative expenses	1996	1995
	£	£
Administrative expenses include:-		
Depreciation - own assets	44,090	29,900
- assets held under hire purchase contracts	4,850	6,500
(Loss)/profit on sale of fixed assets	1,142	(11,819)
Auditors' remuneration	7,800	18,000
	<u> </u>	<u> </u>
5. Interest payable	1996	1995
	£	£
Interest payable comprises:		
Interest on bank loans and overdrafts	10,031	157,370
Finance charges on hire purchase obligations	39,435	35,134
Interest on other loans	16,554	18,606
	<u>£ 66,020</u>	<u>£211,110</u>
	<u> </u>	<u> </u>
6. Employees and directors	1996	1995
	£	£
Staff costs, including executive directors, during the period covered by these financial statements amounted to:		
Wages and salaries	1,030,960	929,139
Social security costs	82,435	79,119
Other pension costs	32,595	35,950
	<u>£1,145,990</u>	<u>£1,044,208</u>
	<u> </u>	<u> </u>

A A CLARK LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST DECEMBER 1996

6. Employees and directors (continued)

	1996	1995
The average monthly number of employees during the period was:		
Office and management	22	22
Sales	6	6
Other	48	40
	<u>76</u>	<u>68</u>
	==	==
	1996	1995

Staff costs include the following emoluments in respect of directors:-
Directors' emoluments

£Nil	£ Nil
==	==

7. Taxation

1996	1995
£	£

The taxation charge/(credit) which is based on the results of the year is made up as follows:
Deferred tax

£37,000	£ (38,000)
==	==

8. Dividends

	1996	1995
Proposed dividend	£ -	£4,000,000
	==	==

A A CLARK LIMITED**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31ST DECEMBER 1996****9. Tangible fixed assets**

The analysis of movement on tangible fixed assets is set out below:

	Land and buildings £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation				
At 1st January 1996	2,015,064	422,328	230,544	2,667,936
Additions at cost	328,624	148,369	244,706	721,699
Disposals	-	(10,000)	(227,919)	(237,919)
At 31st December 1996	£2,343,688	£560,697	£247,331	£3,151,716
Depreciation				
At 1st January 1996	-	265,243	26,533	291,776
Charge for the year	-	61,091	48,940	110,031
Disposals	-	(10,000)	(30,383)	(40,383)
At 31st December 1996	£ -	£316,334	£45,090	£361,424
Net book value				
At 31st December 1996	£2,343,688	£244,363	£202,241	£2,790,292
At 31st December 1995	£2,015,064	£157,085	£204,011	£2,376,160

The net book value of the company's fixed assets includes £76,426 (1995 - £100,880) in respect of assets held under hire purchase contracts.

Cost or valuation at 31st December 1996 is represented by:

Valuation in 1992	1,250,000	-	-	1,250,000
Valuation in 1986	525,000	-	-	525,000
Cost	568,688	560,697	247,331	1,376,716
	£2,343,688	£560,697	£247,331	£3,151,716

Certain of the company's freehold land and buildings were revalued at their open market values at 31st December 1992 by the directors.

A A CLARK LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST DECEMBER 1996

9. Tangible fixed assets (continued)

Land and buildings at net book value comprise:-

	1996 £	1995 £
Freehold	2,103,624	1,775,000
Long leasehold	240,064	240,064
	<hr/>	<hr/>
	£2,343,688	£2,015,064
	<hr/>	<hr/>

The historical cost of freehold property stated at valuation is £238,264 (1995 - £238,264).

10. Investments

	Subsidiary undertakings £
Cost	
At 1st January 1996	3,152,475
Disposals	(152,475)
	<hr/>
At 31st December 1996	£3,000,000
	<hr/>
Provision for diminution in value	
At 1st January 1996	152,375
Disposals	(152,375)
	<hr/>
At 31st December 1996	£ -
	<hr/>
Net book value	
At 31st December 1996	£3,000,000
	<hr/>
At 31st December 1995	£3,000,100
	<hr/>

The company holds 100% of the equity of Windsor Vehicle Leasing Limited, a company registered in England and Wales whose activities are those of motor vehicle lessors.

The company is exempt from the requirement to prepare group accounts since its immediate parent, Aureole Investments Limited, is incorporated in Great Britain and registered in England and Wales.

A A CLARK LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST DECEMBER 1996

11. Vehicles

The analysis of vehicles held for hire is as follows:

	£
Cost	
At 1st January 1996	456,005
Additions at cost	896,296
Disposals	(791,562)
	<hr/>
At 31st December 1996	560,739
	<hr/>
Depreciation	
At 1st January 1996	62,600
Charge for the year	108,950
Disposals	(112,350)
	<hr/>
At 31st December 1996	59,200
	<hr/>
Net book value	
At 31st December 1996	£501,539
	<hr/>
At 31st December 1995	£393,405
	<hr/>

The net book value of vehicles held for hire includes £367,822 (1995 - £293,795) in respect of assets held under hire purchase contracts.

	1996 £	1995 £
12. Stocks		
Finished goods and goods for re-sale	£1,405,648	£1,218,668
	<hr/>	<hr/>

The replacement value of stocks is not materially greater than the balance sheet value.

Where vehicles on consignment are deemed in substance to be assets of the company they have been included in stocks. The company has included £740,038 (1995 - £645,815) of consignment stock in finished goods and a corresponding amount in trade creditors.

	1996 £	1995 £
13. Debtors		
Amounts falling due within one year:		
Trade debtors	570,282	805,489
Amounts owed by group undertakings	34,972	5,245,220
Other debtors	35,631	8,646
Prepayments	43,940	78,249
	<hr/>	<hr/>
	£ 684,825	£6,137,604
	<hr/>	<hr/>

A A CLARK LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST DECEMBER 1996

14. Creditors: Amounts falling due within one year

	1996 £	1995 £
Bank loans and overdrafts	639,305	2,295,437
Trade creditors	1,171,924	1,067,725
Amounts owed to group undertakings	-	100
Dividends payable	-	4,000,000
Other taxation and social security costs	43,250	48,316
Hire purchase loans	537,180	432,759
Other loans	-	16,008
Accruals	105,070	75,392
	<hr/>	<hr/>
	£2,496,729	£7,935,737
	<hr/>	<hr/>

Bank loans and overdrafts included above are secured by way of a floating charge over the company's assets.

Other loans are secured by way of a fixed charge over a freehold property included in fixed assets.

Hire purchase loans are secured on certain motor vehicles.

Trade creditors include £740,038 (1995 - £645,815) in respect of vehicles on consignment that are deemed in substance to be assets of the company.

15. Creditors: Amounts falling due after more than one year

	1996 £	1995 £
Amounts owed to group undertakings	776,395	-
Other loans	-	34,604
	<hr/>	<hr/>
	£776,395	£ 34,604
	<hr/>	<hr/>

Other loans are secured on a freehold property included in fixed assets and are repayable in monthly instalments over 10 years from March 1989. The aggregate amount payable after more than 5 years is £Nil (1995 : £Nil). Interest is payable at rates appropriate to each transaction.

A A CLARK LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST DECEMBER 1996

16. Provision for liabilities and charges

The provision for deferred taxation on the liability method is:

	Provided		Unprovided	
	1996	1995	1996	1995
	£	£	£	£
Excess capital allowances	42,000	4,000	38,000	36,000
Other timing differences	(5,000)	(4,000)	-	-
Tax on revaluation surplus	-	-	455,000	457,000
Capital gain on subsidiary acquired from group company	-	-	990,000	990,000
	<u>£37,000</u>	<u>£ -</u>	<u>£1,483,000</u>	<u>£1,483,000</u>

17. Share capital

	1996	1995
Authorised:		
Ordinary shares of £1 each	3,000,050	3,000,050
Deferred shares of 50p each	3,500	3,500
	<u>£3,003,550</u>	<u>£3,003,550</u>
Allotted, issued and fully paid:		
Ordinary shares of £1 each	3,000,050	3,000,050
Deferred shares of 50p each	3,500	3,500
	<u>£3,003,550</u>	<u>£3,003,550</u>

18. Reserves and Reconciliation of movements in shareholders' funds

	Share capital £	Revaluation reserve £	Profit and loss account £	Total Shareholders' Funds £
Shareholders funds at 1st January 1996	3,003,550	1,536,736	635,839	5,176,125
Loss for the financial year	-	-	(94,380)	(94,380)
Shareholders funds at 31st December 1996	<u>£3,003,550</u>	<u>£1,536,736</u>	<u>£541,459</u>	<u>£5,081,745</u>

A A CLARK LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST DECEMBER 1996

19. Operating lease commitments

At 31st December 1996 the company was committed to making the following payments during the next year in respect of operating leases:

	1996	1995
Leases which expire:		
After more than five years	£17,000	£17,000
	<u> </u>	<u> </u>

20. Contingent liabilities

The company has guaranteed the bank overdraft of its parent company and certain fellow subsidiary companies. At 31st December 1996 the contingent liability in respect of these guarantees was £1,756,153 (1995 - £1,171,686).

The company is included in group guarantees of the hire purchase loans of fellow subsidiaries. At 31st December 1996 the contingent liability in respect of this guarantee was £15,916,572 (1995 - £13,495,520).

The company is included in a group registration for VAT purposes with its parent company and fellow subsidiaries. All members of the VAT group are jointly and severally liable for the total amount of VAT due and at 31st December 1996 the contingent liability in respect of this group registration was £43,066 (1995 - £46,730).

21. Assets charged

The parent company has secured its bank borrowings by granting a fixed charge over the properties of this company which are included under fixed assets.

22. Related party transactions

Details of the company's ultimate parent company are given in Note 23.

The company has taken advantage of the exemptions from disclosure of transactions with group companies available to subsidiary undertakings under Financial Reporting Standard No. 8.

23. Ultimate parent company

The company's ultimate parent company is Aureole Investments Limited.

Copies of the parent company's financial statements are available from Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.