

A A Clark Limited

DIRECTORS AND OFFICERS

DIRECTORS

P Newton
RJ Clark
GI Nicholson
DA Grayson
TW Kirby
AC Owen
P Fagg

SECRETARY

DA Grayson

REGISTERED OFFICE

17/19 Alma Road
Windsor
Berkshire

AUDITORS

Baker Tilly
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

A A Clark Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of A A Clark Limited for the year ended 31 December 1999.

PRINCIPAL ACTIVITIES

The principal activities of the company during the year were those of garage proprietors, motor car distributors and motor car hirers.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The motor industry has experienced difficult trading conditions throughout 1999 and although the company has been able to increase its share of the market there has been significant pressure on margins and profitability has fallen. The directors intend to continue to pursue established policies in 2000 and although the difficult conditions within the industry are expected to continue, the directors are confident that the company will be able to achieve better results than reported for 1999.

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.

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

The directors of the company at 31 December 1999 were as follows:

P. Newton
RJ Clark
GI Nicholson
DA Grayson
TW Kirby
AC Owen
P Fagg

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

P Newton, RJ Clark, GI Nicholson and DA 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.

A A Clark Limited

DIRECTORS' REPORT

YEAR 2000 COMPLIANCE

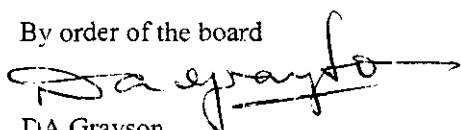
The company has recognised the potential disruption and cost to the business of the year 2000 issue and completed a review of its systems prior to 31 December 1999. The costs associated with this review have been absorbed within the normal running costs of the business.

Since 31 December 1999 the company has not incurred any material costs or encountered any significant disruptions to its business as a result of the year 2000 issue and no further costs or disruptions are expected to arise.

AUDITORS

A resolution to reappoint Baker Tilly, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

By order of the board



D.A. Grayson
Secretary

25 July 2000

A A Clark Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- d. 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 requirements of 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' REPORT TO THE MEMBERS OF A A CLARK LIMITED

We have audited the financial statements on pages 6 to 17 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 8 and 9.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of 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, 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.

Opinion

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



BAKER TILLY

Registered Auditor
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

25 July 2000

A A Clark Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 1999

	Notes	Total 1999 £	Total 1998 £
TURNOVER	1	23,412,797	20,335,568
Cost of sales	2	(20,454,515)	(17,698,605)
Gross profit		<u>2,958,282</u>	<u>2,636,963</u>
Distribution costs		(339,046)	(285,026)
Administrative expenses	3	(2,455,694)	(2,156,453)
OPERATING PROFIT		<u>163,542</u>	<u>195,484</u>
Income from shares in group undertakings		-	325,000
		<u>163,452</u>	<u>520,484</u>
Interest payable	4	(68,570)	(104,930)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>94,972</u>	<u>415,554</u>
Tax on profit on ordinary activities	6	(24,000)	11,000
PROFIT FOR THE FINANCIAL YEAR		<u>70,972</u>	<u>426,554</u>
Dividends	7	-	(400,000)
PROFIT FOR THE YEAR	18	<u>70,972</u>	<u>26,554</u>

The operating profit for the year arises from the company's continuing operations.

No separate statement of total recognised gains and losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

A A Clark Limited

BALANCE SHEET

31 December 1999

	Notes	1999 £	1998 £
FIXED ASSETS			
Tangible assets	8	3,038,608	2,925,193
Investments	9	3,000,000	3,000,000
		<u>6,038,608</u>	<u>5,925,193</u>
CURRENT ASSETS			
Vehicles	10	200,647	449,699
Stocks	11	2,943,714	1,965,387
Debtors - amounts due within one year	12	1,189,167	1,188,219
Debtors - due after more than one year	12	1,857,394	1,391,304
Cash at bank and in hand		22,847	21,958
		<u>6,213,769</u>	<u>5,016,567</u>
CREDITORS: Amounts falling due within one year	13	(5,281,178)	(4,071,032)
NET CURRENT ASSETS		<u>932,591</u>	<u>945,535</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		6,971,199	6,870,728
CREDITORS: Amounts falling due after more than one year	14	(1,725,808)	(1,691,309)
PROVISIONS FOR LIABILITIES AND CHARGES	15	(28,000)	(33,000)
		<u>5,217,391</u>	<u>5,146,419</u>
CAPITAL AND RESERVES			
Called up share capital	16	3,003,550	3,003,550
Revaluation reserve	17	1,536,736	1,536,736
Profit and loss account	18	677,105	606,133
SHAREHOLDERS' FUNDS		<u>5,217,391</u>	<u>5,146,419</u>

Approved by the board on 25 July 2000

P. Newton

P Newton - Director

RJ Clark

RJ Clark - Director

A A Clark Limited

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 modified to include the revaluation of freehold properties.

TANGIBLE FIXED ASSETS

Depreciation is provided on all tangible fixed assets other than freehold land at rates calculated to write each asset down to its estimated residual value over its expected useful life, as follows:-

Leasehold properties	over the remaining terms of the lease
Plant and machinery	20% reducing balance
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.

Certain of the company's freehold land and buildings were revalued either by the directors in 1992 or by professional consultants in 1986. In accordance with the transitional provisions set out in Financial Reporting Standard No. 15 these valuations have been left unchanged in the balance sheet as at 31 December 1999.

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.

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.

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

A A Clark Limited

ACCOUNTING POLICIES

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

Provision is made for taxation deferred or accelerated by the effect of timing differences, to the extent that it is probable that a liability will crystallise, at the rate expected to be ruling at that date.

PENSIONS CONTRIBUTIONS

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.

TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers.

A A Clark Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1999

1 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.

2	COST OF SALES	1999	1998
		£	£
	Cost of sales includes:-		
	Depreciation - own assets	150,117	179,338
	- assets held under hire purchase contracts	26,925	57,025
	Loss/(profit) on sale of fixed assets and hire vehicles	2,430	(3,289)
		<hr/>	<hr/>
3	ADMINISTRATIVE EXPENSES	1999	1998
		£	£
	Administrative expenses include:-		
	Depreciation - own assets	79,625	67,050
	- assets held under hire purchase contracts	42,250	16,450
	(Profit)/loss on sale of fixed assets and hire vehicles	6,366	(3,573)
	Auditors' remuneration	10,200	9,600
	Rentals under operating leases	81,588	17,000
		<hr/>	<hr/>
4	INTEREST PAYABLE	1999	1998
		£	£
	Interest payable comprises:		
	Interest on bank loans and overdrafts	10,631	27,276
	Finance charges on hire purchase obligations	25,690	60,072
	Interest on other loans	32,249	17,582
		<hr/>	<hr/>
		68,570	104,930
		<hr/>	<hr/>

A A Clark Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1999

		1999 No.	1998 No.
5	EMPLOYEES		
	The average monthly number of persons (including directors) employed by the company during the year was:		
	Office and management	35	37
	Sales	6	6
	Other	84	80
		<u>125</u>	<u>123</u>
		1999 £	1998 £
	Staff costs for the above persons:		
	Wages and salaries	1,985,616	1,632,276
	Social security costs	171,074	149,577
	Other pension costs	51,700	38,571
		<u>2,208,390</u>	<u>1,820,424</u>
		1999 £	1998 £
	Directors emoluments	<u>Nil</u>	<u>Nil</u>
		1999 £	1998 £
6	TAXATION		
	Based on the profit for the year:		
	Corporation tax	29,000	-
	Deferred tax (release)/provision	(5,000)	(11,000)
		<u>24,000</u>	<u>(11,000)</u>
		1999 £	1998 £
7	DIVIDENDS		
	Proposed - £Nil per share (1998 - 13.33p)	-	400,000

A A Clark Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1999

8 TANGIBLE FIXED ASSETS

	<i>Land and buildings</i> £	<i>Plant and machinery</i> £	<i>Motor vehicles</i> £	<i>Total</i> £
Cost or valuation				
1 January 1999	2,377,877	667,368	369,705	3,414,950
Additions	..	58,329	755,143	813,472
Disposals	..	(20,000)	(613,861)	(633,861)
31 December 1999	2,377,877	705,697	510,987	3,594,561
Depreciation				
1 January 1999	12,003	398,229	79,525	489,757
Charged in the year	12,003	65,493	121,875	199,371
Disposals	..	(20,000)	(113,175)	(133,175)
31 December 1999	24,006	443,722	88,225	555,953
Net book value				
31 December 1999	2,353,871	261,975	422,762	3,038,608
31 December 1998	2,365,874	269,139	290,180	2,925,193

The net book value of the company's fixed assets includes £304,081 (1998 - £121,319) in respect of assets held under hire purchase contracts.

Cost or valuation at 31 December 1999 is represented by:

Valuation in 1992	1,250,000	-	-	1,250,000
Valuation in 1986	525,000	-	-	525,000
Cost	602,877	705,697	510,987	1,819,561
	2,377,877	705,697	510,987	3,594,561

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

Land and buildings at net book value comprise:-

	1999 £	1998 £
Freehold	2,138,813	2,137,813
Long leasehold	216,058	228,061
	2,353,871	2,365,874

The historical cost of freehold property stated at valuation is £238,264 (1998 - £238,264).

A A Clark Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1999

9	INVESTMENTS	<i>Subsidiary undertakings £</i>
	Cost	
	1 January 1999 and 31 December 1999	3,000,000
	Provision for diminution in value	
	1 January 1999 and 31 December 1999	-
	Net book value	
	31 December 1999	3,000,000
	31 December 1998	3,000,000

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.

10	VEHICLES	
	Cost	
	1 January 1999	547,474
	Additions	232,530
	Disposals	(500,487)
	1 January 1999	279,517
	Depreciation	
	31 December 1998	97,775
	Charge for the year	99,545
	Disposals	(118,450)
		78,870
	Net book value	
	31 December 1999	200,647
	31 December 1998	449,699

The net book value of vehicles held for hire includes £117,860 (1998 - £372,142) in respect of assets held under hire purchase contracts.

A A Clark Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1999

		1999 £	1998 £
11	STOCKS		
	Finished goods and goods for resale	2,943,714	1,965,387

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 £985,216 (1998 - £1,060,945) of consignment stock in finished goods and a corresponding amount in trade creditors.

		1999 £	1998 £
12	DEBTORS		
	Due within one year:		
	Trade debtors	989,401	1,076,066
	Other debtors	143,352	30,747
	Prepayments	56,414	81,406
		<u>1,189,167</u>	<u>1,188,219</u>
	Due after more than one year		
	Amounts owed by group undertakings	1,857,394	1,391,304
		<u>3,046,561</u>	<u>2,579,523</u>

		1999 £	1998 £
13	CREDITORS: Amounts falling due within one year		
	Bank loans and overdrafts	1,605,359	1,167,071
	Trade creditors	2,900,495	1,634,513
	Dividends payable	-	400,000
	Corporation tax	29,000	-
	Other taxation and social security costs	76,890	75,029
	Hire purchase loans	548,108	706,986
	Accruals	121,326	87,433
		<u>5,281,178</u>	<u>4,071,032</u>

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

Hire purchase loans are secured on certain motor vehicles.

Trade creditors include £985,216 (1998 : £1,060,945) in respect of vehicles on consignment that are deemed in substance to be assets of the company.

A A Clark Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1999

		1999 £	1998 £		
14	CREDITORS: Amounts falling due after more than one year				
	Amounts owed to group undertakings	1,725,808	1,691,309		
15	PROVISIONS FOR LIABILITIES AND CHARGES				
	<i>Amount provided</i>	<i>Unprovided liability</i>			
	1999 £	1998 £	1999 £		
	1998 £	1999 £	1998 £		
	Excess of tax allowances over depreciation	31,000	38,000	26,000	26,000
	Other timing differences	(3,000)	(5,000)	-	-
	Tax on revaluation surplus	-	-	412,000	414,000
	Capital gain on subsidiary acquired from group company	-	-	900,000	900,000
		28,000	33,000	1,338,000	1,340,000
16	SHARE CAPITAL				
	Authorised:			1999 £	1998 £
	Ordinary shares of £1 each			3,000,050	3,000,050
	Deferred shares of 50p each			3,500	3,500
				3,003,550	3,003,550
	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
				3,003,550	3,003,550
17	REVALUATION RESERVE				
	1 January 1999 and 31 December 1999			1999 £	1998 £
				1,536,736	1,536,736
18	PROFIT AND LOSS ACCOUNT				
	1 January 1999			1999 £	1998 £
	Profit for the financial year			606,133	579,579
				70,972	26,554
	31 December 1999			677,105	606,133

A A Clark Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1999

19	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	1999 £	1998 £
	Profit for the financial year	70,972	426,554
	Dividends	-	(400,000)
		<hr/>	<hr/>
	Opening shareholders' funds	70,972 5,146,419	26,554 5,119,865
	Closing shareholders' funds	<hr/> 5,217,391	<hr/> 5,146,419

20 COMMITMENTS UNDER OPERATING LEASES

At 31 December 1999 the company had annual commitments under non-cancellable operating leases as follows:

	1999 £	1998 £
Land and buildings		
expiring after less than one year	34,688	-
expiring between two and five years	26,900	-
expiring after more than five years	20,000	17,000
	<hr/>	<hr/>

21 CONTINGENT LIABILITIES

The company has guaranteed the bank borrowings of its parent company and a fellow subsidiary company. At 31 December 1999 the contingent liability in respect of these guarantees was £654,385 (1998 - £1,240,000).

The company is included in group guarantees of the hire purchase loans and vehicle fleet loans of its subsidiary company. At 31 December 1999 the contingent liability in respect of these guarantees was £ 21,277,443 (1998 - £22,298,094).

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 31 December 1999 the contingent liability in respect of this group registration was £242 735 (1998 - £125,254).

22 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.

23 RELATED PARTY TRANSACTIONS

Details of the company's ultimate parent company are given in Note 24.

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.

A A Clark Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1999

24 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.