

A A CLARK LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1995



A A CLARK LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1995

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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 1995.

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

Market conditions in the motor trade remained difficult through 1995 and this is reflected in the results for the year. Trading continues to be erratic and the directors are working to increase the company's activities in its more productive areas.

Results and dividends

The profit for the year after taxation, amounted to £3,165,487 and is dealt with in the profit and loss account.

The directors recommend the payment of a dividend of £4,000,000.

Fixed assets

Details of changes in fixed assets are stated in note 9 to the financial statements.

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 1995 were as follows:

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

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

3rd October 1996

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 shareholders.

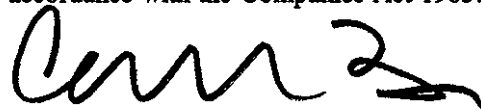
Basis of opinion

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 1995 and of the profit 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

3rd October 1996

A A CLARK LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 1995

	Notes	1995 £	1994 £
Turnover	2	13,900,008	12,546,134
Cost of sales	3	(12,064,300)	(10,737,219)
Gross profit		1,835,708	1,808,915
Distribution costs		(249,871)	(207,075)
Administrative expenses	4	(1,389,482)	(1,432,115)
Operating profit		196,355	169,725
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)	-
		3,338,597	169,725
Interest payable	5	(211,110)	(163,660)
Profit on ordinary activities before taxation		3,127,487	6,065
Tax on profit on ordinary activities	7	38,000	27,000
Profit for the financial year		3,165,487	33,065
Dividends	8	(4,000,000)	-
(Loss)/retained profit for the year		£ (834,513)	£ 33,065

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 1995**

	1995 £	1994 £
Profit for the financial year	3,165,487	33,065
Unrealised surplus on revaluation of properties	-	-
Total gains and losses recognised since the last annual report	<u>£ 3,165,487</u>	<u>£33,065</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

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

	1995 £	1994 £
Profit on ordinary activities before taxation as reported on page 4	3,127,487	6,065
Depreciation on revalued element of fixed assets	-	-
Profit on ordinary activities before taxation on an unmodified historical cost basis	<u>£3,127,487</u>	<u>£ 6,065</u>

The profit for the financial year stated on an unmodified historical cost basis was £3,165,487 (1994 £33,065).

A A CLARK LIMITED

BALANCE SHEET

AT 31ST DECEMBER 1995

	Notes	1995	1994
		£	£
Fixed assets			
Tangible assets	9	2,376,160	2,283,483
Investments	10	3,000,100	3,152,475
		<u>5,376,260</u>	<u>5,435,958</u>
Current assets			
Vehicles	11	393,405	333,571
Stocks	12	1,218,668	1,142,542
Debtors	13	6,137,604	4,938,235
Cash at bank and in hand		20,529	20,515
		<u>7,770,206</u>	<u>6,434,863</u>
Creditors: Amounts falling due within one year	14	(7,935,737)	(5,771,571)
		<u>(7,935,737)</u>	<u>(5,771,571)</u>
Net current (liabilities)/assets		<u>(165,531)</u>	<u>663,292</u>
Total assets less current liabilities		<u>5,210,729</u>	<u>6,099,250</u>
Creditors: Amounts falling due after more than one year	15	(34,604)	(50,612)
Provisions for liabilities and charges	16	-	(38,000)
		<u>(34,604)</u>	<u>(88,612)</u>
		<u>£5,176,125</u>	<u>£6,010,638</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	635,839	1,470,352
		<u>£5,176,125</u>	<u>£6,010,638</u>

Approved by the board on 3rd October 1996 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 1995

1. Accounting policies

The financial statements have been prepared in accordance with Statements of Standard Accounting Practice issued by UK accounting bodies.

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:

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 1995

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 and company result

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

The turnover and result arising on the ordinary trading activity derive 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 1995

3. Cost of sales	1995	1994
	£	£
Cost of sales includes:		
Depreciation - own assets	102,950	61,892
- assets held under hire purchase contracts	23,350	33,900
Profit on sale of fixed assets and hire vehicles	(20,433)	(23,675)
	<u> </u>	<u> </u>
4. Administrative expenses	1995	1994
	£	£
Administrative expenses include:-		
Depreciation - own assets	25,071	20,721
- assets held under hire purchase contracts	6,500	4,700
Profit on sale of fixed assets	(11,819)	(5,612)
Auditors' remuneration	18,000	20,000
	<u> </u>	<u> </u>
5. Interest payable	1995	1994
	£	£
Interest payable comprises:		
Interest on loans and overdrafts maturing within five years	157,370	115,633
Finance charges on hire purchase obligations	35,134	34,124
Interest on other loans	18,606	13,903
	<u> </u>	<u> </u>
	£211,110	£163,660
	<u> </u>	<u> </u>
6. Employees and directors	1995	1994
	£	£
Staff costs, including executive directors, during the period covered by these financial statements amounted to:		
Wages and salaries	929,139	906,001
Social security costs	79,119	79,065
Other pension costs	35,950	40,552
	<u> </u>	<u> </u>
	£1,044,208	£1,025,618
	<u> </u>	<u> </u>

A A CLARK LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST DECEMBER 1995

6. Employees and directors (continued)

	1995	1994
The average weekly number of employees during the period was:		
Office and management	22	23
Sales	6	4
Other	40	40
	<u>68</u>	<u>67</u>
	<u> </u>	<u> </u>
	1995	1994

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

£Nil	£ Nil
<u> </u>	<u> </u>

7. Taxation

1995	1994
£	£

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

£ (38,000)	£(27,000)
<u> </u>	<u> </u>

United Kingdom corporation tax has been computed at 25 % (1994: 25%) and has taken into account losses of approximately £63,000 to be surrendered by group companies (1994: £77,000).

8. Dividends

	1995	1994
Proposed dividend	£4,000,000	£ -
	<u> </u>	<u> </u>

A A CLARK LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST DECEMBER 1995

9. Tangible fixed assets

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

	Freehold property £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation				
At 1st January 1995	2,015,064	373,180	182,195	2,570,439
Additions at cost	-	59,148	359,919	419,067
Disposals	-	(10,000)	(311,570)	(321,570)
At 31st December 1995	£2,015,064	£422,328	£230,544	£2,667,936
Depreciation				
At 1st January 1995	-	243,672	43,284	286,956
Charge for the year	-	31,571	36,400	67,971
Disposals	-	(10,000)	(53,151)	(63,151)
At 31st December 1995	£ -	£265,243	£26,533	£291,776
Net book value				
At 31st December 1995	£2,015,064	£157,085	£204,011	£2,376,160
At 31st December 1994	£2,015,064	£129,508	£138,911	£2,283,483

The net book value of the company's fixed assets includes £100,880 (1994 - £77,895) in respect of assets held under hire purchase contracts.

Cost or valuation at 31st December 1995 is represented by:

Valuation in 1992	1,250,000	-	-	1,250,000
Valuation in 1986	525,000	-	-	525,000
Cost	240,064	422,328	230,544	892,936
	£2,015,064	£422,328	£230,544	£2,667,936

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

The historical cost of freehold property stated at valuation is £238,264 (1993 - £238,264).

A A CLARK LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST DECEMBER 1995

10. Investments

This comprises investments in subsidiaries made up as follows:

Cost at 1st January 1995 and 31st December 1995	£3,152,475
	<hr/>
Provision for diminution in value	
At 1st January 1995	-
Provision in year	152,375
	<hr/>
At 31st December 1995	£152,375
	<hr/>
Net book value	
At 31st December 1995	£3,000,100
	<hr/>
At 31st December 1994	£3,152,475
	<hr/>

The company holds 100% of the equity of the following companies, both of which are incorporated in Great Britain and registered in England.

Name of company	Holding	Nature of business
Delta Motor Company (Windsor) Ltd	100 Ordinary £1 shares	Dormant
Windsor Vehicle Leasing Ltd	100 ordinary £1 shares	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.

The directors are of the opinion that the aggregate value of the shares and amounts owing from the subsidiary undertakings is not less than the aggregate of the amounts at which they are stated in the company's balance sheet.

A A CLARK LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST DECEMBER 1995

11. Vehicles

The analysis of vehicles held for hire is as follows:

	£
Cost	
At 1st January 1995	379,261
Additions at cost	764,352
Disposals	(687,608)
	<hr/>
At 31st December 1995	£456,005
	<hr/>
Depreciation	
At 1st January 1995	45,690
Charge for the year	89,900
Disposals	(72,990)
	<hr/>
At 31st December 1995	£62,600
	<hr/>
Net book value	
At 31st December 1995	£393,405
	<hr/>
At 31st December 1994	£333,571
	<hr/>

The net book value of vehicles held for hire includes £293,795 (1994 - £291,688) in respect of assets held under hire purchase contracts.

12. Stocks

	1995 £	1994 £
Finished goods and goods for re-sale	£1,218,668	£1,142,542
	<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 £645,815 (1994 - £665,981) of consignment stock in finished goods and a corresponding amount in trade creditors.

13. Debtors

	1995 £	1994 £
Amounts falling due within one year:		
Trade debtors	805,489	564,036
Amounts owed by group undertakings:		
Amounts owed by parent and fellow subsidiary undertakings	5,245,220	4,296,270
Other debtors	8,646	3,364
Prepayments	78,249	74,565
	<hr/>	<hr/>
	£6,137,604	£4,938,235
	<hr/>	<hr/>

A A CLARK LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST DECEMBER 1995

14. Creditors: Amounts falling due within one year

	1995 £	1994 £
Bank loans and overdrafts	2,295,437	2,019,883
Trade creditors	1,067,725	1,049,550
Amounts owed to group undertakings:		
Amounts owed to parent and fellow subsidiary undertakings	-	104,355
Amount owed to subsidiary undertakings	100	2,056,624
Dividends payable	4,000,000	-
Other taxation and social security costs	48,316	42,961
Hire purchase loans	432,759	402,084
Other loans	16,008	16,008
Accruals	75,392	80,106
	<hr/>	<hr/>
	£7,935,737	£5,771,571
	<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 £645,815 (1994 - £665,981) 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

	1995 £	1994 £
Other loans	£34,604	£50,612
	<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 (1994 : £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 1995

16. Provision for liabilities and charges

The provision for deferred taxation on the liability method is:

	Provided		Unprovided	
	1995	1994	1995	1994
	£	£	£	£
Excess capital allowances	4,000	45,000	36,000	33,000
Other timing differences	(4,000)	(7,000)	-	-
Tax on revaluation surplus	-	-	457,000	461,000
Capital gain on subsidiary acquired from group company	-	-	990,000	990,000
	<u>£-</u>	<u>£38,000</u>	<u>£1,483,000</u>	<u>£1,484,000</u>

17. Share capital

	1995	1994
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 1995	3,003,550	1,536,736	1,470,352	6,010,638
Profit for the financial year	-	-	3,165,487	3,165,487
Dividends	-	-	(4,000,000)	(4,000,000)
Shareholders funds at 31st December 1995	£3,003,550	£1,536,736	£635,839	£5,176,125

A A CLARK LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST DECEMBER 1995

19. Capital commitments

	1995 £	1994 £
Capital commitments at 31st December 1994 for which no provisions have been made in these financial statements are:-		
Contracted	£ Nil	£Nil
	=====	=====

20. Operating lease commitments

At 31st December 1995 the company was committed to making the following payments during the next year in respect of operating leases:

	1995 £	1994 £
Leases which expire:		
Within one year	£Nil	£Nil
	=====	=====

21. Contingent liabilities

The company has guaranteed the bank overdraft of its parent company and certain fellow subsidiary companies. At 31st December 1995 the contingent liability in respect of these guarantees was £1,171,686 (1994 - £2,841,571).

The company is included in group guarantees of the hire purchase loans of fellow subsidiaries. At 31st December 1995 the contingent liability in respect of this guarantee was £13,495,520 (1994 - £11,089,250).

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 1995 the contingent liability in respect of this group registration was £46,730 (1994 - £223,676).

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. Ultimate parent company

The company's ultimate parent company is Aureole Investments Limited, incorporated in Great Britain and registered in England. Copies of the parent company's financial statements are available from Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.

24. Approval of financial statements

These financial statements were formally approved by the board of directors on 3rd October 1996.