

REGISTERED

**A A CLARK LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 1997**



**A A CLARK LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST DECEMBER 1997**

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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 1997.

### **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**

The measures taken by the directors during 1996 to improve both the profile and profitability of the company were reflected in the improved results for 1997. This work has been a continuing process and the company is expected to achieve further improvements in 1998.

### **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 and their interests**

The directors of the company at 31st December 1997 were as follows:

P. Newton  
R.J. Clark  
J.C. Berry  
G.I. Nicholson  
D.A. Grayson  
T.W. Kirby  
A.C. Owen  
P Fagg (appointed 1st April 1997)

## **A A CLARK LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **Directors and their interests (continued)**

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.

#### **Year 2000 Compliance**

The problems associated with computer and digital systems using data which can accommodate the Year 2000 and beyond are well publicised. This is a complex and pervasive issue and the operation of our business not only depends on our own systems but also to some degree on those of our suppliers, bankers, customers and anyone else associated with our business. This could expose us to risks in the event that there is a failure by other parties to address their own Year 2000 issues.

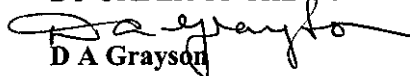
The directors believe that the potential risks to the business have been reviewed and reasonable steps have or are being taken to deal with the Year 2000 issues within the company.

The costs to date associated in dealing with the above issues have been absorbed within the normal running costs of the business and no significant further costs are expected to be incurred.

#### **Auditors**

On 1st November 1997, the partners of Casson Beckman merged their practice with that of Baker Tilly, Chartered Accountants. A resolution to reappoint Baker Tilly, Chartered Accountants, as auditors of 4 the company, will be put to the members at the Annual General Meeting.

BY ORDER OF THE BOARD

  
D A Grayson

Secretary

16th July 1998

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 1997 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BAKER TILLY

Chartered Accountants  
and Registered Auditors

2 Bloomsbury Street  
London WC1B 3ST

16th July 1998

**A A CLARK LIMITED****PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31ST DECEMBER 1997**

	Notes	1997 £	1996 £
Turnover	2	16,713,528	15,630,204
Cost of sales	3	(14,780,065)	(13,949,746)
<b>Gross profit</b>		<b>1,933,463</b>	<b>1,680,458</b>
Distribution costs		(245,865)	(247,284)
Administrative expenses	4	(1,574,882)	(1,424,534)
<b>Operating profit</b>		<b>112,716</b>	<b>8,640</b>
Income from shares in group undertakings		-	-
		<b>112,716</b>	<b>8,640</b>
Interest payable	5	(67,596)	(66,020)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>45,120</b>	<b>(57,380)</b>
Tax on profit/(loss) on ordinary activities	7	(7,000)	(37,000)
<b>Profit/(loss) for the financial year</b>		<b>38,120</b>	<b>(94,380)</b>
Dividends	8	-	-
<b>Profit/(loss) for the year</b>		<b>£ 38,120</b>	<b>£ (94,380)</b>

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 1997

	1997 £	1996 £
Profit/(loss) for the financial year	38,120	(94,380)
Unrealised surplus on revaluation of properties	-	-
Total gains and losses recognised since the last annual report	<u>£ 38,120</u>	<u>£ (94,380)</u>

## NOTE OF HISTORICAL COST PROFITS AND LOSSES

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

	1997 £	1996 £
Profit/(loss) on ordinary activities before taxation as reported on page 4	45,120	(57,380)
Depreciation of revalued element of fixed assets	-	-
Profit/(loss) on ordinary activities before taxation on an unmodified historical cost basis	<u>£ 45,120</u>	<u>£ (57,380)</u>

The profit for the financial year stated on an unmodified historical cost basis was £38,120 (1996 - loss £94,380).

# A A CLARK LIMITED

## BALANCE SHEET

AT 31ST DECEMBER 1997

	Notes	1997	1996
		£	£
<b>Fixed assets</b>			
Tangible assets	9	2,969,972	2,790,292
Investments	10	3,000,000	3,000,000
		<u>5,969,972</u>	<u>5,790,292</u>
<b>Current assets</b>			
Vehicles	11	452,838	501,539
Stocks	12	1,602,006	1,405,648
Debtors	13	1,612,451	684,825
Cash at bank and in hand		15,807	9,565
		<u>3,683,102</u>	<u>2,601,577</u>
<b>Creditors: Amounts falling due within one year</b>	14	(3,011,506)	(2,496,729)
		<u></u>	<u></u>
<b>Net current assets</b>		<u>671,596</u>	<u>104,848</u>
<b>Total assets less current liabilities</b>		<u>6,641,568</u>	<u>5,895,140</u>
<b>Creditors: Amounts falling due after more than one year</b>	15	(1,477,703)	(776,395)
<b>Provisions for liabilities and charges</b>	16	(44,000)	(37,000)
		<u></u>	<u></u>
		<u>(1,521,703)</u>	<u>(813,395)</u>
		<u>£5,119,865</u>	<u>£5,081,745</u>
<b>Capital and reserves</b>			
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	579,579	541,459
		<u></u>	<u></u>
<b>Shareholders' funds</b>		<u>£5,119,865</u>	<u>£5,081,745</u>

Approved by the board on 16th July 1998 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 1997**

#### **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 1997**

#### **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.

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.

##### **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 1997

<b>3. Cost of sales</b>	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Cost of sales includes:		
Depreciation - own assets	164,370	138,741
- assets held under hire purchase contracts	29,975	31,300
Loss/(profit) on sale of fixed assets and hire vehicles	2,996	(20,334)
	<u>          </u>	<u>          </u>
<b>4. Administrative expenses</b>	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Administrative expenses include:-		
Depreciation - own assets	65,250	44,090
- assets held under hire purchase contracts	7,950	4,850
(Profit)/loss on sale of fixed assets and hire vehicles	(9,722)	1,142
Auditors' remuneration	7,800	7,800
	<u>          </u>	<u>          </u>
<b>5. Interest payable</b>	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Interest payable comprises:		
Interest on bank loans and overdrafts	13,463	10,031
Finance charges on hire purchase obligations	42,143	39,435
Interest on other loans	11,990	16,554
	<u>          </u>	<u>          </u>
	<b>£67,596</b>	<b>£66,020</b>
	<u>          </u>	<u>          </u>
<b>6. Employees and directors</b>	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Staff costs, including executive directors, during the period covered by these financial statements amounted to:		
Wages and salaries	1,178,647	1,030,960
Social security costs	105,129	82,435
Other pension costs	31,138	32,595
	<u>          </u>	<u>          </u>
	<b>£1,314,914</b>	<b>£1,145,990</b>
	<u>          </u>	<u>          </u>

# A A CLARK LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31ST DECEMBER 1997

#### 6. Employees and directors (continued)

	1997	1996
The average monthly number of employees during the period was:		
Office and management	31	22
Sales	5	6
Other	44	48
	—	—
	80	76
	==	==
	1997	1996

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

Directors' emoluments	£Nil	£ Nil
	==	==

#### 7. Taxation

	1997	1996
The taxation charge/(credit) which is based on the results of the year is made up as follows:		
Deferred tax	£ 7,000	£37,000
	==	==

#### 8. Dividends

	1997	1996
Proposed dividend	£ -	£ -
	==	==

# A A CLARK LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31ST DECEMBER 1997

#### 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 £
<b>Cost or valuation</b>				
At 1st January 1997	2,343,688	560,697	247,331	3,151,716
Additions at cost	34,189	85,660	427,079	546,928
Disposals	-	(32,435)	(280,613)	(313,048)
At 31st December 1997	£2,377,877	£613,922	£393,797	£3,385,596
<b>Depreciation</b>				
At 1st January 1997	-	316,334	45,090	361,424
Charge for the year	-	65,745	73,200	138,945
Disposals	-	(31,135)	(53,610)	(84,745)
At 31st December 1997	£ -	£350,944	£64,680	£415,624
<b>Net book value</b>				
At 31st December 1997	£2,377,877	£262,978	£329,117	£2,969,972
At 31st December 1996	£2,343,688	£244,363	£202,241	£2,790,292

The net book value of the company's fixed assets includes £77,280 (1996 - £76,426) in respect of assets held under hire purchase contracts.

Cost or valuation at 31st December 1997 is represented by:

Valuation in 1992	1,250,000	-	-	1,250,000
Valuation in 1986	525,000	-	-	525,000
Cost	602,877	613,922	393,797	1,610,596
	£2,377,877	£613,922	£393,797	£3,385,596

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 1997

#### 9. Tangible fixed assets (continued)

Land and buildings at net book value comprise:-

	1997 £	1996 £
Freehold	2,137,813	2,103,624
Long leasehold	240,064	240,064
	<hr/>	<hr/>
	£2,377,877	£2,343,688
	<hr/>	<hr/>

The historical cost of freehold property stated at valuation is £238,264 (1996 - £238,264).

#### 10. Investments

	Subsidiary undertakings £
<b>Cost</b>	
At 1st January 1997 and 31st December 1997	£3,000,000
	<hr/>
<b>Provision for diminution in value</b>	
At 1st January 1997 and 31st December 1997	£ -
	<hr/>
<b>Net book value</b>	
At 31st December 1997	£3,000,000
	<hr/>
At 31st December 1996	£3,000,000
	<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 1997

#### 11. Vehicles

The analysis of vehicles held for hire is as follows:

	£
<b>Cost</b>	
At 1st January 1997	560,739
Additions at cost	810,210
Disposals	(846,786)
	<hr/>
At 31st December 1997	£524,163
	<hr/>
<b>Depreciation</b>	
At 1st January 1997	59,200
Charge for the year	128,600
Disposals	(116,475)
	<hr/>
At 31st December 1997	£71,325
	<hr/>
<b>Net book value</b>	
At 31st December 1997	£452,838
	<hr/>
At 31st December 1996	£501,539
	<hr/>

The net book value of vehicles held for hire includes £248,036 (1996 - £367,822) in respect of assets held under hire purchase contracts.

12. Stocks	1997	1996
Finished goods and goods for re-sale	£1,602,006	£1,405,648
	<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 £853,627 (1996 - £740,038) of consignment stock in finished goods and a corresponding amount in trade creditors.

13. Debtors	1997 £	1996 £
Amounts falling due within one year:		
Trade debtors	734,262	570,282
Amounts owed by group undertakings	826,200	34,972
Other debtors	6,759	35,631
Prepayments	45,230	43,940
	<hr/>	<hr/>
	£1,612,451	£ 684,825
	<hr/>	<hr/>

# A A CLARK LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31ST DECEMBER 1997

#### 14. Creditors: Amounts falling due within one year

	1997 £	1996 £
Bank loans and overdrafts	1,017,959	639,305
Trade creditors	1,297,327	1,171,924
Other taxation and social security costs	117,375	43,250
Hire purchase loans	484,819	537,180
Accruals	94,026	105,070
	<u>£3,011,506</u>	<u>£2,496,729</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 £853,627 (1996 : £740,038) 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

	1997	1996
Amounts owed to group undertakings	<u>£1,477,703</u>	<u>£776,395</u>



# A A CLARK LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31ST DECEMBER 1997

#### 16. Provision for liabilities and charges

The provision for deferred taxation on the liability method is:

	Provided		Unprovided	
	1997	1996	1997	1996
	£	£	£	£
Excess capital allowances	48,000	42,000	29,000	38,000
Other timing differences	(4,000)	(5,000)	-	-
Tax on revaluation surplus	-	-	431,000	455,000
Capital gain on subsidiary acquired from group company	-	-	930,000	990,000
	<u>£44,000</u>	<u>£37,000</u>	<u>£1,390,000</u>	<u>£1,483,000</u>

#### 17. Share capital

	1997	1996
<b>Authorised:</b>		
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>
<b>Allotted, issued and fully paid:</b>		
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 1997	3,003,550	1,536,736	541,459	5,081,745
Profit for the financial year	-	-	38,120	38,120
<b>Shareholders funds at 31st December 1997</b>	<b>£3,003,550</b>	<b>£1,536,736</b>	<b>£579,579</b>	<b>£5,119,865</b>

# A A CLARK LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31ST DECEMBER 1997

#### 19. Operating lease commitments

At 31st December 1997 the company was committed to making the following payments during the next year in respect of operating leases:

	1997	1996
Leases which expire:		
After more than five years	<b>£17,000</b>	<b>£17,000</b>

#### 20. Contingent liabilities

The company has guaranteed the bank borrowings of its parent company and a fellow subsidiary company. At 31st December 1997 the contingent liability in respect of these guarantees was £1,347,599 (1996 - £1,756,153).

The company is included in group guarantees of the hire purchase loans and vehicle fleet loans of its subsidiary company. At 31st December 1997 the contingent liability in respect of these guarantees was £16,769,132 (1996 - £15,916,572).

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 1997 the contingent liability in respect of this group registration was £69,087 (1996 - £43,066).

#### 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.