

Directors Report

The Directors submit their Annual Report and the Audited Accounts of the Company for the year ended 31st December, 1980.

Details of the Directors and of their shareholdings in the Company, which is a subsidiary of Arnold Clark Automobiles Limited, were as follows:-

Name of Director

Shares Held at 31/12/80

John A. Clark
W. Hunter

980
6

There were no changes in the above particulars during the year.

The Company's principal activity during the year comprised the hiring of motor vehicles.

The Turnover of the Company was £2,836,246 (1979 £2,303,604) representing hire charges relative to the year, and no part of this was earned abroad.

Profits before Taxation were £5,836 to which a transfer is made from Taxation Equalisation Reserve of £166,600, leaving a profit of £172,436 after Taxation. The Directors recommend that no dividend be paid and that this balance be added to the balance brought forward of £1,188,982, giving £1,361,418 to be carried forward.

The Director retiring by rotation is Mr. W. Hunter, who, being eligible, offers himself for re-election.

A resolution to re-appoint the Auditors, Messrs. John Gray & Company, Chartered Accountants, will be put to the Annual General Meeting.

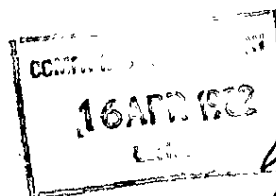
By Order of the Board

W. Hunter

Secretary

87 Bothwell Street,
Glasgow.

9th June, 1981



ARNOLD CLARK FINANCE LIMITED

Profit and Loss Account for the year ended 31st December, 1980

1979

£1,570,839	Trading Profit for the year before charging the following:-	£1,962,242
£ 919,681	Depreciation (Note 5)	£1,121,299
388,354	Interest	613,766
2,650	Auditors Remuneration	2,900
-	Loss on Sale of Vehicles	218,441
£1,310,685		£1,956,406
101,185	Less: Gain on Sale of Vehicles	-
£1,209,500		1,956,406
£ 361,339	<u>Net Profit before Taxation</u>	£ 5,836
	<u>U.K. Corporation Tax on Profits for year (Note 1)</u>	
-	Transfer from Taxation Equalisation Reserve	166,600
£ 361,339	<u>Net Profit after Taxation</u>	£ 172,436
827,643	<u>Balance Brought Forward</u>	1,188,982
£1,188,982	Balance Carried Forward	£1,361,418

Balance Sheet as at 31st December, 1980

1979

<u>£3,970,987</u>	<u>Fixed Assets - As per Appendix 1</u>		<u>£4,758,431</u>
	<u>Current Assets</u>		
£ 230,349	Sundry Debtors (Note 3)	£ 124,759	
304,217	Cash in Bank and on Hand	365,270	
<u>£ 534,566</u>			<u>490,029</u>
<u>£4,505,553</u>			<u>£5,248,460</u>
	Amount due by Arnold Clark Automobiles Limited		
505,192			349,378
<u>£5,010,745</u>	<u>Total Assets</u>		<u>£5,597,838</u>
	<u>Current Liabilities</u>		
£ 251,473	Sundry Creditors (Note 2)	£ 263,930	
599	Directors Loan Account	599	
45,692	Contract Hire Instalments paid in advance	15,876	
2,074,399	Hire Purchase Outstanding	2,823,015	
250,000	Bank Loan	100,000	
300,000	Bank Overdraft (Note 4)	300,000	
<u>£2,922,163</u>			<u>3,503,420</u>
<u>£2,088,582</u>			<u>£2,094,418</u>
	<u>Less: Long Term Liability</u>		
15,000	Loan: A. Clark's West End Motors Limited		15,000
<u>£2,073,582</u>	<u>Net Free Assets</u>		<u>£2,079,418</u>
	Represented by:-		
	<u>Share Capital and Reserves</u>		
	<u>Share Capital</u>		
	<u>Authorised, Issued and Fully Paid</u>		
£ 15,000	15,000 Ordinary Shares of £1 each	£ 15,000	
	<u>Reserves</u>		
£1,188,982	Profit and Loss Account	£1,361,418	
869,600	Taxation Equalisation Reserve	703,000	
<u>£2,058,582</u>			<u>2,064,418</u>
 <i>John Clark</i> Director		
 <i>W. H. Clark</i> Director		
<u>£2,073,582</u>			<u>£2,079,418</u>

PORT GLASGOW - 8th June, 1981

In our opinion the foregoing Balance Sheet and Profit and Loss Account have been properly prepared in accordance with the provisions of the Companies Acts 1948 and 1967 and give respectively a true and fair view of the state of affairs of Arnold Clark Finance Limited as at 31st December, 1980 and of the Profit for the year ended on that date.

W. H. Clark C.A.

ARNOLD CLARK FINANCE LIMITED

Year ended 31st December, 1980

Appendix 1 and Notes on Accounts

Appendix 1

Fixed Assets

	<u>Cost Price</u>	<u>Aggregate Depreciation</u>	<u>Written Down Value</u>
<u>Motor Vehicles</u>			
As at 31st December, 1979	£5,109,767	£1,138,780	£3,970,987
Purchased during year	3,319,105	-	3,319,105
	<hr/>	<hr/>	<hr/>
Sold during year	£8,428,872	£1,138,780	£7,290,092
	2,016,444	605,322	1,411,122
	<hr/>	<hr/>	<hr/>
Depreciation for year	£6,412,428	£ 533,458	£5,878,970
	-	1,121,185	1,121,185
	<hr/>	<hr/>	<hr/>
	£6,412,428	£1,654,643	£4,757,785
	<hr/>	<hr/>	<hr/>
<u>Furniture and Fittings</u>			
Purchased during year	£ 760	£ -	£ 760
Depreciation for year	-	114	114
	<hr/>	<hr/>	<hr/>
	£ 760	£ 114	£ 646
	<hr/>	<hr/>	<hr/>
<u>Total</u>	<u>£6,413,188</u>	<u>£1,654,757</u>	<u>£4,758,431</u>

Note 1 The transfer from Reserve is the amount required to bring the balance on the Account to 52% of the excess of Book Value of Fixed Assets over their Tax Written Down Values, as reduced by available Tax Losses carried forward.

Note 2 Sundry Creditors include the sum of £41,891 (1979 £41,891) due to A. Clark's West End Motors Limited, £10,520 (1979 £6,523) due to Arnold Clark (Paisley) Limited and £6,229 (1979 £6,229) due to Arnold Clark (Bearsden) Limited.

Note 3

Sundry Debtors

1979

£140,000	Amount due from Grant, Melrose & Tennent Limited	£ -
£ 2,202	Hire Purchase Instalments due but unpaid	£ 2,202
2,202	<u>Less: Provision for bad debts</u>	<u>2,202</u>
<hr/>		<hr/>
£ -		-
£ 92,216	Sundry Debtors and Prepaid Charges	£125,469
1,867	<u>Less: Provision for bad debts</u>	<u>710</u>
<hr/>		<hr/>
£ 90,349		124,759
<hr/>		<hr/>
£230,349		£124,759
<hr/>		<hr/>

Note 4 /...

ARNOLD CLARK FINANCE LIMITED

Year ended 31st December, 1980

Appendix 1 and Notes on Accounts (Cont'd.)

Note 4

This overdraft is secured by a Standard Security over property owned by the Company's Holding Company. It is also guaranteed by the Holding Company.

Note 5

Depreciation has been charged on vehicles placed on Contract Hire at a rate of 25% per annum on a reducing balance basis, and on Furniture and Fittings at a rate of 15% per annum on a reducing balance basis.

Note 6

These accounts have been prepared using the Historical Cost Convention.

ARNOLD CLARK FINANCE LIMITED

Statement of Source and Application of Funds

1979

<u>Source of Funds</u>		
£ 361,339	Profit before Tax	£ 5,836
	Adjustment for items not involving the movement of funds:-	
<u>919,681</u>	Depreciation	<u>1,121,299</u>
£1,281,020	<u>Total Generated from Operations</u>	£1,127,135
<u>Funds from Other Sources</u>		
2,340,634	Sales of Fixed Assets	1,411,122
<u>300,000</u>	Bank Loan	<u>—</u>
£3,921,654		£2,538,257
<u>Application of Funds</u>		
<u>3,779,792</u>	Purchase of Fixed Assets	<u>3,319,865</u>
<u>£ 141,862</u>		<u>(£ 781,608)</u>
<u>Decrease/Increase in Working Capital</u>		
£ 118,805	Decrease/Increase in Debtors	(£ 105,590)
(391,513)	Increase/Decrease in Cash & Bank Balances	61,053
(90,269)	Increase in Creditors	(12,457)
1,000	Decrease in Directors Loan Account	—
(4,011)	Decrease/Increase in Contract Hire Instalments paid in Advance	29,816
(335,938)	Increase in Hire Purchase Creditor	(748,616)
793,788	Decrease/Increase in amount owed by Holding Company	(155,814)
<u>50,000</u>	Reduction in Bank Loan	<u>150,000</u>
<u>£ 141,862</u>		<u>(£ 781,608)</u>