

Directors Report and Accounts

The Directors submit their Annual Report and the Audited Accounts of the Company for the year ended 31st December, 1984.

BUSINESS REVIEW

The principal activity of the Company during the year under review comprised the contract hiring of motor vehicles.

The trading experience of the Company during the year under review is considered to be satisfactory.

DIRECTORS AND THEIR INTERESTS IN SHARES

The Directors of the Company and their interests in the share capital of the Company at 31st December were as follows:-

	1984	1983
J A Clark	980	980
H D Wallace	—	—

The Director retiring by rotation is J A Clark, who, being eligible offers himself for re-election.

DIVIDEND

The Directors do not recommend that any dividend be paid in respect of the year under review.

AUDITORS

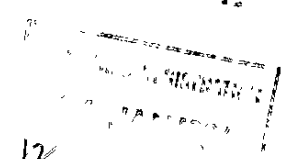
In accordance with Section 384, Companies Act, 1985, a resolution to re-appoint the Auditors, Messrs John Gray & Company, Chartered Accountants will be put to the Annual General Meeting.

BY ORDER OF THE BOARD

D Ferguson Kerr

D Ferguson Kerr
SECRETARY

43 Allison Street,
GLASGOW G42 8NJ,
31st October, 1985



1983

£

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3,914,664	Turnover (Note 1(c))	4,889,763
2,855,500	Cost of Sales	3,652,771
1,059,164	Gross Profit	1,236,992
288,486	Administrative Costs	337,569
770,678		899,423
643,492	Interest Payable (Note 8)	766,165
127,186	Profit on Ordinary Activities before Taxation (Note 7)	133,258
29,253	Taxation on Profit on Ordinary Activities (Note 9)	4,971
97,933	Profit on Ordinary Activities after Taxation	128,287
1,713,613	Balance Brought Forward	1,811,546
1,811,546	Balance Carried Forward	1,939,833

Arnold Clark Finance Limited

Balance Sheet as at 31st December, 1984

1983			
£		£	£
	FIXED ASSETS		
7,761,630	Tangible Assets (Note 3)		7,316,228
	CURRENT ASSETS		
1,118,865	Debtors (Note 4)	828,210	
139,924	Cash in Bank and on Hand	330,990	
1,258,489		1,159,200	
	CURRENT LIABILITIES		
4,733,891	Creditors due within one year (Note 5)	4,640,773	
3,475,402	NET CURRENT LIABILITIES		3,481,573
4,286,228			5,834,652
1,657,682	CREDITORS - due after more than one year	3,096,819	
802,000	PROVISIONS FOR LIABILITIES AND CHARGES (Note 10)	783,000	
2,459,682			3,079,819
1,826,546	NET TOTAL ASSETS		1,954,833
	CAPITAL AND RESERVES		
15,000	Share Capital (Note 6)		15,000
1,811,546	Profit and Loss Account		1,939,833

Arnold Clark

Director

Hugh D Wallace
 HUGH D WALLACE

Director

Approved by the Board

31st October, 1985

1,826,546

1,954,833

Arnold Clark Finance Limited

Notes on Accounts

1. ACCOUNTING POLICIES

(a) ACCOUNTING CONVENTION

The Financial Accounts have been prepared using the Historical Cost Convention.

(b) DEPRECIATION OF TANGIBLE FIXED ASSETS

It is the policy of the Company to provide for depreciation of Tangible Fixed Assets at the following annual rates:-

Furniture & Fittings	15% (Reducing Balance Basis)
Motor Vehicles	25% (Reducing Balance Basis)

(c) TURNOVER

Turnover represents the amount of Leasing Income and other charges receivable by the Company for the year under review excluding Value Added Tax.

(d) DEFERRED TAXATION

Provision is made for Deferred Tax at the rate of Corporation Tax ruling at the year end.

2. DIRECTORS AND EMPLOYEES

	1984	1983
Wages and Salaries	152,783	101,201
Social Security Costs	9,020	11,780
	161,803	112,981
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The average number of persons employed by the Company during the year was

15 13

Included in the above is the remuneration of the Chairman amounting to £25,000 (1983 £ Nil) and that of the remaining Director £19,192 (1983 £3,000).

3. FIXED ASSETS

Details of Tangible Fixed Assets and of the movements therein are as set out on the attached schedule.

Arnold Clark Finance Limited

Notes on Accounts

4. DEBTORS

	1984	1983
Trade Debtors	121,740	102,945
Other Debtors	19,678	44,119
Amount Due by Parent Company	603,792	892,501
Prepayments and Accrued Income	83,000	79,000
	828,210	1,118,565

Included in Other Debtors are the following sums due on current account:-

£11,355 (1983 £11,355) due by A. Clark's West End Motors Limited
£3,705 (1983 £3,705) due by Grant Melrose and Tennent Limited

5. CREDITORS

Creditors - Due within one year

Bank Overdraft	300,000	300,000
Trade Creditors	65,326	50,000
Other Creditors	3,655,076	3,968,898
Taxation and Social Security	282,582	218,396
Accruals and Deferred Income	337,789	196,597
	4,640,773	4,733,891

The Bank Overdraft of £300,000 is secured by a Standard Security over property owned by the Company's Holding Company.

Creditors - Due after more than one year

These represent Hire Purchase Creditors due within five years

6. SHARE CAPITAL

Authorised, Allotted, Called-up and Fully Paid

15,000 Ordinary Shares of £1 each	15,000	15,000
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7. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on Ordinary Activities before Taxation is shown after charging the following:-

Depreciation	2,561,318	1,910,645
Auditors Remuneration	6,300	6,000
Directors Remuneration	44,192	3,000
(Profit)/Loss on Disposal of Assets	(5,214)	77,392

Arnold Clark Finance Limited

Notes on Accounts

8. INTEREST PAYABLE

Interest Payable is in respect of Bank Overdraft and Hire Purchase Contracts repayable within five years.

9. TAXATION

The charge for Taxation is made up as follows:-

	1984	1983
Corporation Tax on Profit for the year	£25,417	£62,253
Prior year adjustment	(1,446)	-
Transfer from Deferred Tax	(19,000)	(35,000)
	4,971	29,253
	=====	=====

10. PROVISIONS FOR LIABILITIES AND CHARGES

The only account included is a Taxation Equalisation Reserve which represents the total potential liability for Taxation deferred by accelerated Capital Allowances.

11. CONTINGENT LIABILITY

Under a group registration for Value Added Tax the Company is jointly and severally liable for Value Added Tax due by any member company of the group registration. At 31st December, 1984 this contingent liability amounted to £343,615.

12. GUARANTEES

Under the terms of an inter company guarantee dated 14th August, 1984 granted to The Royal Bank of Scotland plc the Company has together with Arnold Clark Automobiles Limited, A. Clark's West End Motors Limited, Machary Rennie & Lindsay Limited, Arnold Clark (Paisley) Limited, Arnold Clark (Bearsden) Limited and Grant Melrose and Tennent Limited jointly and severally guaranteed repayment of all sums due to The Royal Bank of Scotland plc by any of the parties to the guarantee.

The Company has guaranteed repayment of an overdraft of £300,000 granted by Mercantile Credit Company Limited to the holding company, Arnold Clark Automobiles Limited.

13. HOLDING COMPANY

In the opinion of the Directors the Company's ultimate holding company is Arnold Clark Automobiles Limited, which is incorporated in Scotland.

Arnold Clark Finance Limited

Schedule of Fixed Assets

	Cost Price	Aggregate Depreciation	Written Down Value
	£	£	£
Furniture and Fittings			
As at 1st January, 1984	4,740	(1,467)	3,273
Depreciation for Year	-	(491)	(491)
	4,740	(1,958)	2,782
Motor Vehicles			
As at 1st January, 1984	9,859,968	(2,101,610)	7,758,358
Additions in Year	6,157,176	-	6,157,176
	16,017,144	(2,101,610)	13,915,534
Disposals in Year	(3,602,851)	1,521,332	(2,081,519)
	12,414,293	(580,278)	11,834,015
Depreciation for Year	-	(2,560,827)	(2,560,827)
	12,414,293	(3,141,105)	9,273,188
Office Equipment			
As at 1st January, 1984	-	-	-
Additions in Year	40,255	-	40,255
	40,255	-	40,255
Depreciation for Year	-	-	-
	40,255	-	40,255
Total Fixed Assets	12,459,288	(3,143,063)	9,316,225

Arnold Clark Finance Limited

Statement of Source and Application of Funds

1983		
£		£
	Source of Funds	
127,186	Profit before Tax	133,250
2,091,887	Sale of Fixed Assets	2,081,519
	Adjustment for items not involving the movement of funds:-	
1,910,645	Depreciation	2,561,310
	Total Generated from Operations	4,776,095
	Application of Funds	
6,329,599	Purchase of Fixed Assets	6,197,431
(2,199,881)	(Decrease) in Net Funds	(1,421,336)
=====		=====
	Represented by:	
	(Decrease) in Working Capital	
(683,393)	(Decrease) in Debtors	(290,355)
(1,601,583)	(Increase) in Creditors	(1,322,047)
	Increase in Cash and Bank Balances	191,000
85,095		
(2,199,881)		(1,421,336)
=====		=====

REPORT OF THE AUDITORS TO THE MEMBERS
OF ARNOLD CLARK FINANCE LIMITED

We have audited the accounts in accordance with approved Auditing Standards. In our opinion the accounts, which have been prepared on the basis of the accounting policies set out in Note 1, give a true and fair view of the state of affairs of Arnold Clark Finance Limited as at 31st December, 1984 and of the profit and source and application of funds for the year ended on that date and comply with the Companies Act 1985.

ALL
JOHN GRAY & CO. CA

AUDITORS

FORT GLASGOW
31st October, 1985