

The Directors submit their Annual Report and the Audited Accounts of the Company for the year ended 31st December, 1983

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company during the year under review comprised the contract hiring of motor vehicles. The Company has continued to trade profitably and your Directors are confident that the future prospects of the Company are excellent.

RESULTS AND DIVIDENDS

The profit for the year after taxation was £97,933. The Directors recommend that no dividend be paid and that the profit after taxation be carried to Reserves.

DIRECTORS AND THEIR INTERESTS IN SHARES

The Directors of the Company and their shareholdings in the Company during the year under review were as follows:-

Shareholding as at 31st December

	1983	1982
J A Clark	980 Shares	980 Shares
H D Wallace (Appointed 5/9/83)	- Shares	- Shares

Mr H D Wallace retires at this time and, being eligible, offers himself for re-election.

AUDITORS

In accordance with Section 14, Companies Act, 1976, a resolution to re-appoint the Auditors, Messrs John Gray and Company, Chartered Accountants, will be put to the Annual General Meeting.

By Order of the Board

Secretary.

D Ferguson Kerr
(Sgd.) D Ferguson Kerr

87 Bothwell Street
Glasgow

19th November, 1984

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Arnold Clark Finance Limited

Profit and Loss Account for the year ended 31st December, 1983

1982

£		£	£
3,298,956	Turnover (Note 2)		3,914,664
2,321,701	Cost of Sales		2,855,500
<u>977,255</u>	Gross Profit		<u>1,059,164</u>
154,882	Administrative Costs	206,112	
1,363	Distribution Costs	82,374	
<u>156,245</u>			<u>288,486</u>
<u>821,010</u>	Operating Profit		<u>770,678</u>
555,498	Interest Payable (Note 3)		643,492
<u>265,512</u>	Profit on Ordinary Activities before Taxation (Note 4)		<u>127,186</u>
58,000	Taxation (Note 5)		29,253
<u>207,512</u>	Profit on Ordinary Activities after Taxation		<u>97,933</u>
1,506,101	Balance Brought Forward		1,713,613
<u>1,713,613</u>	Balance Carried Forward		<u>1,811,546</u>

Arnold Clark Finance Limited

Balance Sheet as at 31st December, 1983

1982 £		£	£
	FIXED ASSETS		
5,426,072	Tangible Assets		7,753,139
	CURRENT ASSETS		
1,801,958	Debtors (Note 6)	1,118,565	
54,829	Cash in Bank and on Hand	139,924	
1,856,787		1,258,489	
	CURRENT LIABILITIES		
3,849,680	Creditors due within one year (Note 7)	4,725,401	
1,992,893	NET CURRENT LIABILITIES		3,466,912
3,433,179	TOTAL ASSETS LESS CURRENT LIABILITIES		4,286,227
	CREDITORS		
869,566	Amounts due after more than one year Hire Purchase Creditors	1,657,682	
835,000	PROVISIONS FOR LIABILITIES AND CHARGES (Note 8)	802,000	
1,704,566			2,459,682
1,728,613	NET TOTAL ASSETS		1,826,545
	CAPITAL AND RESERVES		
15,000	CALLED UP SHARE CAPITAL (Note 9)		15,000
1,713,613	RESERVES (Note 12)		1,811,545

APPROVED BY THE BOARD

(Sgd.) Arnold Clark
.....Director

(Sgd.) Hugh Wallace
.....Director

19th November, 1984

1,728,613

1,826,545

NOTES ON ACCOUNTS

1. ACCOUNTING POLICIES

(a) ACCOUNTING POLICIES

These financial accounts have been prepared under the historical cost convention.

(b) DEPRECIATION OF FIXED ASSETS

Depreciation of Tangible Fixed Assets has been charged on a Reducing Balance Basis at the following annual rates:-

Motor Vehicles	25%
Furniture and Fittings	15%

(c) DEFERRED TAXATION

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences other than those which are expected with reasonable probability to continue in the foreseeable future.

2. TURNOVER

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

3. INTEREST PAYABLE

Interest payable is in respect of bank overdrafts and hire purchase contracts repayable within five years.

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION is shown after deducting the following:-

	1983	1982
	-----	-----
Depreciation of Tangible Assets	£1,910,645	£1,498,596
Directors Remuneration	3,000	-
Auditors Remuneration	6,000	3,300
Loss on Disposal of Fixed Assets	77,392	29,499

5. TAXATION

The charge for Taxation is made up as follows:-

	1983	1982
	-----	-----
Corporation Tax on Profits for the Year	62,253	-
Taxation deferred by Accelerated Capital Allowances	(33,000)	58,000
	-----	-----
	29,253	58,000
	=====	=====

Arnold Clark Finance Limited

Notes on Accounts

6. DEBTORS - Due within one year

	1983	1982
Trade Debtors	102,945	102,055
Other Debtors	44,119	30,719
Amount Due by Parent Company	892,501	1,613,184
Prepayments and Accrued Income	79,000	56,000
	1,118,565	1,801,958
	=====	=====

7. CREDITORS DUE WITHIN ONE YEAR

	1983	1982
Trade Creditors	50,000	64,101
Other Creditors	3,960,407	2,501,864
Taxation and Social Security	218,397	111,490
Bank Overdraft	300,000	1,078,585
Accruals and Deferred Income	196,597	93,640
	4,725,401	3,849,680
	=====	=====

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

8. PROVISION FOR LIABILITIES AND CHARGES

Deferred Taxation Reserve

Balance at 31st December, 1982	£835,000
Transferred to P & L Account	33,000
	£802,000
	=====

9. SHARE CAPITAL

	1983	1982
Authorised, Allotted, Called-up and Fully Paid		
15,000 Ordinary Shares of £1 each	15,000	15,000
	=====	=====

10. DIRECTORS AND EMPLOYEES

	1983	1982
Staff Costs	101,201	68,345
Social Security Costs	11,780	8,940
	112,981	77,285
	=====	=====

Average number of persons employed	13	14
	==	==

Arnold Clark Finance Limited

Notes on Accounts

11. TANGIBLE FIXED ASSETS

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

12. RESERVES

	1983	1982
	-----	-----
Profit and Loss Account	1,811,545	1,713,613
	=====	=====

13. Included in Other Debtors are the following sums due on Current Account:-

£11,355 (1982 £ 7,742) Due to A Clark's West End Motors Limited
£ 3,705 (1982 £ Nil) Due to Graham Melrose and Tennent Limited

STATE OF NEW YORK

STATE OF NEW YORK
DEPARTMENT OF TAXATION
OFFICE OF THE COMPTROLLER
ALBANY, NEW YORK

Furniture and Fittings

As at 1st January, 1983
Depreciation For Year

4,740 (890) 3,850
15,700
4,740 (1,460) 3,280

Motor Vehicles

As at 1st January, 1983
Additions in Year

7,133,134 (1,710,912) 5,422,222
6,329,599 6,329,599

Disposals in Year

13,462,733 (1,710,912) 11,751,821
(3,613,505) 1,521,618 (2,091,887)

Depreciation For Year

9,849,228 (189,294) 9,659,934
- (1,910,068) (1,910,068)

9,849,228 (2,099,362) 7,749,866

Total Fixed Assets

9,853,968 (2,100,929) 7,753,039

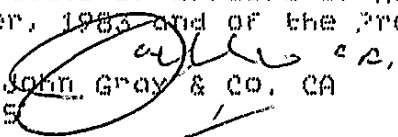
Arnold Clapp Finance Limited

Statement of Source and Application of Funds

1982			
£		£	£
	<u>Source of Funds</u>		
265,512	Profit before Tax		127,186
1,952,439	Sale of Fixed Assets		2,091,887
<u>2,217,951</u>			<u>2,219,073</u>
	Adjustment for items not involving the movement of funds:-		
1,498,596	Depreciation		1,910,645
<u>3,716,547</u>	Total Generated from Operations		<u>4,129,718</u>
	<u>Application of Funds</u>		
3,843,249	Purchase of Fixed Assets		6,329,599
(126,702)			(2,199,881)
<u>=====</u>			<u>=====</u>
	Represented by:		
	<u>Increase/(Decrease) in Working Capital</u>		
65,505	Increase/(Decrease) in Debtors		37,290
624,683	Increase/(Decrease) in Inter- Group Indebtedness		(720,683)
(26,078)	Decrease/(Increase) in Creditors		(2,380,168)
(790,812)	Increase/(Decrease) in Cash and Bank Balances		863,680
<u>(126,702)</u>			<u>(2,199,881)</u>
<u>=====</u>			<u>=====</u>

PORT GLASGOW - 19th November. 1984

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 to 1981 and give respectively a true and fair view of the state of affairs of Arnold Clark Finance Limited as at 31st December, 1983 and of the Profit for the year ended on that date.

(Sgd.)  & Co., CA
AUDITORS