

AAVACAR LTD.
Self Drive Car Hire/Taxis
For the Period of 01/10/2007 to 30/09/2008

Company Secretary Report

During 2007/2008 the self-drive hire again expanded with 3 extra vehicles purchased. A Ford Mondeo was brought in to replace the Peugeot 406, which is nearing the end of its hire life, an Almera Tino for the less mobile hirers and a Nissan Micra for the general trade.

We replaced the Rover 75 with a Vauxhall Zafira for County Contract reasons but retained the Rover as it had little value – ex-taxis have little or no value.

The insurance change is still working well with more cars yet little increase in insurance costs.

The taxis side of the business continued after the re-tendering of contracts by Durham County Council, which now provides 90% of the taxi income.

My objectives for 2008 were again unmet and remain for 2009:

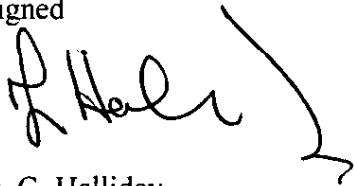
- To update hire vehicles
- To move car hire into profit
- To hold the profitability of the taxis
- To become more computer literate
- To look for new business opportunities for Aavacar Ltd.

However we are now operating in a sharp recession which is more sharp and severe than anyone had predicted and has arrived sooner than we had expected. We are in the fortunate position having foreseen this possibility to have strong cash reserves, no debt and a very low cost base.

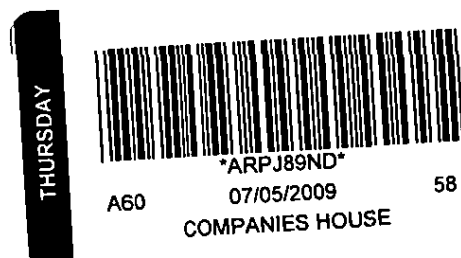
Cash business for the taxis is very much reduced and the car hire has scaled down considerably. We have bank facilities if needed but do not plan to use them.

My main focus for 2009 will be to reduce costs and make better use of the computer.

Signed



D. G. Halliday
Company Secretary



AAVACAR LTD ACCOUNTS
FOR PERIOD 01/10/2007 to 30/09/2008

2007	TITLE		2008	2007		TITLE		2008
		INCOME				EXPENDITURE		
14,612 00		Car Hire (Note 1)				Repairs & Servicing		2,321 67
151 76		Refunds (Petrol Paid For) - (Note 2)	18,521 00	2,898 46		Fuel		1,171 17
600 00		Payment of Costs (Darron Halliday)	00 00	4,564 17		Insurance		5,887 55
				667 50		Road Tax		1,395 25
				548 99		Car Purchase Charges		235 30
				240 96		Cleaning		714 27
						Car Operation Costs (Note 4)		11,725 21
						Sundries inc. AA Membership (Note 4)		1,097 44
						Phone		1,292 05
						Advertising		592 79
						Stationery & Admin		1,053 69
						Finance Charges		97 63
						Admin Costs (Note 5)		4,133 36
						Wages Costs		
						Bad Debt Written Off		1,050 00
						Depn. all Vehicles		
						as per attached computation		
						Depreciation Total		4,527 25
15,363 76		Less Unpaid A/C's (Note 3)	195 00	3,970 50				
		Sub Total	18,326 00					
4,473 07		Add Profit Mini Bus A/C	11,671 72	16,532 43		Sub Total		21,435 82
				3,304 40		Profit to Capital Account		8,561 90
19,836 83		Total Income	29,997 72	19,836 83				29,997 72

a. For the year ended 30 September 2008, the company was entitled to exemption under section 249A (1) for the Company Act 1985

b. Members have not required the company to obtain an audit in accordance with section 249B (2) for the Company Act 1985

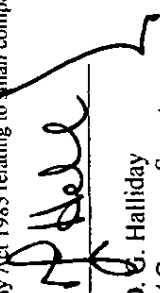
c. The directors acknowledge their responsibility for

i. Ensure the company keeping accounting records which section 221; and

ii. Preparing accounts which give a true and fair view of state of affairs of a company as the end of the financial, and of its profits or loss for the financial year, in accordance with requirements of section 266 and which otherwise comply with the requirements of the Company Act relating to accounts, so far as applicable to the company.

d. The accounts have been prepared in accordance with the special provision in part VII for the Company Act 1985 relating to small companies.

Signed


D. G. Halliday

Director / Company Secretary

AAVACAR LTD MINIBUS A/C SHEET
FOR PERIOD OF 01/10/2007 TO 30/09/2008

2007	TITLE	2008	2007	TITLE	2008
6,237 97	Fuel	7575 01	16,005 35	Sundry Taxi Fares B (Note 1)	24,715 92
29,619 87	Gross Profit (Note 1)	37,572 75	4,057 77	Sundry Taxi Fares D	972 24
35,857 84	Balance	45,147 76	15,172 50	Sundry Taxi Fares O/J	17,762 80
3,337 17	Repairs & Servicing	95 10	-- --	Rover Hire J. Ross (Note 2)	1,401 80
3,210 76	Insurance & Road Tax	4,026 31		Rover Hire S. Liddel (Note 2)	295 00
345 38	Cleaning	3,481 47		Balance	45,147 76
0 00	Other Costs (Note 3)	290 40		Gross Profit (Note 1)	37,572 75
6,893 31	Total Vehicle Costs (Note 2)	1,047 00			
6,653 52	Wage & Wage Costs	8,940 28			
25 44	Stationery & Postage	5,743 10			
8,297 33	Aabat Settle & Admin	122 37			
161 71	Finance Charges	8,615 71			
34 98	Phone	108 69			
00 00	Sundries	-- --			
8,519 46	Total Admin Costs	153 88			
1,054 75	Depn Toyota DF02 UGB	9,000 65			
100 00	Zafira PN54 USZ	791 00			
700 00	Rover 75 NY03 YHG	901 00			
1,854 75	Depreciation 25%	525 00			
23,921 04	Sub Total	2,217 00			
4,473 07	Profit/Loss Transferred to A/C	25,901 03			
28,394 11		11,671 72			
		37,572 75			
			28,394 11		37,572 75

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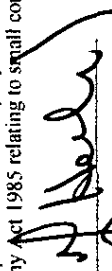
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Director / Company Secretary

AAVACAR BALANCE SHEET
AS AT 30/09/2008

2007	TITLE	2008	2007	TITLE	2008
22,327 00	Balance B/F	25,457 66		Value of Taxis	7,447 00
112 06	Share Issue	0 00		Value of Hire Cars	21,381 75
3,304 40	Bank Interest	135 05		<i>as per attached computation</i>	
	Profit	8,561 90			
25,743 72		34,154 61	16,873 00		28,828 75
286 16	Less Corporation Tax Paid	665 97	4,658 14	Actual Cash in Bank	2,559 74
	Dividend (15p per share)	1,500 00	217 41	Less Liabilities	790 70
			4,440 73	Cash in Bank	1,769 04
			243 13	Cash in Hand	110 85
			280 00	Computer	280 00
			500 00	Deposit Rival	500 00
			450 00	Debtors	500 00
			2,670 80	Cheque Schools	-- --
25,457 66		31,988 64	25,457 66		31,988 64

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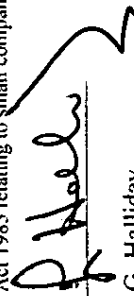
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D. G. Halliday

Director / Company Secretary

AAVACAR LTD.
Self Drive Car Hire/Taxis
For the Period of 01/10/2007 to 30/09/2008

Notes to Account Sheet

Note 1

- Again an increase in hire income.

Note 2

- We endeavoured to check more carefully on returned cars for petrol and persuaded hirer to fill the cars on return hence we had no Refunds of Petrol this year although Petrol Consumption was slightly increased; this was for initial filling up, delivery, repairs and general usage (but no personal usage).

Note 3

- Several hirers cheques bounced and we were unable to recover monies owed.

Note 4

- Car operation cost and AA Membership cost up in line with additional vehicles.

Note 5

- Administration costs increased in line with increased business.

Note 6

- Bad debt written off is from previous bounced cheques.

Note 7

- A pleasing increase in profits although the car hire continues to be loss making.

Notes to Minibus A/C Sheet

Note 1

- Reflects extra school cheque from the 2006/2007 accounts of £2,670.80.

Note 2

- One of the taxis had to be replaced as AABAT Ltd. could only offer us a 6 seater contract and the Rover was replaced with a 6 seat Zafira but had been retained and hired out when opportunity arose. It did no more than cover costs, accounting for much of the increase in vehicle costs.

Note 3

- Other costs are for vehicle licensing and county council costs.

TAX COMPUTATION FOR AAVACAR LTD.

For Year 1st October 2007 to 30th September 2008

VEHICLE DETAILS	Purchase Price or Value B/F	Depreciation	Value Carried Forward
TAXI LIST			
Toyota Hiace Mini Bus DF02 UGB	3,164 00	791 00	2,373 00
Rover 75 NY03 YHC	2,100 00	525 00	1,575 00
Vauxhall Zafira PN54 USZ	4,400 00	901 00	3,499 00
Total Taxis Depreciation to A/C's		2,217 00	
	Total Hire Car Value C/F		7,447 00
HIRE CARS			
Peugeot 406 FY51 NDE	1,730 00	432 50	1,297 50
Ford Fiesta SB52 MXY	1,874 00	468 50	1,405 50
Vauxhall Astra SW02 FCP	2,080 00	520 00	1,560 00
Peugeot 206 LL02 YMK	2,175 00	543 75	1,631 25
Ford Focus NV04 NFE	3,750 00	937 50	2,812 50
Nissan Almera ZD54 ZSK	3,600 00	702 00	2,898 00
Nissan Micra NG55 YBX	3,900 00	416 00	3,484 00
Ford Mondeo EA56 EJU	6,800 00	507 00	6,293 00
Total Hire Cars Depreciation to A/C's		4,527 25	
	Total Hire Car Value C/F		21,381 75

- Nissan Almera ZD54 ZSK. Bought 19/12/2007 from Scottish Motor Auctions.
 - Price £3,600. Full Year $\text{£}900 \times (285/365) = \text{Actual } \text{£}702$.
- Vauxhall Zafira PN54 USZ. Bought 05/12/2007 from Scottish Motor Auctions.
 - Price £4,400. Full Year $\text{£}1,100 \times (299/365) = \text{Actual } \text{£}901$.
- Nissan Micra NG55 YBX. Bought 26/04/2008 from Scottish Motor Auctions.
 - Price £3,900. Full Year $\text{£}975 \times (156/365) = \text{Actual } \text{£}416$.
- Ford Mondeo EA56 EJU. Bought 12/06/2008 from Scottish Motor Auctions.
 - Price £6,800. Full Year $\text{£}1,700 \times (109/365) = \text{Actual } \text{£}507$.

TAX COMPUTATION

- For Period 01/10/2007 to 04/04/2008:
 - $(186/365) \times \text{£}8,696 \text{ (profits)} = \text{£}4,431 \times 20\% = \text{£}886.20$
- For Period 05/04/2008 to 30/09/2008:
 - $(179/365) \times \text{£}8,696 \text{ (profits)} = \text{£}4,265 \times 21\% = \text{£}895.65$
- TOTAL TAX DUE: $\text{£}886.20 + \text{£}895.65 = \text{£}1,781.85$