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THAMES SERVICE STATION (OVAL) LIMITED

FINANCIAL STATEMENTS

for the year ended

30TH APRIL 1998

GEO. LITTLE SEBIRE & CO

CHARTERED ACCOUNTANTS



THAMES SERVICE STATION (OVAL) LIMITED

FINANCIAL STATEMENTS

for the year ended 30th April 1998

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The following pages do not form part of the statutory accounts

Detailed trading and profit and loss account	Appendix 1
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THAMES SERVICE STATION (OVAL) LIMITEDDIRECTORS' REPORT

30th April 1998

The directors present their report and the audited financial statements for the year ended 30th April 1998.

Principal activity

The principal activity of the company was that of garage proprietors.

Business review

The company's balance sheet as detailed on page 5 shows a satisfactory position, shareholders' funds amounting to £37,407.

Profit and dividends

The results for the year are shown in the profit and loss account on page 4.

The directors do not propose payment of a final dividend (1997:£0).

Directors

The directors of the company during the year and their interests in the shares of the company as recorded in the register of directors' interests were as follows

	30th April 1998 Ordinary shares	1st May 1997 Ordinary shares
V. Khanna	-	-
A.E. Khanna	-	-

The interests of the directors in the ultimate holding company are dealt with in the accounts of that company.

continued

THAMES SERVICE STATION (OVAL) LIMITEDDIRECTORS' REPORT
(continued)

30th April 1998

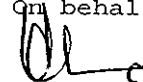
Close company

The company is a close company within the provisions of the Income and Corporation Taxes Act 1988.

Auditors

The auditors, Messrs Geo. Little, Sebire & Co. have signified their willingness to continue in office and a resolution to reappoint them will be put to the members at the next Annual General Meeting.

On behalf of the board

V. Khanna
Director

Registered office:
115 Addiscombe Road
Croydon
Surrey CRO 6SG.

Date: 22nd May 1998.

THAMES SERVICE STATION (OVAL) LIMITEDSTATEMENT OF DIRECTORS' RESPONSIBILITIES

We are required under company law 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 the profit or loss of the company for that period. In preparing those financial statements we are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

We are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable us to ensure that the financial statements comply with the Companies Act 1985. We 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.

On behalf of the board



V. Khanna
Director

Date: 22nd May 1998.

THAMES SERVICE STATION (OVAL) LIMITED

AUDITORS' REPORT

Auditors' report to the members of

Thames Service Station (Oval) Limited

We have audited the financial statements on pages 4 to 12 which have been prepared under the accounting policies set out in note 1 to the accounts.

Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those 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, consistently applied and 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 error or other irregularity. 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 the company's affairs as at 30th April 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Geo Little Sebire & Co

Geo. Little, Sebire & Co.
Chartered Accountants and
Registered Auditors

Victoria House
64 Paul Street
London EC2A 4TT

Date: 22nd May 1998.

THAMES SERVICE STATION (OVAL) LIMITEDPROFIT AND LOSS ACCOUNT

for the year ended 30th April 1998

	Note	1998 £	1997 £
Turnover	2	2,134,811	1,845,888
Cost of sales		(2,058,473)	(1,789,202)
Gross profit		76,338	56,686
Net operating expenses			
Administrative expenses		(53,028)	(88,181)
Operating profit/(loss)	3	23,310	(31,495)
Interest receivable	5	25	75,980
Interest payable	6	(1,280)	(5,557)
Profit on ordinary activities before taxation		22,055	38,928
Taxation	7	13,825	(11,106)
Retained profit for the year	16	35,880	27,822

Movements in reserves are shown in note 16.

There are no recognised gains and losses in 1998 or 1997 other than the profit for the year.

The above results are all in respect of continuing operations.

THAMES SERVICE STATION (OVAL) LIMITEDBALANCE SHEET

at 30th April 1998

	Note	1998		1997	
		£	£	£	£
Fixed assets					
Tangible assets	8		6,236		6,082
Current assets					
Stocks	9	50,105		45,148	
Debtors	10	65,710		310,130	
Cash at bank and in hand		260,161		29,258	
		375,976		384,536	
Creditors: amounts falling due within one year	11	(261,250)		(226,747)	
Net current assets			114,726		157,789
Total assets less current liabilities			120,962		163,871
Creditors: amounts falling due after more than one year	12		(82,555)		(121,222)
Provision for liabilities and charges	13		(1,000)		(41,122)
			37,407		1,527
Capital and reserves					
Called up share capital	15		100		100
Profit and loss account	16		37,307		1,427
Shareholders' funds	17		37,407		1,527

The financial statements on pages 4 to 12 were approved by the board of directors on 22nd May 1998.

V. Khanna



Director

THAMES SERVICE STATION (OVAL) LIMITEDNOTES ON FINANCIAL STATEMENTS

30th April 1998

1 Accounting policies**Basis of accounting**

The financial statements have been prepared under the historical cost convention.

Depreciation

Depreciation is calculated to write off the cost or valuation of all fixed assets over their estimated useful lives as follows:

Leasehold land and buildings	20% on cost
Plant and machinery	10 - 20% on cost
Fixtures and fittings	20% on cost

Leases and hire purchase contracts

Assets acquired under finance leases and hire purchase contracts are included under tangible fixed assets and depreciated in accordance with the company's accounting policy for that class of asset. Interest is charged so as to give a periodic charge on the capital element outstanding and the capital elements of future payments are included within creditors.

Operating lease payments are charged to the profit and loss account as they arise.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Deferred taxation

Deferred taxation is provided on the liability method to take account of material short term timing differences and all other material timing differences only to the extent that they are likely to reverse in the foreseeable future.

Cash flow statement

The company is exempt from the requirement to produce a cash flow statement on the grounds that it is a member of a group of which the ultimate holding company prepares a consolidated cash flow statement.

2 Turnover

Turnover represents the amount derived from the provision of goods and services which fall within the company's ordinary activities, entirely within the United Kingdom, stated net of value added tax.

THAMES SERVICE STATION (OVAL) LIMITEDNOTES ON FINANCIAL STATEMENTS

30th April 1998

3 Operating profit

	1998	1997
	£	£
Operating profit is stated after charging:		
Auditors' remuneration	1,200	2,400
Operating leases		
Rent	30,000	30,000
Depreciation owned assets	2,666	3,217
	<u> </u>	<u> </u>

4 Directors and employees

	1998	1997
	£	£
Staff costs including directors' emoluments		
Wages and salaries	49,078	58,007
Social security costs	6,069	4,901
	<u> </u>	<u> </u>
	55,147	62,908
	<u> </u>	<u> </u>

	Number	Number
Average number employed including executive directors		
Management and administration	1	1
Forecourt sales	7	7
	<u> </u>	<u> </u>
	8	8
	<u> </u>	<u> </u>

5 Interest receivable

	1998	1997
	£	£
Receivable from group company	25	75,980
	<u> </u>	<u> </u>

6 Interest payable

	1998	1997
	£	£
Bank interest	-	1,429
Hire purchase interest	1,280	4,128
	<u> </u>	<u> </u>
	1,280	5,557
	<u> </u>	<u> </u>

THAMES SERVICE STATION (OVAL) LIMITEDNOTES ON FINANCIAL STATEMENTS

30th April 1998

7 Taxation

	1998 £	1997 £
Corporation tax on profit on ordinary activities at 21% (1997:25%/24%)	5,000	-
Compensation for surrender of losses	-	(11,412)
Deferred taxation	(22,553)	23,553
	(17,553)	12,141
Under/(over) provision in earlier years	3,728	(1,035)
	(13,825)	11,106

8 Tangible fixed assets

	Plant and Equipment £	Fixtures and Fittings £	Total £
Cost			
1st May 1997	16,940	25,649	42,589
Additions	2,819	-	2,819
30th April 1998	19,759	25,649	45,408
Depreciation			
1st May 1997	12,194	24,312	36,506
Charge for year	1,745	921	2,666
30th April 1998	13,939	25,233	39,172
Net book value			
30th April 1998	5,821	416	6,236
30th April 1997	4,745	1,337	6,082

9 Stocks

	1998 £	1997 £
Used vehicles	-	200
Forecourt	50,105	44,948
	50,105	45,148

THAMES SERVICE STATION (OVAL) LIMITEDNOTES ON FINANCIAL STATEMENTS

30th April 1998

10 Debtors

	1998 £	1997 £
Amounts falling due within one year		
Trade debtors	2,204	3,757
Amounts owed by group undertakings	44,955	204,668
Other debtors	1,644	1,488
Prepayments and accrued income	16,907	100,217
	<u>65,710</u>	<u>310,130</u>

11 Creditors: amounts falling due within one year

	1998 £	1997 £
Trade creditors	163,229	136,902
Other loans	38,667	38,667
Amounts owed to group undertakings	29,173	1,337
Corporation tax	5,866	1,769
Other taxation and social security	15,882	5,598
Other creditors	5,293	11,046
Accruals and deferred income	3,140	15,313
Finance leases and HP contracts - note 12	-	16,115
	<u>261,250</u>	<u>226,747</u>

THAMES SERVICE STATION (OVAL) LIMITEDNOTES ON FINANCIAL STATEMENTS

30th April 1998

12 Creditors: amounts falling due
after more than one year

	1998 £	1997 £
Other loans	82,555	121,222
	<u>82,555</u>	<u>121,222</u>
Maturity of debt included above		
In one year or less, or on demand	38,667	38,667
Between one and two years	38,667	38,667
Between two and five years	43,888	82,555
	<u>121,222</u>	<u>159,889</u>

Other loans and trade creditors totalling £23,307 (£20,299:1997) are secured by a charge over the company's assets.

Obligations under finance leases
and hire purchase contracts

Amounts included above are repayable over varying periods by monthly instalments as follows:

In the next year	-	16,115
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13 Provision for liabilities and charges

	1997	Profit and loss account	1998
	£	£	£
Supplier incentive clawback	17,569	(17,569)	-
Deferred taxation (notes 7 and 14)	23,553	(22,553)	1,000
	<u>41,122</u>	<u>(40,122)</u>	<u>1,000</u>

THAMES SERVICE STATION (OVAL) LIMITEDNOTES ON FINANCIAL STATEMENTS

30th April 1998

14 Deferred taxation

	1998		1997	
	Potential liability	Provision made	Potential liability	Provision made
	£	£	£	£
Accelerated capital allowances	1,000	1,000	2,000	-
Other timing differences	-	-	23,553	23,553
	<u>1,000</u>	<u>1,000</u>	<u>25,553</u>	<u>23,553</u>

The potential liability and provision are based on a corporation tax rate of 21% (1997 25%/24%).

15 Called up share capital

	1998		1997	
	Number of shares	£	Number of shares	£
Authorised				
Share Capital	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Allotted called up and fully paid				
Share Capital	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

16 Profit and loss account

	1998 £
1st May 1997	1,427
Retained profit for the year	<u>35,880</u>
30th April 1998	<u>37,307</u>

17 Reconciliation of movements in shareholders' funds

	1998 £	1997 £
Profit for the financial year representing a Net addition to shareholders' funds	35,880	27,822
Opening shareholders' funds	<u>1,527</u>	<u>(26,295)</u>
Closing shareholders' funds	<u>37,407</u>	<u>1,527</u>

THAMES SERVICE STATION (OVAL) LIMITEDNOTES ON FINANCIAL STATEMENTS

30th April 1998

18 Contingencies

The company is liable with group companies to its bankers in respect of overdrafts and loans operated by those companies under the terms of a unlimited multilateral guarantee. The full potential liability at the balance sheet date was £521,721.

During the year the company continued legal proceedings against a former supplier of petroleum products for non compliance of an agreement to support petroleum sales margins. The amount of the claim for loss of profits is in the region of £117,000. The supplier has not admitted liability and the claim is in the process of litigation. This is not included in the accounts.

The directors are unable to quantify the likelihood of the claim being successful but they are of the opinion that there are sufficient grounds on which to continue with the action. In the event of the claim being successful the company would be subject to tax on the compensation as though it were trading income.

19 Ultimate parent undertaking

The company's ultimate parent undertaking at the balance sheet date was T S S Group PLC, a company registered in England and Wales.