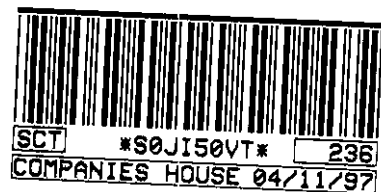


John Clark (Tayside) Limited

Directors' report and financial statements

31 March 1997

Registered number 89721



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Directors' report and financial statements

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Directors' report

The directors present their annual report and audited financial statements for the year ended 31 March 1997.

Principal activities

The company's business is that of motor vehicle dealers and garage proprietors.

Financial

The profit for the year after taxation, as set out in the attached profit and loss account, amounted to £42,496. The directors recommend that no dividend be paid.

Market value of land and buildings

The directors are of the opinion that the open market value of the company's interest in long leasehold property is in excess of the book value but are unable to quantify the excess.

Directors and directors' interests

The directors who held office during the year were as follows:

JHS Clark
DVA Clark
SE Miller (appointed 31 May 1996)

None of the directors at 31 March 1997 had any interests in the share capital of the company as recorded in the register of directors' interests. The interests of the directors in the share capital of the parent company, John Clark (Holdings) Limited, are set out in the directors' report of that company.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



DVA Clark
Secretary

The Autoplex
Abbotswell Road
Aberdeen

30 September 1997

Statement of directors' responsibilities

Company law requires the directors 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 for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



37 Albyn Place
Aberdeen
AB10 1JB
United Kingdom

Report of the auditors to the members of John Clark (Tayside) Limited

We have audited the financial statements on pages 4 to 13.

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 other irregularity or error. 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 31 March 1997 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants
Registered Auditors

30 September 1997

Profit and loss account
for the year ended 31 March 1997

	<i>Note</i>	1997 £	1996 £
Turnover	2	10,387,268	7,993,656
Cost of sales		(9,545,819)	(7,301,573)
Gross profit		841,449	692,083
Administrative expenses		(652,619)	(585,799)
Trading profit		188,830	106,284
Interest payable	6	(123,780)	(131,529)
Profit (loss) on ordinary activities before taxation	3-5	65,050	(25,245)
Tax on profit (loss) on ordinary activities	7	(22,554)	4,571
Profit (loss) for the financial year		42,496	(20,674)

A statement of movement on reserves is given in note 15.

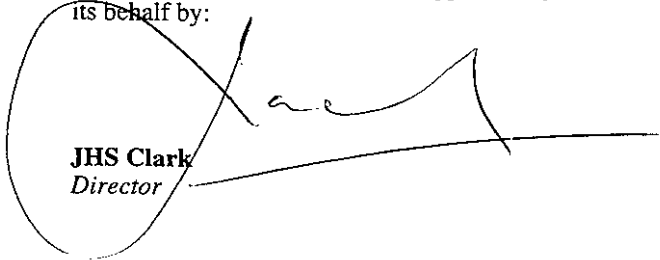
Turnover and profit on ordinary activities before interest arises wholly from continuing operations.

There are no recognised gains or losses other than the profit for the financial year.

Balance sheet
at 31 March 1997

	Note	£	1997	£	£	1996	£
Fixed assets							
Tangible assets	8		582,180			642,065	
Current assets							
Stocks	9	1,087,601		1,250,272			
Debtors	10	769,711		595,443			
Cash at bank and in hand		1,454		1,180			
			<u>1,858,766</u>		<u>1,846,895</u>		
Creditors: amounts falling due within one year	11	(2,158,434)		(2,228,339)			
Net current liabilities			(299,668)			(381,444)	
Total assets less current liabilities			<u>282,512</u>			<u>260,621</u>	
Creditors: amounts falling due after more than one year	11		(175,618)			(198,334)	
Provisions for liabilities and charges	12		(19,368)			(16,420)	
Accruals and deferred income	13		(2,346)			(3,183)	
			<u>85,180</u>			<u>42,684</u>	
Capital and reserves							
Called up share capital	14		200,000			200,000	
Profit and loss account	15		(114,820)			(157,316)	
Equity shareholders' funds			<u>85,180</u>			<u>42,684</u>	

These financial statements were approved by the board of directors on 30 September 1997 and were signed on its behalf by:


JHS Clark
Director

Statement of reconciliation of movements in shareholders' funds

	1997 £	1996 £
Profit (loss) for the financial year	42,496	(20,674)
Shareholders' funds at beginning of year	42,684	63,358
Shareholders' funds at end of year	85,180	42,684

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under historical cost accounting rules.

Under Financial Reporting Standard 1, the company is exempt from the requirements to prepare a cash flow statement as it is a wholly-owned subsidiary undertaking of a parent undertaking which has produced a group cash flow statement in accordance with the provisions of the standard.

As the company is a wholly owned subsidiary of John Clark (Holdings) Limited, it has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

Fixed assets and depreciation

Depreciation is provided on all tangible fixed assets, with the exception of long leasehold property, at rates calculated to write off their cost over their expected useful economic lives as follows:

Plant and fittings	-	over 5 years
Motor vehicles	-	over 4 years

No depreciation is provided on long leasehold property. It is the company's practice to maintain the property in a continual state of sound repair and to extend and make improvements thereto from time to time and accordingly the directors consider that the life of the property is so long and the residual value, based on prices prevailing at the time of acquisition or subsequent revaluation, is so high that depreciation is insignificant. Any permanent diminution in the value of the property is charged to the profit and loss account as appropriate.

Stocks

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

Taxation

The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred taxation only to the extent that it is probable that an actual liability will crystallise.

Leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Notes *(continued)*

1 Accounting policies *(continued)*

Pension costs

Pension costs are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company.

2 Turnover

Turnover, which is attributable to one activity, represents the amounts (excluding value added tax, car tax and licence duties) derived from the provision of goods and services to customers during the year.

3 Profit (loss) on ordinary activities before taxation

	1997	1996
	£	£
<i>Profit (loss) on ordinary activities before taxation is stated after charging:</i>		
Depreciation of tangible fixed assets	48,257	63,191
Auditors' remuneration	7,500	7,500

4 Staff costs

	1997	1996
	£	£
Employee costs (including directors):		
Wages and salaries	499,766	532,455
Social security costs	49,596	48,239
Other pension costs (see note 17)	18,007	22,210
	567,369	602,904

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees 1997	1996
Management	2	3
Administration	5	4
Sales	4	4
Other	21	21
	32	32

Notes *(continued)*

5 Directors' remuneration

The aggregate emoluments of the directors who are also directors of the holding company are disclosed in the financial statements of that company. The other director's emoluments were:

	1997 £	1996 £
Director's emoluments	36,886	-
Company contributions to money purchase schemes	1,458	-

6 Interest payable

	1997 £	1996 £
On bank loans, overdrafts and other loans wholly repayable within five years	123,780	131,529

7 Tax on profit (loss) on ordinary activities

	1997 £	1996 £
Corporation tax (including group relief)	17,925	(5,454)
Deferred tax	3,361	(159)
Prior year adjustments	1,268	1,042
	22,554	(4,571)

Notes (continued)

8 Tangible fixed assets

	Long leasehold property £	Plant and fittings £	Motor vehicles £	Total £
<i>Cost</i>				
At beginning of year	500,928	351,376	128,337	980,641
Additions	20,032	18,857	8,380	47,269
Disposals	-	-	(103,500)	(103,500)
At end of year	520,960	370,233	33,217	924,410
<i>Depreciation</i>				
At beginning of year	24,351	269,912	44,313	338,576
Charge for year	2,821	32,994	12,442	48,257
Disposals	-	-	(44,603)	(44,603)
At end of year	27,172	302,906	12,152	342,230
<i>Net book value</i>				
At 31 March 1997	493,788	67,327	21,065	582,180
At 31 March 1996	476,577	81,464	84,024	642,065

The net book value of land and building comprises:

	1997 £	1996 £
Heritable	478,520	458,488
Short leasehold	15,268	18,089
	493,788	476,577

9 Stocks

	1997 £	1996 £
Miscellaneous	18,340	20,430
Goods for resale	1,069,261	1,229,842
	1,087,601	1,250,272

In addition to the above the company holds consignment stock totalling £62,031 (1996: £407,369). Title to such stock is normally transferred after 90-180 days if items are not sold, transferred or adopted in the intervening period.

Notes (continued)

10 Debtors

	1997 £	1996 £
Trade debtors	608,039	408,874
Amounts owed by group undertakings	-	42,619
Other debtors	127,079	103,289
Group relief	34,593	40,661
	769,711	595,443

11 Creditors

	1997		1996	
	Due within one year £	Due after one year £	Due within one year £	Due after one year £
Bank overdraft	725,020	-	1,105,083	-
Bank loans	23,333	175,000	23,333	198,334
Trade creditors	355,190	-	372,319	-
Amounts owed to group undertakings	384,551	-	158,538	-
Corporation tax	12,000	-	1,792	-
Other taxes and social security	110,801	-	74,850	-
Hire purchase creditor	242,516	618	230,676	-
Stocking loan	150,000	-	150,000	-
Other creditors	155,023	-	111,748	-
	2,158,434	175,618	2,228,339	198,334
Repayable within five years		93,950		93,332
Repayable after five years		81,668		105,002
		175,618		198,334

A bank loan of £350,000 was obtained during the year to 31 March 1991 and is repayable by way of sixty quarterly instalments of £5,833. Interest is payable at 1.5% above bank base rate. The bank holds a standard security over the company's property together with a bond and floating charge over the company's assets.

The stocking loan is secured by guarantees issued by certain other group undertakings. Interest on this facility is charged at Finance House Base Rate.

Notes *(continued)*

12 Provisions for liabilities and charges

	Accelerated capital allowances £
<i>Deferred tax</i>	
At beginning of year	16,420
Profit and loss account	2,948
At end of year	19,368

13 Accruals and deferred income

	1997 £	1996 £
Deferred income (net of deferred tax @ 33%)	2,346	3,183

Oil company financial assistance received in 1992 and 1995 is being credited to profit by equal monthly instalments over a period of five years. The unexpired balance is repayable only if the group fails to carry out its obligations under its oil supply agreement.

14 Share capital

	1997 £	1996 £
<i>Authorised, allotted, called up and fully paid</i>		
Ordinary shares of £1 each	200,000	200,000

15 Profit and loss account

	£
At beginning of year	(157,316)
Retained profit for the year	42,496
At end of year	(114,820)

Notes *(continued)*

16 Commitments

- (i) At the end of the financial year the company had no capital commitments.
- (ii) At the end of the financial year the company had no annual commitments under non-cancellable operating leases.

17 Pension scheme

The company subscribes to a defined contribution pension scheme operated by the group. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £18,007 (1996: £22,210).

18 Contingent liabilities

The company has issued cross guarantees with certain other group companies in connection with bank facilities and stocking loan facilities received by the group. The total of balances covered by the cross guarantees at 31 March 1997 was £3,256,000 and £450,000 respectively.

19 Parent company

The ultimate parent company is John Clark (Holdings) Limited, a company incorporated in Great Britain and registered in Scotland.

The largest group in which the results of the company are consolidated is that headed by John Clark (Holdings) Limited. The consolidated accounts of John Clark (Holdings) Limited are available to the public and may be obtained from the Registrar of Companies, Companies House, 37 Castle Terrace, Edinburgh, EH1 2EB.

No other group accounts include the results of the company.