

John Clark (Tayside) Limited

Directors' report and financial statements

31 March 1998

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 1998.

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 £136,870. The directors recommend a final dividend of £20,000 be paid.

After dividends, the profit for the year is £116,870.

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	(resigned 31 December 1997)

The interests of the directors at the end of the financial year are disclosed in the directors' report of the parent company.

Millennium compliance

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the Year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption.

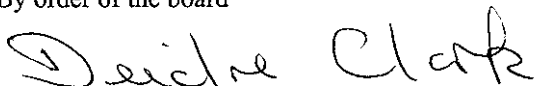
The company had addressed the impact of the Year 2000 on its business and operations by reviewing the major issues to assess exposure. Total estimated costs of these plans are not believed to be significant.

Given the complexity of the problem, it is not possible for any organisation to guarantee that no Year 2000 problems will remain, because at least some level of failure may still occur. However, the Directors believe that the company will achieve an acceptable state of readiness and will provide resources to deal promptly with significant failures or issues that might arise.

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

9 November 1998

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 1998 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to be 'KPMG' or a similar stylized mark.

KPMG
Chartered Accountants
Registered Auditors

9 November 1998

Profit and loss account

for the year ended 31 March 1998

	<i>Note</i>	1998 £	1997 £
Turnover	2	11,740,529	10,387,268
Cost of sales		(10,726,968)	(9,545,819)
Gross profit		1,013,561	841,449
Administrative expenses		(736,559)	(652,619)
Operating profit		277,002	188,830
Interest payable	6	(99,243)	(123,780)
Profit on ordinary activities before taxation	3-5	177,759	65,050
Tax on profit on ordinary activities	7	(40,889)	(22,554)
Profit for the financial year		136,870	42,496
Dividends on equity shares	8	(20,000)	-
Retained profit for the year		116,870	42,496

A statement of movement on reserves is given in note 16.

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

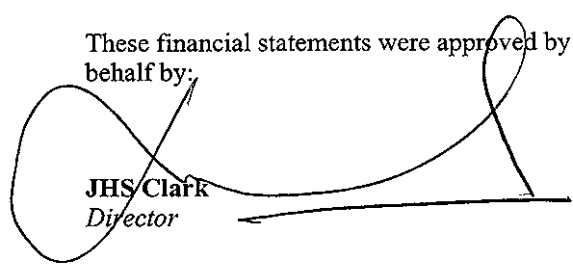
There are no recognised gains or losses other than the profit for the financial year.

Balance sheet

at 31 March 1998

	Note	£	1998	£	£	1997	£
Fixed assets							
Tangible assets	9		717,167			582,180	
Current assets							
Stocks	10	1,052,313			1,087,601		
Debtors	11	547,282			769,711		
Cash at bank and in hand		404			1,454		
			1,599,999		1,858,766		
Creditors: amounts falling due within one year	12	(1,920,146)			(2,158,434)		
Net current liabilities			(320,147)			(299,668)	
Total assets less current liabilities			397,020			282,512	
Creditors: amounts falling due after more than one year	12		(151,667)			(175,618)	
Provisions for liabilities and charges	13		(19,635)			(19,368)	
Accruals and deferred income	14		(23,668)			(2,346)	
Net assets			202,050			85,180	
Capital and reserves							
Called up share capital	15	200,000			200,000		
Profit and loss account	16	2,050			(114,820)		
Equity shareholders' funds			202,050			85,180	

These financial statements were approved by the board of directors on 9 November 1998 and were signed on its behalf by:


JHS Clark
Director

Statement of reconciliation of movements in shareholders' funds

	1998 £	1997 £
Profit for the financial year	136,870	42,496
Dividends	(20,000)	-
Net additions to shareholders funds	116,870	42,496
Shareholders' funds at beginning of year	85,180	42,684
Shareholders' funds at end of year	202,050	85,180

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 requirement 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. The consolidated financial statements of John Clark (Holdings) Limited, within which this company is included, can be obtained from Companies House, 37 Castle Terrace, Edinburgh, EH1 2EB.

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
Leasehold improvements	-	over 8 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

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Notes (continued)

1 Accounting policies (continued)

Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents contributions payable to the scheme in respect of the accounting period.

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 on ordinary activities before taxation

	1998	1997
	£	£
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Depreciation of tangible fixed assets	55,945	48,257
Auditors' remuneration	7,500	7,500
	<u> </u>	<u> </u>

4 Staff costs

	1998	1997
	£	£
Employee costs (including directors):		
Wages and salaries	484,148	499,766
Social security costs	51,292	49,596
Other pension costs (see note 18)	22,162	18,007
	<u> </u>	<u> </u>
	<u>557,602</u>	<u>567,369</u>

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

	Number of employees 1998	1997
Management	2	2
Administration	5	5
Sales	4	4
Other	28	27
	<u> </u>	<u> </u>
	<u>39</u>	<u>38</u>

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:

	1998 £	1997 £
Director's emoluments	45,125	36,886
Company contributions to money purchase scheme	1,352	1,458

Retirement benefits are accruing to one director (1997: one) under this money purchase scheme.

6 Interest payable

	1998 £	1997 £
On bank loans	39,907	66,891
On all other loans	37,415	36,444
Finance charges in respect of finance leases and hire purchase contracts	21,921	20,445
	99,243	123,780

7 Tax on profit on ordinary activities

	1998 £	1997 £
Corporation tax (including group relief) at 31% (1997: 33%)	51,771	17,925
Deferred tax	(9,211)	3,361
Prior year adjustments	(1,671)	1,268
	40,889	22,554

8 Dividends

	1998 £	1997 £
Final	20,000	-

Notes (continued)

9 Tangible fixed assets

	Land and buildings £	Plant and fittings £	Motor vehicles £	Total £
Cost				
At beginning of year	520,960	370,233	33,217	924,410
Additions	81,698	92,699	34,974	209,371
Disposals	-	-	(32,433)	(32,433)
At end of year	602,658	462,932	35,758	1,101,348
Depreciation				
At beginning of year	27,172	302,906	12,152	342,230
Charge for year	2,911	44,384	8,650	55,945
Disposals	-	-	(13,994)	(13,994)
At end of year	30,083	347,290	6,808	384,181
Net book value				
At 31 March 1998	572,575	115,642	28,950	717,167
At 31 March 1997	493,788	67,327	21,065	582,180

The net book value of land and building comprises:

	1998 £	1997 £
Long leasehold	558,988	478,520
Leasehold improvements	13,587	15,268
	572,575	493,788

10 Stocks

	1998 £	1997 £
Miscellaneous	20,861	18,340
Goods for resale	1,031,452	1,069,261
	1,052,313	1,087,601

In addition to the above the company holds consignment stock totalling £104,694 (1997: 62,031). 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)

11 Debtors

	1998 £	1997 £
Trade debtors	459,059	608,039
Other debtors	88,223	127,079
Group relief	-	34,593
	<u>547,282</u>	<u>769,711</u>

12 Creditors

	1998		1997	
	Due within one year £	Due after one year £	Due within one year £	Due after one year £
Bank overdraft	321,503	-	725,020	-
Bank loans	23,333	151,667	23,333	175,000
Trade creditors	285,725	-	355,190	-
Amounts owed to group undertakings	700,058	-	384,551	-
Corporation tax	8,999	-	12,000	-
Other taxes and social security	52,594	-	110,801	-
Hire purchase creditor	252,924	-	242,516	618
Stocking loan	150,000	-	150,000	-
Other creditors	118,502	-	155,023	-
Group relief	6,508	-	-	-
	<u>1,920,146</u>	<u>151,667</u>	<u>2,158,434</u>	<u>175,618</u>
Repayable between one and two years		23,333		23,951
Repayable between two and five years		69,999		69,999
Repayable after five years		58,335		81,668
		<u>151,667</u>		<u>175,618</u>

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 overdraft and bank loan are secured by 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)

13 Provisions for liabilities and charges

The amounts provided for deferred tax which represents the full potential liability are set out below:

	Accelerated capital allowances £
At beginning of year	19,368
Profit and loss account	267
At end of year	19,635

14 Accruals and deferred income

	1998 £	1997 £
Deferred income (net of deferred tax @ 31%) (1997: 33%)	23,668	2,346

Oil company financial assistance received in 1995 and 1998 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.

15 Share capital

	1998 £	1997 £
<i>Authorised, allotted, called up and fully paid</i>		
Ordinary shares of £1 each	200,000	200,000

16 Profit and loss account

	£
At beginning of year	(114,820)
Retained profit for the year	116,870
At end of year	2,050

Notes (continued)

17 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.

18 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 £22,162 (1997: £18,007). Contributions amounting to £5,437 (1997: £nil) were payable to the fund at the year end and are included in creditors.

19 Contingent liabilities

The company has issued 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 guarantees at 31 March 1998 was £4,786,313 (1997: £2,332,705) and £655,485 (1997: £858,615) respectively.

20 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.