

John Clark (Tayside) Limited

Directors' report and financial statements

31 March 1999

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 1999.

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 £146,900.

The directors recommend a final dividend of £50,000 be paid.

After dividends, the profit for the year is £96,900.

Market value of land and buildings

The directors are of the opinion that the open market value of the company's interest in land and buildings 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	
M Wilcock	(appointed 1 September 1998)

The interests of JHS Clark and DVA Clark are disclosed in the directors' report of the parent company.

M Wilcock had no interest in the share capital of the company or other group companies at 31 March 1999 as recorded in the register of directors' interests.

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 has 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.

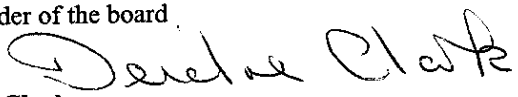
Given the complexity of the problem, it is not possible for any organisation to guarantee that no Year 2000 problems will remain, because at least some level of failure may still occur. However, the Directors believe that the company will achieve an acceptable state of readiness and will provide resources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

Directors' report

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

15 November 1999

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 5 to 14.

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 1999 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG
Chartered Accountants
Registered Auditors

15 November 1999

Profit and loss account
for the year ended 31 March 1999

	<i>Note</i>	1999 £	1998 £
Turnover	2	11,822,988	11,740,529
Cost of sales		(10,663,359)	(10,726,968)
Gross profit		1,159,629	1,013,561
Administrative expenses		(843,380)	(736,559)
Operating profit		316,249	277,002
Interest payable	6	(87,446)	(99,243)
Profit on ordinary activities before taxation	3-5	228,803	177,759
Tax on profit on ordinary activities	7	(81,903)	(40,889)
Profit for the financial year		146,900	136,870
Dividends on equity shares	8	(50,000)	(20,000)
Retained profit for the year	16	96,900	116,870

Turnover and profit on ordinary activities 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 1999

	Note	1999	1998
		£	£
Fixed assets			
Tangible assets	9	687,752	717,167
Current assets			
Stocks	10	1,359,340	1,052,313
Debtors	11	606,302	547,282
Cash at bank and in hand		457	404
		<u>1,966,099</u>	<u>1,599,999</u>
Creditors: amounts falling due within one year	12	<u>(2,142,320)</u>	<u>(1,920,146)</u>
Net current liabilities		<u>(176,221)</u>	<u>(320,147)</u>
Total assets less current liabilities		<u>511,531</u>	<u>397,020</u>
Creditors: amounts falling due after more than one year	12	(168,823)	(151,667)
Provisions for liabilities and charges	13	(17,858)	(19,635)
Accruals and deferred income	14	<u>(25,900)</u>	<u>(23,668)</u>
Net assets		<u>298,950</u>	<u>202,050</u>
Capital and reserves			
Called up share capital	15	200,000	200,000
Profit and loss account	16	98,950	2,050
Equity shareholders' funds		<u>298,950</u>	<u>202,050</u>

These financial statements were approved by the board of directors on 15 November 1999 and were signed on its behalf by:

JHS Clark
Director

Statement of reconciliation of movements in shareholders' funds

	1999 £	1998 £
Profit for the financial year	146,900	136,870
Dividends	(50,000)	(20,000)
Net additions to shareholders funds	96,900	116,870
Shareholders' funds at beginning of year	202,050	85,180
Shareholders' funds at end of year	<u>298,950</u>	<u>202,050</u>

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 at rates calculated to write off their cost less estimated residual value over their expected useful economic lives as follows:

Freehold property	-	30 years
Plant and fittings	-	between 3 to 5 years
Motor vehicles	-	over 4 years
Leasehold improvements	-	over remaining lease period

No depreciation is provided on land.

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 plan for certain employees and also contributes to personal pension plans of employees. The assets of the plans are held separately from those of the company in independently administered funds. The amount charged against profits represents the contributions payable to the plans in respect of the accounting period.

2 Turnover

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

3 Profit on ordinary activities before taxation

	1999 £	1998 £
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Depreciation of tangible fixed assets	74,264	55,945
Auditors' remuneration	8,000	7,500
	<u>74,264</u>	<u>55,945</u>

4 Staff costs

	1999 £	1998 £
Employee costs (including directors):		
Wages and salaries	636,850	484,148
Social security costs	59,876	51,292
Other pension costs (see note 18)	20,532	22,162
	<u>717,258</u>	<u>557,602</u>

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

	Number of employees 1999	1998
Management	2	2
Administration	5	5
Sales	5	4
Other	28	28
	<u>40</u>	<u>39</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:

	1999 £	1998 £
Director's emoluments	34,522	45,125
Company contributions to money purchase plans	1,312	1,352

Retirement benefits are accruing to one director (1998: one) under a money purchase plan.

6 Interest payable

	1999 £	1998 £
On bank loans	26,461	39,907
On all other loans	40,381	37,415
Finance charges in respect of finance leases and hire purchase contracts	20,604	21,921
	87,446	99,243

7 Tax on profit on ordinary activities

	1999 £	1998 £
Corporation tax at 21% (1998: 21%)	9,000	8,999
Group relief	63,771	42,772
Deferred tax	1,186	(9,211)
Prior year adjustments	7,946	(1,671)
	81,903	40,889

8 Dividends

	1999 £	1998 £
Final	50,000	20,000

Notes (continued)

9 Tangible fixed assets

	Land and buildings £	Plant and fittings £	Leased plant and fittings £	Motor vehicles £	Total £
Cost					
At beginning of year	602,658	462,932	-	35,758	1,101,348
Additions	2,832	30,017	-	12,000	44,849
Reclassification	-	(69,273)	69,273	-	-
At end of year	605,490	423,676	69,273	47,758	1,146,197
Depreciation					
At beginning of year	30,083	347,290	-	6,808	384,181
Charge for year	12,237	31,866	21,167	8,994	74,264
Reclassification	-	(9,642)	9,642	-	-
At end of year	42,320	369,514	30,809	15,802	458,445
Net book value					
At 31 March 1999	563,170	54,162	38,464	31,956	687,752
At 31 March 1998	572,575	115,642	-	28,950	717,167

Included in the total net book value of motor vehicles is £14,438 (1998: £28,950) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £5,974 (1998: £6,024). The gross book value of land and buildings includes £405,490 (1998: £43,670) of depreciable assets.

The net book value of land and building comprises:

	1999 £	1998 £
Freehold	550,866	558,988
Leasehold improvements	12,304	13,587
	563,170	572,575

10 Stocks

	1999 £	1998 £
Miscellaneous	19,039	20,861
Goods for resale	1,340,301	1,031,452
	1,359,340	1,052,313

In addition to the above the company holds consignment stock totalling £209,395 (1998: £104,694). 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

	1999 £	1998 £
Trade debtors	501,331	459,059
Amounts owed by group undertakings	5,223	-
Other debtors	99,748	88,223
	<u>606,302</u>	<u>547,282</u>

12 Creditors

	1999		1998	
	Due within one year £	Due after one year £	Due within one year £	Due after one year £
Bank overdraft	330,619	-	321,503	-
Bank loans	23,333	128,334	23,333	151,667
Trade creditors	231,964	-	285,725	-
Amounts owed to group undertakings	741,875	-	700,058	-
Corporation tax	9,000	-	8,999	-
Other taxes and social security	52,090	-	52,594	-
Hire purchase creditor	394,490	40,489	252,924	-
Stocking loan	150,000	-	150,000	-
Other creditors	138,393	-	118,502	-
Group relief	70,556	-	6,508	-
	<u>2,142,320</u>	<u>168,823</u>	<u>1,920,146</u>	<u>151,667</u>
Repayable between one and two years		36,740		23,333
Repayable between two and five years		97,081		69,999
Repayable after five years		35,002		58,335
		<u>168,823</u>		<u>151,667</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 used vehicle stocking loan is secured by guarantees issued by certain other group undertakings.

Hire purchase obligations are secured over the fixed assets and demonstration vehicle stock to which they relate. All obligations under hire purchase agreements are repayable within five years.

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	19,635
Profit and loss account	(1,777)
At end of year	17,858

14 Accruals and deferred income

	1999 £	1998 £
Deferred income	25,900	23,668

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

	1999 £	1998 £
<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	2,050
Retained profit for the year	96,900
At end of year	98,950

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 annual commitments under other non-cancellable operating leases expiring between two to five years of £2,507 (1998: *£nil*).

18 Pension scheme

The company subscribes to a defined contribution pension scheme operated by the group and contributes to personal pension plans of employees. The assets of the plans are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the plans and amounted to £20,532 (1998: £22,162). No contributions were payable to the plans at either year end.

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 1999 was £5,820,901 (1998: £4,786,313) and £1,117,100 (1998: £655,485) 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.