

John Clark (Tayside) Limited

**Directors' report and financial
statements**

Registered number 89721

31 December 2002



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Directors' report

The directors present their annual report and audited financial statements for the period from 1 April 2002 to 31 December 2002.

Principal activities

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

Financial

The profit for the period after taxation, as set out in the attached profit and loss account, amounted to £131,494 (*Year ended 31 March 2002: £95,210*). After payment of dividends of £25,000 (*Year ended 31 March 2002: £50,000*) the retained profit for the year is £106,494 (*Year ended 31 March 2002: £45,210*).

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 period were as follows:

JHS Clark
DVA Clark

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

Auditors

A resolution for the re-appointment of KPMG LLP 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

8 August 2003

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

Independent auditors' report to the members of John Clark (Tayside) Limited

We have audited the financial statements on pages 4 to 14.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit 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 December 2002 and of the profit for the period from 1 April 2002 to 31 December 2002 and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

8 August 2003

Profit and loss account

for the nine month period ended 31 December 2002

	Note	01.04.02 to 31.12.02 £	Year ended 31.03.02 £
Turnover	2	11,163,774	14,915,489
Cost of sales		(10,178,763)	(13,791,055)
Gross profit		985,011	1,124,434
Administrative expenses		(727,757)	(910,092)
Operating profit		257,254	214,342
Interest receivable	6	7,109	-
Interest payable	7	(78,611)	(80,145)
Profit on ordinary activities before taxation	3-5	185,752	134,197
Tax on profit on ordinary activities	8	(54,258)	(38,987)
Profit for the financial period		131,494	95,210
Dividends on equity shares	9	(25,000)	(50,000)
Retained profit for the period	17	106,494	45,210

Turnover and profit on ordinary activities arise wholly from continuing operations.

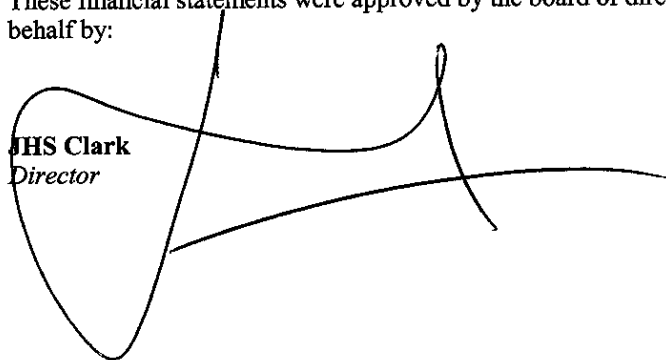
There are no recognised gains or losses other than the profit for the financial period.

Balance sheet
at 31 December 2002

	<i>Note</i>	31.12.02	31.03.02
		£	£
Fixed assets			
Tangible assets	10	887,449	913,841
Current assets			
Stocks	11	1,930,384	1,295,683
Debtors	12	643,540	1,151,894
Cash at bank and in hand		1,143	642,602
		<u>2,575,067</u>	<u>3,090,179</u>
Creditors: amounts falling due within one year	13	<u>(2,248,751)</u>	<u>(2,862,693)</u>
Net current assets		<u>326,316</u>	<u>227,486</u>
Total assets less current liabilities		<u>1,213,765</u>	<u>1,141,327</u>
Creditors: amounts falling due after more than one year	13	<u>(575,321)</u>	<u>(607,452)</u>
Provisions for liabilities and charges	14	<u>(37,554)</u>	<u>(33,179)</u>
Accruals and deferred income	15	<u>(22,400)</u>	<u>(28,700)</u>
Net assets		<u>578,490</u>	<u>471,996</u>
Capital and reserves			
Called up share capital	16	200,000	200,000
Profit and loss account	17	378,490	271,996
Equity shareholders' funds		<u>578,490</u>	<u>471,996</u>

These financial statements were approved by the board of directors on 8 August 2003 and were signed on its behalf by:

JHS Clark
Director



Statement of reconciliation of movements in shareholders' funds
for the nine month period ended 31 December 2002

	01.04.02 to 31.12.02	Year ended 31.03.02
	£	£
Profit for the financial period	131,494	95,210
Dividends	(25,000)	(50,000)
Net addition to shareholders funds	106,494	45,210
Shareholders' funds at beginning of period	471,996	426,786
Shareholders' funds at end of period	578,490	471,996

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 the 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 period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Leases and hire purchase contracts

Assets acquired under finance leases and hire purchase contracts are capitalised and the outstanding future obligations are shown in creditors.

Pension costs

The company subscribes to a defined contribution pension plan operated by the group 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.

Notes (continued)

2 Turnover

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

3 Profit on ordinary activities before taxation

	01.04.02 to 31.12.02 £	Year ended 31.03.02 £
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Depreciation of tangible fixed assets	55,300	65,420
Auditors' remuneration	7,500	8,000
	<u> </u>	<u> </u>

4 Staff costs

Employee costs (including directors):

	01.04.02 to 31.12.02 £	Year ended 31.03.02 £
Wages and salaries	682,230	887,615
Social security costs	62,131	78,159
Other pension costs (see note 18)	16,247	23,392
	<u> </u>	<u> </u>
	760,608	989,166
	<u> </u>	<u> </u>

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

	01.04.02 to 31.12.02 Number	Year ended 31.03.02 Number
Management	2	2
Administration	7	7
Sales	6	5
Other	32	31
	<u> </u>	<u> </u>
	47	45
	<u> </u>	<u> </u>

Notes *(continued)*

5 Directors' remuneration

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

	01.04.02 to 31.12.02 £	Year ended 31.03.02 £
Director's emoluments	-	49,930
Company contributions to money purchase plan	-	2,500

Retirement benefits are accruing to no directors (*Year ended 31 March 2002: one director*) under a money purchase plan.

6 Interest receivable

	01.04.02 to 31.12.02 £	Year ended 31.03.02 £
Bank interest receivable	7,109	-

7 Interest payable

	01.04.02 to 31.12.02 £	Year ended 31.03.02 £
On bank loans and overdraft	25,937	18,395
On all other loans	25,720	29,783
Finance charges in respect of finance leases and hire purchase contracts	26,954	31,967
	78,611	80,145

Notes (continued)

8 Tax on profit on ordinary activities

Analysis of charge in period

	01.04.02 to 31.12.02	Year ended 31.03.02
	£	£
<i>UK corporation tax</i>		
Current tax on income for the period	6,135	8,571
Adjustments in respect of prior year	-	(14,627)
<i>Group relief</i>	6,135	(6,056)
Current tax on income for the period	46,888	26,843
Adjustments in respect of prior year	(3,140)	3,366
	43,748	30,209
Total current tax	49,883	24,153
<i>Deferred tax (see note 14)</i>		
Origination/reversal of timing differences	3,522	8,048
Adjustments in respect of prior year	853	6,786
	4,375	14,834
Tax on profit on ordinary activities	54,258	38,987

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (*Year ended 31 March 2002: lower*) than the standard rate of corporation tax in the UK 30%, (*Year ended 31 March 2002: 30%*). The differences are explained below:

	01.04.02 to 31.12.02	Year ended 31.03.02
	£	£
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	185,752	134,197
Current tax at 30% (<i>Year ended 31 March 2002: 30%</i>)	55,726	40,259
<i>Effects of:</i>		
Expenses not deductible for tax purposes	665	3,000
Difference between capital allowances for period and depreciation	(3,297)	(8,048)
Other timing differences	(225)	-
Depreciation on assets not qualifying for capital allowances	3,706	5,389
Adjustment to tax charge in respect of prior year	(3,140)	(11,261)
Small company rate adjustment	(3,552)	(4,286)
Ineligible capital expenditure for which revenue deduction obtained	-	(900)
Total current tax charge (see above)	49,883	24,153

Notes (continued)

9 Dividends

	01.04.02 to 31.12.02 £	Year ended 31.03.02 £
Dividends proposed	<u>25,000</u>	<u>50,000</u>

10 Tangible fixed assets

	Land and buildings £	Plant and fittings £	Leased plant and fittings £	Motor vehicles £	Total £
Cost					
At beginning of period	819,274	582,720	114,773	27,012	1,543,779
Additions	1,000	25,714	6,202	-	32,916
Disposals	(22,695)	(404,321)	(69,273)	(9,161)	(505,450)
At end of period	<u>797,579</u>	<u>204,113</u>	<u>51,702</u>	<u>17,851</u>	<u>1,071,245</u>
Depreciation					
At beginning of period	87,240	461,837	74,048	6,813	629,938
Charge for period	12,353	32,214	7,342	3,391	55,300
On disposals	(22,695)	(404,321)	(69,273)	(5,153)	(501,442)
At end of period	<u>76,898</u>	<u>89,730</u>	<u>12,117</u>	<u>5,051</u>	<u>183,796</u>
Net book value					
At 31 December 2002	<u>720,681</u>	<u>114,383</u>	<u>39,585</u>	<u>12,800</u>	<u>887,449</u>
At 31 March 2002	<u>732,034</u>	<u>120,883</u>	<u>40,725</u>	<u>20,199</u>	<u>913,841</u>

Included in the total net book value of motor vehicles is £12,800 (31 March 2002: £20,199) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the period on these assets was £3,391 (31 March 2002: £5,145).

The gross book value of land and buildings includes £597,579 (31 March 2002: £619,274) of depreciable assets.

The net book value of land and buildings comprises:

	31.12.02 £	31.03.02 £
Freehold	718,145	727,833
Leasehold improvements	2,536	4,201
	<u>720,681</u>	<u>732,034</u>

Notes *(continued)*

11 Stocks

	31.12.02	31.03.02
	£	£
Miscellaneous	41,760	26,841
Goods for resale	1,888,624	1,268,842
	1,930,384	1,295,683

In addition to the above the company holds consignment stock totaling £443,515 (*31 March 2002: £235,647*). Title to such stock is normally transferred after 90-180 days if items are not sold, transferred or adopted in the intervening period.

12 Debtors

	31.12.02	31.03.02
	£	£
Trade debtors	387,579	928,062
Amounts owed by group undertakings	74,546	30,962
Other debtors	181,415	192,870
	643,540	1,151,894

Notes (continued)

13 Creditors

	31.12.02		31.03.02	
	Due within one year £	Due after one year £	Due within one year £	Due after one year £
Bank overdraft	180,279	-	-	-
Bank loans	40,000	546,937	30,000	570,000
Trade creditors	327,796	-	772,690	-
Amounts owed to group undertakings	100,848	-	785,276	-
Corporation tax	6,135	-	8,571	-
Other taxes and social security	81,444	-	104,185	-
Obligations under finance leases and hire purchase agreements	689,988	28,384	517,671	37,452
Stocking loan	394,625	-	297,465	-
Other creditors	143,919	-	131,866	-
Group relief	258,717	-	214,969	-
Dividends proposed	25,000	-	-	-
	<u>2,248,751</u>	<u>575,321</u>	<u>2,862,693</u>	<u>607,452</u>
Repayable between one and two years		51,539		55,409
Repayable between two and five years		136,845		142,043
Repayable after five years		386,937		410,000
		<u>575,321</u>		<u>607,452</u>

A bank term loan of £600,000 was obtained in January 2002 and is repayable by way of 180 monthly instalments commencing July 2002. This loan bears interest at 1.5% over base rate. It is secured by standard securities over the company's principal properties together with a bond and floating charge over the company's assets.

The bank overdraft is secured by a bond and floating charge over the company's assets.

The used vehicle stocking loan is secured over the relevant used vehicle stocks.

Hire purchase obligations are secured over the fixed assets and demonstration vehicle stocks to which they relate.

14 Provisions for liabilities and charges

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

	Accelerated capital allowances £	Other timing differences £	Total £
At beginning of period	36,779	(3,600)	33,179
Profit and loss account	4,151	224	4,375
At end of period	<u>40,930</u>	<u>(3,376)</u>	<u>37,554</u>

Notes (continued)

15 Accruals and deferred income

	31.12.02 £	31.03.02 £
Deferred income	22,400	28,700

Oil company financial assistance 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.

16 Share capital

	31.12.02 £	31.03.02 £
<i>Authorised, allotted, called up and fully paid</i>		
Ordinary shares of £1 each	200,000	200,000

17 Profit and loss account

	£
At beginning of period	271,996
Retained profit for the period	106,494
At end of period	378,490

18 Pension scheme

The company subscribes to a defined contribution pension scheme operated by the group 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 pension cost charge represents contributions payable by the company to the plans and amounted to £16,247 (*Year ended 31 March 2002: £23,392*). No contributions were payable to the plans at either period 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 December 2002 was £7,118,513 (*31 March 2002: £7,967,307*) and £1,361,296 (*31 March 2002: £1,435,198*) respectively.

20 Commitments

The company had no capital commitments at the end of the financial period (*31 March 2002: none*).

21 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.