

John Clark (Tayside) Limited

**Directors' report and financial
statements**

Registered number 89721

31 December 2003



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Directors' report

The directors present their annual report and audited financial statements for the year ended 31 December 2003.

Principal activities

The company's business was that of motor vehicle dealers and garage proprietors. On 1 October 2003 the business and assets were transferred to John Clark (Aberdeen) Limited, a fellow group undertaking, at book value which the directors consider to be fair value.

Financial

The profit for the year after taxation, as set out in the attached profit and loss account, amounted to £77,786 (2002: £131,494). After payment of dividends of £456,276 (2002: £25,000) the retained loss for the year is £378,490 (2002: profit £106,494).

Directors and directors' interests

The directors who held office during the year and up to the date of this report were as follows:

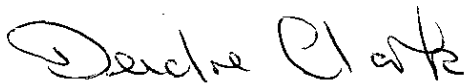
JHS Clark
DVA Clark

The interests of the directors 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

28 October 2004

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 2003 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

28 October 2004

Profit and loss account

for the year ended 31 December 2003

	Note	31.12.03 £	01.04.02 to 31.12.02 £
Turnover	2	15,396,681	11,163,774
Cost of sales		(14,312,264)	(10,178,763)
Gross profit		1,084,417	985,011
Administrative expenses		(862,385)	(727,757)
Operating profit		222,032	257,254
Interest receivable	6	-	7,109
Interest payable	7	(106,420)	(78,611)
Profit on ordinary activities before taxation	3-5	115,612	185,752
Tax on profit on ordinary activities	8	(37,826)	(54,258)
Profit for the financial period		77,786	131,494
Dividends on equity shares	9	(456,276)	(25,000)
Retained (loss) profit for the period	17	(378,490)	106,494

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

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

Balance sheet

at 31 December 2003

	Note	£	31.12.03	£	31.12.02	£
Fixed assets						
Tangible assets	10		-		887,449	
Current assets						
Stocks	11	-		1,930,384		
Debtors	12	256,276		643,540		
Cash at bank and in hand		-		1,143		
			256,276	2,575,067		
Creditors: amounts falling due within one year	13	(56,276)		(2,248,751)		
Net current assets			200,000		326,316	
Total assets less current liabilities			200,000		1,213,765	
Creditors: amounts falling due after more than one year	13		-		(575,321)	
Provisions for liabilities and charges	14		-		(37,554)	
Accruals and deferred income	15		-		(22,400)	
Net assets			200,000		578,490	
Capital and reserves						
Called up share capital	16		200,000		200,000	
Profit and loss account	17		-		378,490	
Equity shareholders' funds			200,000		578,490	

These financial statements were approved by the board of directors on 28 October 2004 and were signed on its behalf by:

JHS Clark
Director

Statement of reconciliation of movements in shareholders' funds

for the year ended 31 December 2003

	31.12.03 £	01.04.02 to 31.12.02 £
Profit for the financial year	77,786	131,494
Dividends	(456,276)	(25,000)
Net (reduction in) addition to shareholders funds	(378,490)	106,494
Shareholders' funds at beginning of year	578,490	471,996
Shareholders' funds at end of year	200,000	578,490

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

	31.12.03	01.04.02 to 31.12.02
	£	£
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Depreciation of tangible fixed assets	61,318	55,300
Auditors' remuneration	7,000	7,500
	<u>68,318</u>	<u>62,800</u>

4 Staff costs

Employee costs (including directors):

	31.12.03	01.04.02 to 31.12.02
	£	£
Wages and salaries	787,233	682,230
Social security costs	74,756	62,131
Other pension costs (see note 18)	17,931	16,247
	<u>879,920</u>	<u>760,608</u>

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

	31.12.03 Number	01.04.02 to 31.12.02 Number
Management	2	2
Administration	8	7
Sales	10	6
Other	30	32
	<u>50</u>	<u>47</u>

5 Directors' remuneration

The aggregate emoluments of the directors, both of whom are directors of the parent company, are disclosed in the financial statements of that company.

Notes *(continued)*

6 Interest receivable

	31.12.03 £	01.04.02 to 31.12.02 £
Bank interest receivable	-	7,109

7 Interest payable

	31.12.03 £	01.04.02 to 31.12.02 £
On bank loans and overdraft	32,433	25,937
On all other loans	50,349	25,720
Finance charges in respect of finance leases and hire purchase contracts	23,638	26,954
	<u>106,420</u>	<u>78,611</u>

Notes (continued)

8 Tax on profit on ordinary activities

Analysis of charge in period

	31.12.03	01.04.02 to 31.12.02
	£	£
<i>UK corporation tax</i>		
Current tax on income for the year	-	6,135
<i>Group relief</i>		
Current tax on income for the year	38,156	46,888
Adjustments in respect of prior year	(67)	(3,140)
	<u>38,089</u>	<u>43,748</u>
Total current tax	<u>38,089</u>	<u>49,883</u>
<i>Deferred tax (see note 14)</i>		
Origination/reversal of timing differences	(68)	3,522
Adjustments in respect of prior year	(195)	853
	<u>(263)</u>	<u>4,375</u>
Tax on profit on ordinary activities	<u>37,826</u>	<u>54,258</u>

Factors affecting the tax charge for the period

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

	31.12.03	01.04.02 to 31.12.02
	£	£
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	115,612	185,752
Current tax at 30% (2002: 30%)	<u>34,684</u>	<u>55,726</u>
<i>Effects of:</i>		
Expenses not deductible for tax purposes	1,202	665
Difference between capital allowances for period and depreciation	68	(3,297)
Other timing differences	-	(225)
Depreciation on assets not qualifying for capital allowances	2,578	3,706
Adjustment to tax charge in respect of prior year	(67)	(3,140)
Small company rate adjustment	(376)	(3,552)
Total current tax charge (see above)	<u>38,089</u>	<u>49,883</u>

Notes (continued)

9 Dividends

	31.12.03 £	01.04.02 to 31.12.02 £
Dividends paid	400,000	-
Dividends proposed	56,276	25,000
	<u>456,276</u>	<u>25,000</u>

10 Tangible fixed assets

	Land and buildings £	Plant and fittings £	Leased plant and fittings £	Motor vehicles £	Total £
Cost					
At beginning of year	797,579	204,113	51,702	17,851	1,071,245
Additions	109,087	27,659	-	891	137,637
Transfer to group undertaking	(906,666)	(231,772)	(51,702)	(18,742)	(1,208,882)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At end of year	-	-	-	-	-
Depreciation					
At beginning of year	76,898	89,730	12,117	5,051	183,796
Charge for year	13,877	36,346	7,755	3,340	61,318
Transfer to group undertaking	(90,775)	(126,076)	(19,872)	(8,391)	(245,114)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At end of year	-	-	-	-	-
Net book value					
At 31 December 2003	-	-	-	-	-
	<u>720,681</u>	<u>114,383</u>	<u>39,585</u>	<u>12,800</u>	<u>887,449</u>
At 31 December 2002	720,681	114,383	39,585	12,800	887,449

Included in the total net book value of motor vehicles is £nil (2002: £12,800) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the period on these assets was £3,200 (2002: £3,391).

The net book value of land and buildings comprises:

	31.12.03 £	31.12.02 £
Freehold	-	718,145
Leasehold improvements	-	2,536
	<u>-</u>	<u>720,681</u>

Notes *(continued)*

11 Stocks

	31.12.03 £	31.12.02 £
Miscellaneous	-	41,760
Goods for resale	-	1,888,624
	-	1,930,384

In addition to the above the company held consignment stock totalling £nil (2002: £443,515). Title to such stock was normally transferred after 90-180 days if items were not sold, transferred or adopted in the intervening period.

12 Debtors

	31.12.03 £	31.12.02 £
Trade debtors	-	387,579
Amounts owed by group undertakings	256,276	74,546
Other debtors	-	181,415
	256,276	643,540

Notes (continued)

13 Creditors

	31.12.03		31.12.02	
	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
Trade creditors	-	-	327,796	-
Amounts owed to group undertakings	-	-	100,848	-
Corporation tax	-	-	6,135	-
Other taxes and social security	-	-	81,444	-
Obligations under finance leases and hire purchase agreements	-	-	689,988	28,384
Stocking loan	-	-	394,625	-
Other creditors	-	-	143,919	-
Group relief	-	-	258,717	-
Dividends proposed	56,276	-	25,000	-
	<u>56,276</u>	<u>-</u>	<u>2,248,751</u>	<u>575,321</u>
Repayable between one and two years		-		51,539
Repayable between two and five years		-		136,845
Repayable after five years		-		386,937
		<u>-</u>		<u>575,321</u>

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

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

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

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 year	40,930	(3,376)	37,554
Credit for year	(68)	(195)	(263)
Transfer to fellow group undertaking	(40,862)	3,571	(37,291)
	<u>-</u>	<u>-</u>	<u>-</u>
At end of year	-	-	-

Notes (continued)

15 Accruals and deferred income

	31.12.03 £	31.12.02 £
Deferred income	-	22,400

Oil company financial assistance was being credited to profit by equal monthly instalments over a period of five years. The unexpired balance was repayable only if the group failed to carry out its obligations under its oil supply agreement.

16 Share capital

	31.12.03 £	31.12.02 £
<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 year	378,490
Retained loss for the year	(378,490)
At end of year	-

18 Pension scheme

The company subscribed to a defined contribution pension scheme operated by the group and also contributed 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 £17,931 (2002: £16,247). 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 2003 was £10,295,233 (2002: £7,118,513) and £1,809,443 (2002: £1,361,296) respectively.

20 Commitments

The company had no capital commitments at the end of the financial period (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.