

NORTHCROSS CONSTRUCTION AND JOINERY LIMITED

COMPANY NO. 660067

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST DECEMBER 1997



S G SMITH MOTOR GROUP

NORTHCROSS CONSTRUCTION AND JOINERY LIMITED
REPORT OF THE DIRECTORS

The Directors submit their report and audited financial statements for the year ended 31st December 1997.

Activities of the Company

The principal activity of the Company is that of building, demolition and property maintenance.

Review of Results and Future Developments

The Company did not trade in the year.

Dividends

The Directors recommend that no dividend be paid.

Directors

The Directors who served during the year and their interests in the share capital of the Parent Company were as follows:

	<u>Ordinary Shares of £1 each</u>	
	<u>31st December 1997</u>	<u>31st December 1996</u>
L.G. Smith	-	-
R.C.D. Smith	27,286	27,286
C.B. Slater	-	-

R.C.D. Smith is also a trustee of two settlements which held a further 48,284 shares in the Parent Company at 31st December 1997.

No director had any rights to subscribe for shares or debentures at any point during the year.

Directors' Responsibilities

As required by company law the directors have prepared these financial statements to give a true and fair view of the company's affairs at the 31st December 1997. In preparing these they have selected suitable accounting policies, following applicable accounting standards, that have been applied consistently. Prudent judgements and estimates have been applied where necessary. The financial statements have been prepared on the going concern basis. The directors acknowledge responsibility for keeping proper accounting records, for safeguarding the company's assets and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BY ORDER OF THE BOARD

I.G. Hargrave.

25 Dulwich Village,
London SE21 7BW.

I.G. HARGRAVE
Secretary

29th May 1998

REPORT OF THE AUDITORS TO THE MEMBERS OF
NORTHCROSS CONSTRUCTION AND JOINERY LIMITED

We have audited the financial statements on pages 3 to 4 which have been prepared under the historical cost convention and the accounting policies that are set out on page 5.

Respective responsibilities of directors and auditors

As described on page 1, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, of those financial statements and 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, 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 affairs of the company at 31st December 1997 and have been properly prepared in accordance with the Companies Act 1985.

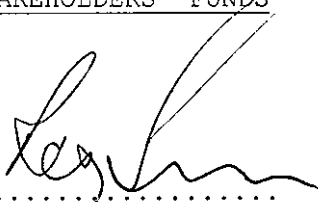

KINGSTON SMITH
Chartered Accountants
and Registered Auditors

Devonshire House,
60 Goswell Road,
London.
EC1M 7AD.

29th May 1998.

NORTHCROSS CONSTRUCTION AND JOINERY LIMITED
BALANCE SHEET
AS AT 31ST DECEMBER 1997

	<u>Note</u>	<u>1997</u>	<u>1996</u>
<u>CURRENT ASSETS</u>			
Debtors	2	<u>100</u>	<u>100</u>
<u>NET ASSETS</u>		<u>£ 100</u>	<u>£ 100</u>
<u>CAPITAL AND RESERVES</u>			
Called up share capital	3	<u>100</u>	<u>100</u>
<u>SHAREHOLDERS' FUNDS</u>	3	<u>£ 100</u>	<u>£ 100</u>



 R.C.D. SMITH DIRECTOR

Approved by the Board on 29th May 1998

NORTHCROSS CONSTRUCTION AND JOINERY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1997

1. ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

	<u>1997</u>	<u>1996</u>
2. <u>DEBTORS</u>		
Amounts owed by group undertakings	£ <u>100</u>	£ <u>100</u>

3. SHAREHOLDERS FUNDS

Authorised

Ordinary shares of £1 each	£ <u>100</u>	£ <u>100</u>
<u>Allotted and fully paid</u>		
Ordinary shares of £1 each	£ <u>100</u>	£ <u>100</u>

4. CONTINGENT LIABILITIES

The company has provided joint and several guarantees to secure loan and overdraft facilities to group undertakings. The amounts advanced under these facilities at 31st December 1997 were £2,972,835 (1996 £2,959,066).

5. ULTIMATE PARENT UNDERTAKING

The company is a wholly owned subsidiary of its ultimate parent company which is S.G. Smith (Motors) Insurance and Management Services Limited. That company prepares consolidated financial statements, copies of which may be obtained from the registered office at 25 Dulwich Village, London, SE21 7BW.