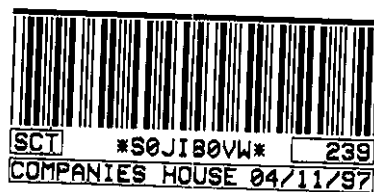


Motorvalue (Scotland) Limited

Directors' report and financial statements

31 March 1997

Registered number 89395



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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 1997.

Principal activities

The company commenced trading in June 1996 as a motor vehicle dealer in Central Scotland.

Financial

The loss for the year after taxation, as set out in the attached profit and loss account, amounted to £17,385. The directors recommend that no dividend be paid.

Directors' and directors interests

The directors who held office during the year were as follows:

JHS Clark
DVA Clark

Neither of the directors at 31 March 1997 had any interests in the share capital of the company as recorded in the register of directors' interests. The interests of the directors in the share capital of the parent company, John Clark (Holdings) Limited, are set out in the directors' report of that company.

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

30 September 1997

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 Motorvalue (Scotland) Limited

We have audited the financial statements on pages 4 to 12.

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 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG .

KPMG
Chartered Accountants
Registered Auditors

30 September 1997

Profit and loss account
for the year ended 31 March 1997

	<i>Notes</i>	1997 £
Turnover	2	2,255,080
Cost of sales		(2,093,764)
Gross profit		161,316
Administrative expenses		(175,418)
Operating loss		(14,102)
Interest payable	6	(15,892)
Loss on ordinary activities before taxation	3-5	(29,994)
Tax on loss on ordinary activities	7	12,609
Loss for the financial year		(17,385)

A statement of movements on reserves is given in note 15.

Turnover and loss on ordinary activities before taxation arise wholly from continuing operations.

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

No comparative figures are shown as the company did not trade in the preceding financial year.

Balance sheet
at 31 March 1997

	Note	£	1997	£	£	1996	£
Fixed assets							
Tangible fixed assets	8		79,367				-
Current assets							
Stocks	9	278,028			-		
Debtors	10	262,418			9,559		
Cash at bank and in hand		39			-		
			540,485		9,559		
Creditors: Amounts falling due within one year	11	(621,069)			-		
Net current (liabilities) assets			(80,584)			9,559	
Total assets less current liabilities			(1,217)			9,559	
Provisions for liabilities and charges	12	(713)					-
Accruals and deferred income	13	(5,896)					-
Net (liabilities) assets			(7,826)			9,559	
Capital and reserves							
Called up share capital	14	10,000				10,000	
Profit and loss account	15	(17,826)				(441)	
Equity shareholders' funds			(7,826)			9,559	

These financial statements were approved by the board of directors on 30 September 1997 and were signed on its behalf by:


JHS Clark
Director

Statement of reconciliation of movements in shareholders' funds

	1997 £
Loss for the financial year	(17,385)
Shareholders' funds at beginning of year	9,559
	<hr/>
Shareholders' deficits funds at end of year	(7,826)
	<hr/>

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, modified to include the revaluation of certain land and buildings.

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cashflow statement as it is a wholly-owned subsidiary undertaking of a parent undertaking which has produced a group cashflow 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.

Fixed assets and depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off their cost over their expected useful economic lives as follows:

Plant and fittings	-	Over 5 years
Leasehold improvements	-	Over 5-10 years

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

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Notes (continued)

1 Accounting policies (continued)

Pension costs

Pension costs are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company.

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 Loss on ordinary activities before taxation

1997
£

Loss on ordinary activities before taxation is stated after charging

Depreciation of tangible fixed assets	8,470
Auditors' remuneration	2,000
	10,470

4 Staff costs

1997
£

Employee costs (including directors):

Wages and salaries	109,652
Social security costs	10,115
Other pension costs (see note 17)	1,363
	121,130

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

	Number of employees 1997
Management	1
Administration	1
Sales	2
Other	6
	10

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.

None of the directors received any remuneration from the company during the year.

6 Interest payable

	1997 £
Interest on bank loans, overdrafts and other loans wholly repayable within five years	15,892

7 Tax on profit on ordinary activities

	1997 £
Based on profit for the year:	
Corporation tax (including group relief) at 33%	(10,418)
Deferred taxation	(2,191)
	(12,609)

8 Tangible fixed assets

	Leasehold improvements £	Plant and fittings £	Total £
<i>Cost or valuation</i>			
At beginning of year	-	-	-
Additions	58,910	28,927	87,837
At end of year	58,910	28,927	87,837
<i>Depreciation</i>			
At beginning of year	-	-	-
Charge for year	4,456	4,014	8,470
At end of year	4,456	4,014	8,470
<i>Net book value</i>			
At 31 March 1997	54,454	24,913	79,367
At 31 March 1996	-	-	-

Notes *(continued)*

9 Stocks

	1997 £	1996 £
Consumables	2,950	-
Goods for resale	275,078	-
	<hr/> 278,028 <hr/>	<hr/> - <hr/>

10 Debtors

	1997 £	1996 £
Trade debtors	146,063	-
Amounts owed by group undertakings	-	8,984
Other debtors and prepayments	97,952	-
Prepayments and accrued income	7,985	575
Group relief	10,418	-
	<hr/> 262,418 <hr/>	<hr/> 9,559 <hr/>

All debtors are receivable within one year.

11 Creditors

	1997 £	1996 £
Bank overdraft	296,707	-
Trade creditors	28,931	-
Amounts owed to group undertakings	10,319	-
Other taxes and social security	11,271	-
Stocking loan	150,000	-
Other creditors	123,841	-
	<hr/> 621,069 <hr/>	<hr/> - <hr/>

All creditors are payable within one year.

Notes *(continued)*

12 Provisions for liabilities and charges

	1997
	£
<i>Deferred tax</i>	
At beginning of year	-
Profit and loss account	713
	<hr/>
At end of year	713
	<hr/>

13 Accruals and deferred income

	1997
	£
Deferred income (net of deferred tax @ 33%)	5,896
	<hr/>

Oil company financial assistance received during the year is being credited to profit by equal monthly instalments over a period of five years. The unexpired balances are repayable only if the company fails to carry out its obligations under its oil supply agreement.

14 Share capital

	1997	1996
	£	£
<i>Authorised, allotted, called up and fully paid</i>		
Ordinary shares of £1 each	10,000	10,000
	<hr/>	<hr/>

15 Reserves

	Profit and loss account £
At beginning of year	(441)
Loss for year transferred to reserves	(17,385)
	<hr/>
At end of year	(17,826)
	<hr/>

16 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.

17 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 £1,363.

Notes *(continued)*

18 Contingent liabilities

The company has granted cross 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 cross guarantees at 31 March 1996 was £3,256,000 and £450,000 respectively.

19 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.