Motorvalue (Scotland) Limited

Directors' report and financial statements

Registered number SC89395

31 December 2003

Contents

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 is that of a motor vehicle dealer.

Financial

The profit for the year after taxation, as set out in the attached profit and loss account, amounted to £9,924 *(2002: loss £34,938)*.

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
A Noble

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

A Noble had no interest in the share capital of the company or other group companies at 31 December 2003 or at 31 December 2002 as recorded in the register of directors' interests.

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

Deirdre Clark

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.

KPMG

KPMG LLP
37 Albyn Place
Aberdeen
AB10 1JB
United Kingdom

Independent auditors' report to the members of Motorvalue (Scotland) Limited

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

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 its 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

	Notes	**31.12.03** **£**	01.04.02 *to 31.12.02* £
Turnover	*2*	**4,891,850**	2,428,725
Cost of sales		**(4,668,544)**	(2,322,606)
Gross profit		**223,306**	106,119
Administrative expenses		**(178,632)**	(130,915)
Operating profit/(loss)		**44,674**	(24,796)
Interest payable	*6*	**(28,641)**	(24,439)
Profit/(loss) on ordinary activities before taxation	*3-5*	**16,033**	(49,235)
Tax on profit/(loss) on ordinary activities	*7*	**(6,109)**	14,297
Profit/(loss) for the financial year	*13*	**9,924**	(34,938)

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

There are no recognised gains or losses other than those shown above.

Balance sheet
at 31 December 2003

	Note	2003 £	2003 £	2002 £	2002 £
Fixed assets					
Tangible fixed assets	*8*		**27,812**		31,808
Current assets					
Stocks	*9*	**221,828**		258,449	
Debtors	*10*	**421,225**		222,644	
		643,053		481,093	
Creditors: amounts falling due within one year	*11*	**(912,836)**		(764,796)	
Net current liabilities			**(269,783)**		(283,703)
Total assets less current liabilities			**(241,971)**		(251,895)
Net liabilities			**(241,971)**		(251,895)
Capital and reserves					
Called up share capital	*12*		**10,000**		10,000
Profit and loss account	*13*		**(251,971)**		(261,895)
Equity shareholders' deficit			**(241,971)**		(251,895)

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' deficit

for the year ended 31 December 2003

	31.12.03	01.04.02 to 31.12.02
	£	£
Profit/(loss) for the financial year	**9,924**	(34,938)
Shareholders' deficit at beginning of year	**(251,895)**	(216,957)
Shareholders' deficit at end of year	**(241,971)**	(251,895)

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.

The financial statements have been prepared on the going concern basis, notwithstanding the company has net liabilities of £241,971 which the directors believe to be appropriate as John Clark (Holdings) Limited, the company's ultimate parent company has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from this basis of preparation being inappropriate.

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. 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 over their expected useful economic lives as follows:

Leasehold improvements - Over 5-10 years

Stocks

Stocks are valued at the lower of cost and estimated net realisable value.

Taxation

The charge or credit 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.

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 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 (loss) on ordinary activities before taxation

Profit (loss) on ordinary activities before taxation is stated after charging:

	31.12.03	01.04.02 to 31.12.02
	£	£
Depreciation of tangible fixed assets	**3,996**	4,501
Auditors' remuneration	**1,500**	1,000

4 *Staff costs*

Employee costs (including directors):

	31.12.03	01.04.02 to 31.12.02
	£	£
Wages and salaries	**174,691**	130,293
Social security costs	**16,812**	12,104
Other pension costs (see note 14)	**5,739**	3,468
	197,242	145,865

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

	Number of employees	
	31.12.03	01.04.02 to 31.12.02
Management	**1**	1
Administration	**1**	1
Sales	**3**	3
Other	**3**	3
	8	8

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:

	31.12.03	01.04.02 to 31.12.02
	£	£
Director's emoluments	**53,782**	40,440
Company contributions to money purchase plan	**2,561**	1,781

Retirement benefits are accruing to one director *(2002: one)* under a money purchase plan.

6 Interest payable

	31.12.03	01.04.02 to 31.12.02
	£	£
On bank overdrafts	**20,290**	16,798
On all other loans	**8,351**	7,641
	28,641	24,439

7 Tax on profit (loss) on ordinary activities

Analysis of tax charge (credit) in period

	2003		01.04.02 to 31.12.02	
	£	**£**	£	£
Group relief				
Current tax on profit (loss) for the period	**6,788**		(14,196)	
Adjustments in respect of prior year	-		559	
		6,788		(13,637)
Total current tax charge (credit)		**6,788**		(13,637)
Deferred tax (see note 10)				
Origination/reversal of timing differences	***(679)***		776	
Adjustments in respect of prior year	-		(1,436)	
		(679)		(660)
Tax on profit (loss) on ordinary activities		**6,109**		(14,297)

Notes *(continued)*

7 Tax on profit (loss) on ordinary activities *(continued)*

Factors affecting the tax charge for the period

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

	31.12.03 £	01.04.02 to 31.12.02 £
Current tax reconciliation		
Profit (loss) on ordinary activities before tax	**16,033**	(49,235)
Current tax at 30% *(2002: 30%)*	**4,810**	(14,771)
Effects of:		
Expenses not deductible for tax purposes	**-**	287
Capital allowances for period in excess of depreciation	**679**	(462)
Other timing differences	**600**	(600)
Depreciation on assets not qualifying for capital allowances	**1,199**	1,350
Adjustment to tax charge in respect of prior year	**-**	559
Effect of non standard rates of taxation	**(500)**	-
Total current tax charge (credit) (see above)	**6,788**	(13,637)

8 Tangible fixed assets

	Leasehold improvements £
Cost	
At 1 January 2003 and 31 December 2003	70,128
Depreciation	
At 1 January 2003	38,320
Charge for year	3,996
At 31 December 2003	42,316
Net book value	
At 31 December 2003	**27,812**
At 31 December 2002	31,808

9 Stocks

	31.12.03 £	31.12.02 £
Miscellaneous	**900**	900
Goods for resale	**220,928**	257,549
	221,828	258,449

Notes *(continued)*

10 Debtors

	31.12.03	31.12.02
	£	£
Trade debtors	**152,677**	84,965
Other debtors and prepayments	**43,975**	33,301
Amounts owed by group undertakings	**126,304**	-
Group relief	**95,767**	102,555
Deferred tax	**2,502**	1,823
	421,225	222,644

The elements of deferred taxation are as follows:

	31.12.03	31.12.02
	£	£
Difference between accumulated depreciation and amortisation and capital allowances	**1,902**	1,823
Other timing differences	**600**	-
	2,502	1,823

The deferred tax asset has been recognised on the basis that it can be regarded as more likely than not that there will be suitable taxable profits in related group companies from which the future reversal of the underlying timing differences can be deducted via group relief.

11 Creditors: amounts falling due within one year

	31.12.03	31.12.02
	£	£
Bank overdraft	**413,550**	330,109
Trade creditors	**52,180**	8,473
Amounts owed to group undertakings	**294,755**	286,792
Other taxes and social security	**24,635**	11,150
Stocking loan	**122,466**	128,272
Other creditors	**5,250**	-
	912,836	764,796

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 and by guarantees issued by certain group undertakings.

Notes *(continued)*

12 Share capital

	31.12.03	31.03.02
	£	£
Authorised, allotted, called up and fully paid		
Ordinary shares of £1 each	**10,000**	10,000

13 Profit and loss account

	£
At beginning of year	(261,895)
Profit for the year	9,924
At end of year	**(251,971)**

14 Pension scheme

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 pension cost charge represents contributions payable by the company to the plans and amounted to £5,739 *(2002: £3,468)*. No contributions were payable to the plans at either year end.

15 Contingent liabilities

The company has granted 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 £9,881,683 *(2002: £7,555,620)* and £246,042 *(2002: £100,000)* respectively.

16 Commitments

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

17 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 financial statements 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 financial statements include the results of the company.