

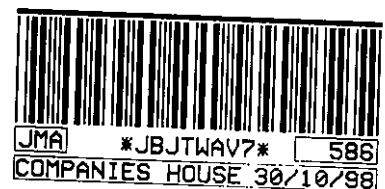
McGILL FINANCE COMPANY LIMITED

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 1997

COMPANY NUMBER: 2351974

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McGILL FINANCE COMPANY LIMITED

31 DECEMBER 1997

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McGILL FINANCE COMPANY LIMITED

COMPANY INFORMATION

Directors	A B Murray	Appointed 18 November 1997
	P J Egerton	Appointed 18 November 1997
	R Barber	Appointed 4 March 1997
	M Ellison	Resigned 18 November 1997
	G Lintott	Resigned 4 March 1997
	A Nerdum	Resigned 18 November 1997

Secretary	Mrs B Booth
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Registered office	Centre House Village Way Trafford Park Manchester M17 1QG
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Registered number	2351974
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Auditors	PricewaterhouseCoopers Manchester M2 3PW
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McGILL FINANCE COMPANY LIMITED

REPORT OF THE DIRECTORS

The directors of McGill Finance Company Limited submit their report and the audited accounts for the year ended 31 December 1997.

REVIEW OF THE BUSINESS/FUTURE DEVELOPMENTS

The principal activities of the company was that of contract hire, leasing and fleet management of vehicles.

RESULTS AND DIVIDENDS

The results of the company are shown on page 5

The directors do not recommend the payment of a dividend

SHARE CAPITAL

The authorised share capital was increased on 18th December 1998 by the creation of 250,000 £1 ordinary shares which were issued at par paid for by way of an inter company loan on the same date.

DIRECTORS AND DIRECTORS' SHAREHOLDINGS

The directors who served during 1997 and at the date of this report, were are shown on page 1.

In accordance with the Articles of Association Mr R Barber, Mr A B Murray and Mr P J Egerton retire and, being eligible, offer themselves for re-election.

At 31 December 1997 Mr A B Murray, Mr P J Egerton and Mr R Barber were directors of the ultimate parent company, Quicks Group plc, and their notifiable interests are shown in the financial statements of that company.

McGILL FINANCE COMPANY LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by Company Law 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 of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and estimates that are reasonable and prudent;
- 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 also 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 are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

Ernst & Young resigned as auditors on 17 November 1997 and Price Waterhouse were appointed to fill the casual vacancy. Price Waterhouse resigned as auditors on 21 July 1998 and PricewaterhouseCoopers were appointed to fill the casual vacancy. PricewaterhouseCoopers have expressed their willingness to continue in office and a resolution for their reappointment will be proposed at the next Annual General Meeting.

The report of the directors was approved by the Board on 26 October 1998 and signed on its behalf by:



Mrs B Booth

Secretary

AUDITORS' REPORT TO THE MEMBERS OF MCGILL FINANCE COMPANY LIMITED

We have audited the financial statements on pages 5 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

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

PricewaterhouseCoopers
PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors

26 October 1998

McGILL FINANCE COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 1997

	<u>1997</u>	<u>1996</u>
TURNOVER (Note 2)	61,590	138,907
Cost of sales	(51,828)	(110,001)
GROSS PROFIT	<u>9,762</u>	<u>28,906</u>
Administrative expenses	(16,116)	-
Other operating income	-	7,987
OPERATING (LOSS)/PROFIT (NOTE 5)	<u>(6,354)</u>	<u>36,893</u>
Interest payable (Note 3)	(30,008)	(772)
PROFIT ON ORDINARY ACTIVITIES BEFORE	<u>(36,362)</u>	<u>36,121</u>
Tax credit on ordinary activities	-	<u>2,845</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR (Note 10)	<u>(36,362)</u>	<u>38,966</u>
Balance brought forward	<u>(46,927)</u>	<u>(85,893)</u>
BALANCE CARRIED FORWARD	<u>(83,289)</u>	<u>(46,927)</u>

There were no recognised gains or losses other than those shown above. The above results were in respect of continuing operations.

The notes on pages 7 to 10 form part of these accounts

McGILL FINANCE COMPANY LIMITED

BALANCE SHEET 31 DECEMBER 1997

	<u>1997</u> £	<u>1996</u> £
FIXED ASSETS		
Tangible assets (Note 6)	74,782	173,749
CURRENT ASSETS		
Debtors (Note 7)	649,939	29,036
CREDITORS - Amounts falling due within one year (Note 8)	(558,002)	(249,704)
NET CURRENT ASSETS/(LIABILITIES)	<u>91,937</u>	<u>(220,668)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>166,719</u>	<u>(46,919)</u>
	<u>166,719</u>	<u>(46,419)</u>
CAPITAL AND RESERVES		
Called up share capital (Note 9)	250,008	8
Profit and loss account (Note 10)	(83,289)	(46,927)
EQUITY SHAREHOLDERS' FUNDS (Note 10)	<u>166,719</u>	<u>(46,919)</u>

The financial statements were approved by the Board on 26 October 98 and signed on its behalf by:


P.J. Egerton
DIRECTOR

The notes on pages 7 to 10 form part of these accounts.

McGILL FINANCE COMPANY LIMITED

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES

(a) Accounting convention

The accounts have been prepared under the historical cost convention and have been prepared in accordance with applicable accounting standards.

The company is exempt from publishing a cash flow statement because it is a wholly owned subsidiary undertaking of Quicks Group plc which publishes a consolidated cash flow statement.

(b) Group accounts

X
Group PLC which is registered in England and Wales

Group accounts have not been prepared as the company is a wholly owned subsidiary of Quicks

(c) Depreciation

Depreciation is provided in equal amounts to allocate the cost less estimated residual values of tangible fixed assets having a finite useful life to the periods expected to benefit from their use, at the following annual rates:

Freehold and long lease buildings	- 1%
Short leasehold land and buildings	- over the remaining period of the lease
Plant and equipment	- 10% to 20%
Vehicles	- 25% to 33 $\frac{1}{3}$ %

(d) Finance and Operating Leases

Tangible fixed assets acquired under the terms of finance leases are capitalised at cost and depreciated in the same manner as owned assets. The capital element of future lease payments is included as a liability and the interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the capital balance outstanding

Lease premiums received in advance of rentals of land and buildings are recognised in the profit and loss account on a straight line basis over the period of the lease agreements. The deferred tax asset arising on the timing difference between the period in which the lease premium is included within prepayments if appropriate

Rentals paid under operating leases are recognised within the profit and loss account over the lives of the lease agreements as incurred

(e) Taxation

Taxation is based on the results for the year and takes into account deferred taxation created by timing differences between the treatment of certain items for accounting and taxation purposes.

Provision is made at the appropriate rates of taxation for liabilities arising from the allocation of items to different periods for taxation and accounting purposes, to the extent that there is reasonable probability that such taxation will become payable in the foreseeable future.

Timing differences in respect of pension costs are dealt with on a full provision basis.

McGILL FINANCE COMPANY LIMITED

NOTES TO THE ACCOUNTS

2 ANALYSIS OF TURNOVER

Turnover, which is net of discounts and excludes value added tax, represents the invoiced value of goods and services supplied. The directors consider that the whole of the turnover arises from one class of business and is derived within the United Kingdom.

3 INTEREST PAYABLE

	<u>1997</u>	<u>1996</u>
	£	£
Bank loans and overdrafts due within five years	28,980	772
Hire purchase and finance leases	<u>1,028</u>	<u>-</u>
	<u>30,008</u>	<u>772</u>

4 DIRECTORS' EMOLUMENTS

No directors received any emoluments in either the current or previous year.

5 OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging:

	<u>1997</u>	<u>1996</u>
	£	£
Auditors' remuneration	2,000	9,000
Depreciation	<u>46,014</u>	<u>93,654</u>

6 TANGIBLE FIXED ASSETS

	<u>Fixtures Fittings and Equipment</u>	<u>Motor Vehicles</u>	<u>Total</u>
	£	£	£
COST			
At 1 January 1997	21,665	322,741	344,406
Disposals	-	<u>(162,759)</u>	<u>(162,759)</u>
At 31 December 1997	<u>21,665</u>	<u>159,982</u>	<u>181,647</u>
DEPRECIATION			
At 1 January 1997	16,422	154,235	170,657
Provided during year	3,882	42,132	46,014
Disposals	-	<u>(109,806)</u>	<u>(109,806)</u>
At 31 December 1997	<u>20,304</u>	<u>86,561</u>	<u>106,865</u>
NET BOOK VALUE			
At 31 December 1997	<u>1,361</u>	<u>73,421</u>	<u>74,782</u>
NET BOOK VALUE			
At 1 January 1997	<u>5,243</u>	<u>168,506</u>	<u>173,749</u>

McGILL FINANCE COMPANY LIMITED

NOTES TO THE ACCOUNTS

7 DEBTORS

	<u>1997</u>	<u>1996</u>
	£	£
Trade debtors	263	612
Due from fellow subsidiary undertakings	647,950	19,802
Other debtors	<u>1,726</u>	<u>8,622</u>
	<u>649,939</u>	<u>29,036</u>

8 CREDITORS Amounts falling due within one year

	<u>1997</u>	<u>1996</u>
	£	£
Bank loans and overdrafts	515,355	121,934
Obligations under hire purchase and finance leases	9,181	101,312
Trade creditors	12,931	3,897
Amounts owed to parent and fellow subsidiary undertakings	16,226	12,810
Taxation and social security	1,716	1,320
Accruals and deferred income	<u>2,593</u>	<u>8,431</u>
	<u>558,002</u>	<u>249,704</u>

9 SHARE CAPITAL

	<u>1997</u>	<u>1996</u>
	£	£
Authorised		
252,000 Ordinary shares of £1 each	252,000	2,000
	<u> </u>	<u> </u>
Issued and fully paid		
250,008 Ordinary shares of £1 each	250,008	8
	<u> </u>	<u> </u>

The authorised share capital was increased by 250,000 £1 ordinary shares by an ordinary resolution dated 18 December 1997.

The increased share capital was duly issued at par and fully paid by way of an inter company loan on the same date.

McGILL FINANCE COMPANY LIMITED

NOTES TO THE ACCOUNTS

10 RECONCILIATION OF SHAREHOLDERS FUNDS AND MOVEMENT ON RESERVES

	Share Capital <u>Account</u> £	Profit & Loss <u>Account</u> £	<u>Total</u> £
Balance at 1 January 1997	8	(46,927)	(46,919)
Increase in Share Capital	250,000	-	250,000
(Loss) for the year	-	(36,362)	(36,362)
Balance at 31 December 1997	250,008	(83,289)	166,719
	<u> </u>	<u> </u>	<u> </u>

11 PARENT COMPANY

The company is a wholly owned subsidiary of McGill Group Limited which is registered in England. Quicks Group plc is the ultimate parent company, and is the parent undertaking of the smallest and largest Group to consolidate the accounts of McGill Finance Company Limited.

The parent company has agreed to provide continuing financial support to enable the company to meet its liabilities as they fall due.

Copies of the group accounts are available to the public on payment of the appropriate fee from Companies Registration Office, Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

12 RELATED PARTY TRANSACTION

Transactions with other companies within the Group are not disclosed as the company has taken advantage of the exemption under Financial Reporting Standard No. 8 "Related Party Disclosures", as the consolidated accounts of Quicks Group plc, in which the company is included, are available at the address noted above.