

McGILL FINANCE COMPANY LIMITED
REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 1998

COMPANY NUMBER:959164



McGILL FINANCE COMPANY LIMITED

31 DECEMBER 1998

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McGILL FINANCE COMPANY LIMITED

COMPANY INFORMATION

Directors

| | |
|-------------|----------------------------|
| A B Murray | Resigned 15 February 1999 |
| P J Egerton | Resigned 31 March 1999 |
| A L W Brown | Appointed 15 February 1999 |
| A M Davis | Appointed 15 February 1999 |
| | Resigned 31 July 1999 |
| A M Biggs | Appointed 31 July 1999 |

Secretary

Mrs B Booth

Registered office

Centre House
Village Way
Trafford Park
Manchester
M17 1QG

Registered number

959164

Auditors

PricewaterhouseCoopers
Manchester
M2 3PW

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 1998.

REVIEW OF THE BUSINESS/FUTURE DEVELOPMENTS

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

The directors consider the affairs of the company to be satisfactory.

RESULTS AND DIVIDENDS

The results of the company are shown on page 5.

The directors do not recommend the payment of a dividend (1997 - £Nil).

DIRECTORS AND DIRECTORS' SHAREHOLDINGS

The directors who served during 1998 and at the date of this report, are shown on page 1.

At 31 December 1998 Mr A B Murray, Mr P J Egerton, and Mr A L W Brown were directors of the ultimate parent company, Quicks Group plc, and their notifiable interests are shown in the financial statements of that company.

The interests of the other directors in the shares of Quick's Group plc were:

| Ordinary shares of 10p each: | <u>Shares under option</u> | | <u>Shares held</u> | |
|------------------------------|----------------------------|-------------|---|-------------|
| | <u>1998</u> | <u>1997</u> | <u>1998</u> | <u>1997</u> |
| A M Davis | 33,193 | 33,193 | 132,457 | 132,457 |
| Other interests: | | | <u>10% Cumulative Preference Shares</u> | |
| | | | <u>1998</u> | <u>1997</u> |
| A M Davis | | | 136 | 427 |

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.

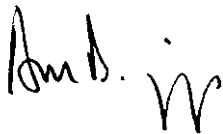
YEAR 2000

The company is currently implementing plans to address the Year 2000 issue as part of the Quicks Group plc group wide initiative. This initiative includes modifying, or in some cases replacing computer systems and other equipment identified as being non compliant. The costs associated with this initiative can be found in the accounts of Quicks Group plc and are not separately identifiable on a company basis.

AUDITORS

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 25 October 1999 and signed on its behalf by:



A M Biggs
Director

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

The directors are responsible for preparing the Annual Report, including as described on page 3 the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and 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. 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

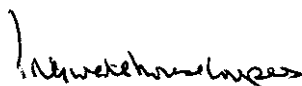
Basis of opinion

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 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors

101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

25 October 1999

McGILL FINANCE COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 1998

| | <u>1998</u> £ | <u>1997</u> £ |
|---|------------------|------------------|
| TURNOVER (Note 2) | 45,402 | 61,590 |
| Cost of sales | (66,938) | (51,828) |
| GROSS (LOSS)/PROFIT | <u>(21,536)</u> | <u>9,762</u> |
| Administrative expenses | (5,177) | (16,116) |
| OPERATING LOSS (Note 5) | <u>(26,713)</u> | <u>(6,354)</u> |
| Interest payable (Note 3) | (16,937) | (30,008) |
| LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION (Note 5) | <u>(43,650)</u> | <u>(36,362)</u> |
| Tax credit on ordinary activities (Note 6) | <u>36,125</u> | <u>-</u> |
| LOSS FOR THE FINANCIAL YEAR | <u>(7,525)</u> | <u>(36,362)</u> |

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

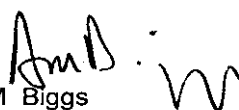
The notes on pages 7 to 10 form part of these accounts.

McGILL FINANCE COMPANY LIMITED

BALANCE SHEET 31 DECEMBER 1998

| | <u>1998</u> £ | <u>1997</u> £ |
|--|-----------------------|-----------------------|
| FIXED ASSETS | | |
| Tangible assets(Note 7) | - | 74,782 |
| CURRENT ASSETS | | |
| Stocks – vehicles held for resale | 10,276 | - |
| Debtors (Note 8) | <u>719,926</u> | <u>649,939</u> |
| | 730,202 | 649,939 |
| CREDITORS – Amounts falling due within one year (Note 9) | <u>(571,008)</u> | <u>(558,002)</u> |
| NET CURRENT ASSETS | <u>159,194</u> | <u>91,937</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | <u><u>159,194</u></u> | <u><u>166,719</u></u> |
| CAPITAL AND RESERVES | | |
| Called up equity share capital (Note 10) | 250,008 | 250,008 |
| Profit and loss account (Note 11) | <u>(90,814)</u> | <u>(83,289)</u> |
| EQUITY SHAREHOLDERS' FUNDS | <u><u>159,194</u></u> | <u><u>166,719</u></u> |

The financial statements were approved by the Board on 25 October 1999 and signed on its behalf by:


A M Biggs
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

Group accounts have not been prepared as the company is a wholly owned subsidiary of Quicks Group plc which is registered in England and Wales.

(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:

| | |
|----------------------------------|-----------------------------|
| Fixtures, fittings and equipment | - 10% to 20% |
| Vehicles | - 25% to 33 $\frac{1}{3}$ % |

(d) Finance 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.

(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.

(f) Stocks

Stocks are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price after taking into account any further costs expected to be incurred.

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. Turnover relates to rentals receivable under finance leases and operating leases.

3 INTEREST PAYABLE

| | <u>1998</u> £ | <u>1997</u> £ |
|---|------------------|------------------|
| Bank loans and overdrafts due within five years | 16,726 | 28,980 |
| Hire purchase and finance leases | <u>211</u> | <u>1,028</u> |
| | <u>16,937</u> | <u>30,008</u> |

4 DIRECTORS' EMOLUMENTS

No directors received any emoluments in either the current or previous year. One director has benefits accruing under a defined benefit pension scheme and one director has benefits under a defined contribution pension scheme. Other than the directors the company has no employees (1997: Nil).

5 OPERATING LOSS

Operating loss is stated after charging:

| | <u>1998</u> £ | <u>1997</u> £ |
|------------------------|------------------|------------------|
| Auditors' remuneration | 5,000 | 2,000 |
| Depreciation | 1,361 | 46,014 |
| | <u>6,361</u> | <u>48,014</u> |

Fees for other services provided by auditors during the year were £Nil (1997 - £Nil).

6 TAXATION

| | <u>1998</u> £ | <u>1997</u> £ |
|---|------------------|------------------|
| Corporation tax on the result for the year at 31% (1997: 31%) | | |
| - current year | 26,316 | - |
| - prior year | <u>9,809</u> | <u>-</u> |
| | <u>36,125</u> | <u>-</u> |

McGILL FINANCE COMPANY LIMITED

NOTES TO THE ACCOUNTS

7 TANGIBLE FIXED ASSETS

| | Fixtures fittings and equipment £ | Motor Vehicles £ | Total £ |
|-------------------------------|--|------------------------|---------------|
| COST OR VALUATION | | | |
| At 1 January 1998 | 21,665 | 159,982 | 181,647 |
| Disposals | - | (140,990) | (140,990) |
| Transferred to current assets | - | (18,992) | (18,992) |
| At 31 December 1998 | <u>21,665</u> | <u>-</u> | <u>21,665</u> |
| DEPRECIATION | | | |
| At 1 January 1998 | 20,304 | 86,561 | 106,865 |
| Provided during year | 1,361 | - | 1,361 |
| Disposals | - | (77,845) | (77,845) |
| Transferred to current assets | - | (8,716) | (8,716) |
| At 31 December 1998 | <u>21,665</u> | <u>-</u> | <u>21,665</u> |
| NET BOOK VALUE | | | |
| At 31 December 1998 | <u>-</u> | <u>-</u> | <u>-</u> |
| At 31 December 1997 | <u>1,361</u> | <u>73,421</u> | <u>74,782</u> |

8 DEBTORS

| | <u>1998</u> £ | <u>1997</u> £ |
|-----------------------------|------------------|------------------|
| Trade debtors | 6,765 | 263 |
| Due from group undertakings | 685,351 | 647,950 |
| Other debtors | 1,494 | 1,726 |
| Corporation tax recoverable | <u>26,316</u> | <u>-</u> |
| | <u>719,926</u> | <u>649,939</u> |

9 CREDITORS

| | <u>1998</u> £ | <u>1997</u> £ |
|--|------------------|------------------|
| Bank loans and overdrafts | 496,285 | 515,355 |
| Obligations under hire purchase and finance leases | 10,035 | 9,181 |
| Trade creditors | 17,636 | 12,931 |
| Amounts owed to group subsidiary undertakings | 42,351 | 16,226 |
| Taxation and social security | - | 1,716 |
| Accruals and deferred income | <u>4,701</u> | <u>2,593</u> |
| | <u>571,008</u> | <u>558,002</u> |

All obligations under finance leases are due within one year.

McGILL FINANCE COMPANY LIMITED

NOTES TO THE ACCOUNTS

10 SHARE CAPITAL

| | <u>1998</u> £ | <u>1997</u> £ |
|------------------------------------|------------------|------------------|
| Authorised | | |
| 252,000 Ordinary shares of £1 each | 252,000 | 252,000 |
| Issued and fully paid | | |
| 250,008 Ordinary shares of £1 each | <u>250,008</u> | <u>250,008</u> |

11 RESERVES

| | Profit & loss <u>account</u> £ |
|-----------------------------|---|
| Balance at 1 January 1998 | (83,289) |
| Loss for the year | <u>(7,525)</u> |
| Balance at 31 December 1998 | <u>(90,814)</u> |

12 PARENT COMPANY

The company is a wholly owned subsidiary of McGill Group Limited which is registered in England and Wales. 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.

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.

13 RELATED PARTY TRANSACTIONS

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.