

The Town and County Motor Garage Limited

**Annual report and financial statements
for the year ended 30 September 1998**

Registered no: 7861



The Town and County Motor Garage Limited

Annual report and financial statements for the year ended 30 September 1998

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Directors and advisers

Executive directors

W M Broomfield Chairman

B P Sanders

C A Wilson

P Keith

A J Wilson

A G Strachan

A S Inglis

Secretary and registered office

B P Sanders

44 Union Row

Aberdeen

AB10 1SA

Auditors

PricewaterhouseCoopers

32 Albyn Place

Aberdeen

AB10 1YL

Solicitors

Paull & Williamsons

Solicitors and Estate Agents

6 Union Row

ABERDEEN

AB10 1DQ

Bankers

The Clydesdale Bank PLC

Directors' report for the year ended 30 September 1998

The directors present their report and the audited financial statements for the year ended 30 September 1998.

Principal activities

The profit and loss account for the year is set out on page 6.

The principal activities of the company are the operation of service stations and the letting of property.

Review of business and future developments

Both the level of business and the year end financial position were satisfactory, and the directors expect that the present level of activity should be sustained for the foreseeable future.

Dividends and reserves

The directors recommend the payment of a final dividend of £2.44 per ordinary share. The retained loss for the financial year of £12,023 will be transferred to reserves.

Directors

The directors of the company who held office during the year and up to the date of this report were:

W M Broomfield
B P Sanders
C A Wilson
P Keith
A J Wilson
A G Strachan
A S Inglis

Directors' interests in shares of the company

No directors held beneficial interests in the shares of the company at 30 September 1998, or at any time during the year. W M Broomfield, M C Broomfield and C A Wilson have beneficial interests in the shares of the holding company which are detailed in the financial statements of that company. No directors have beneficial interests in the shares of any other group company at 30 September 1998.

Directors responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 30 September 1998. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, 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 efficient operation of the business is dependent in part on its computer software and operating systems.

The directors are executing a carefully planned programme which was initiated at the beginning of 1998 designed to ensure that the company should not experience any undue disruption in its business as a result of the Year 2000. A dedicated project team has been established and progress is co-ordinated and monitored by the financial director, aided by independent reviews by specialist consultants. Regular reports on progress are made to the Board.

The programme encompasses all systems, processes and equipment as well as reviews of third party suppliers' own compliance programmes. Our Year 2000 plans envisage having all business critical systems compliant by the end of June 1999.

We estimate that the total expenditure to address this issue will be in order of £10,000.

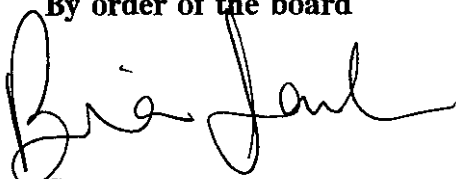
Charitable contributions

Contributions made by the company during the year for charitable purposes were £630 (1997 : £1,662).

Auditors

Our auditors, Coopers & Lybrand, merged with Price Waterhouse on 1 July 1998 following which Coopers & Lybrand resigned and the directors appointed the new firm PricewaterhouseCoopers as auditors. A resolution to reappoint the new firm, PricewaterhouseCoopers, as auditors to the company will be proposed at the annual general meeting.

By order of the board

A handwritten signature in black ink, appearing to read 'B. J. Paul', written over the printed name 'Secretary'.

Secretary

Report of the auditors to the members of The Town and County Motor Garage Limited

We have audited the financial statements on pages 6 to 21 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 to 11.

Respective responsibilities of directors and auditors

As described on page 3 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 at 30 September 1998 and of the results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

Aberdeen,

9 March 1999

Profit and loss account for the year ended 30 September 1998

| | Notes | 1998 £ | 1997 £ |
|--|-------|------------------|------------------|
| Turnover | | 28,535,280 | 21,937,123 |
| Cost of sales | | 26,679,570 | 20,390,043 |
| Gross profit/(loss) | | 1,855,710 | 1,547,080 |
| Net operating expenses | 2 | 1,575,323 | 1,212,391 |
| Operating profit | | 280,387 | 334,689 |
| Investment income | 6 | 2,370 | - |
| | | 282,757 | 334,689 |
| Interest payable and similar charges | 7 | 147,795 | 119,124 |
| Profit on ordinary activities before taxation | | 134,962 | 215,565 |
| Tax on profit on ordinary activities | 8 | 66,985 | 31,203 |
| | | 67,977 | 184,362 |
| Dividends | 9 | 80,000 | 80,000 |
| Retained loss for the year | 20 | (12,023) | 104,362 |

All items dealt with in arriving at the operating profit for 1998 and 1997 relate to continuing operations

Statement of total recognised gains and losses

| | 1998 £ | 1997 £ |
|--|-----------------|------------------|
| Loss for the financial year | (12,023) | 104,362 |
| Unrealised surplus on revaluation of properties | - | 1,416,989 |
| Total recognised gains and losses relating to the year | <u>(12,023)</u> | <u>1,521,351</u> |

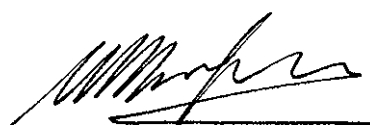
Note of historical cost profits and losses

| | 1998 £ | 1997 £ |
|--|----------------|----------------|
| Reported profit on ordinary activities before taxation | 134,962 | 215,565 |
| Realisation of property revaluation gains/(losses) of previous years | | |
| Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount | 30,177 | (2,340) |
| Historical cost profit on ordinary activities before taxation | <u>165,139</u> | <u>213,225</u> |
| Historical cost profit for the year after taxation and dividends | <u>18,154</u> | <u>102,022</u> |

Balance sheet - 30 September 1998

| | Notes | 1998 £ | 1997 £ |
|--|-------|-------------------------|-------------------------|
| Fixed assets | | | |
| Intangible assets | 10 | 12,031 | 14,563 |
| Tangible assets | 11 | 5,169,439 | 5,052,464 |
| Investments | 12 | - | - |
| | | <u>5,181,470</u> | <u>5,067,027</u> |
| Current assets | | | |
| Stocks | 13 | 490,561 | 416,130 |
| Debtors | 14 | 2,730,143 | 2,901,078 |
| Cash at bank and in hand | | 526,415 | 528,232 |
| | | <u>3,747,119</u> | <u>3,845,440</u> |
| Creditors: amounts falling due within one year | 15 | <u>1,447,864</u> | <u>1,491,595</u> |
| Net current assets | | <u>2,299,255</u> | <u>2,353,845</u> |
| Total assets less current liabilities | | <u>7,480,725</u> | <u>7,420,872</u> |
| Creditors: amounts falling due after more than one year | 16 | <u>1,276,852</u> | <u>1,216,297</u> |
| Provisions for liabilities and charges | | | |
| Deferred taxation | 17 | 82,810 | 71,489 |
| Net assets | | <u><u>6,121,063</u></u> | <u><u>6,133,086</u></u> |
| Capital and reserves | | | |
| Called up share capital | 19 | 32,755 | 32,755 |
| Revaluation reserve | 20 | 2,119,979 | 2,150,156 |
| Capital redemption reserve | 20 | 34,103 | 34,103 |
| Profit and loss account | 20 | 3,934,226 | 3,916,072 |
| Equity shareholders' funds | 21 | <u><u>6,121,063</u></u> | <u><u>6,133,086</u></u> |

The financial statements on pages 6 to 21 were approved by the board of directors on 9 MARCH 1999 and were signed on its behalf by:

 : Director

**Notes to the financial statements
for the year ended 30 September 1998**

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important company accounting policies, which have been applied consistently is set out below:-

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets.

Cashflow

The company is a wholly owned subsidiary of T & C Holdings Limited and the cash flows of the company are included in the consolidated Group cash flow statement of T & C Holdings Limited. Consequently the company is exempt under the terms of Financial Reporting Standard No. 1 from publishing a cash flow statement.

Intangible assets

Intangible assets represent franchise fees for certain service stations and are amortised over the period of the franchise agreement, ten years.

Fixed assets

Interests in land and buildings are stated at cost or valuation.

The cost of other fixed assets is their purchase cost, together with any incidental expenses of acquisition.

**Notes to the financial statements continued
for the year ended 30 September 1998****Depreciation**

Feuhold land is not depreciated.

Depreciation is calculated so as to write off the cost, or valuation, of other fixed assets less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

| | % |
|-----------------------|---------|
| Feuhold buildings | 2 |
| Plant and machinery | 20 |
| Computer equipment | 20 - 50 |
| Motor vehicles | 25 |
| Fixtures and fittings | 14 - 20 |
| Franchise fee | 10 |

The depreciation rate on feuhold buildings was changed from 4% to 2% on 1 October 1997 after the directors took appropriate professional advice. The directors believe the new rate better reflects the useful life of such buildings. The effect on the depreciation charge for the year is to reduce it by £92,834.

Leasehold buildings are depreciated over the term of the lease.

Finance and operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term. Where fixed assets are financed by leasing agreements, which transfer to the company substantially all the benefits and risks of ownership, the assets are treated as if they had been purchased outright and are included in tangible fixed assets. The capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Provision is made where necessary for obsolete, slow moving and defective stocks.

Turnover

Turnover, which excludes value added tax, sales between group companies and trade discounts, represents the invoiced value of goods and services supplied in the United Kingdom.

Notes to the financial statements continued
for the year ended 30 September 1998

Deferred taxation

Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise. Full provision is made for deferred taxation on timing differences arising from the provision of employee pensions.

Pension costs

The Town and County Motor Garage Limited operates a defined benefit pension scheme, in which other members of the group participate. This scheme is contracted out of the state scheme. The fund is valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the company benefits from the employees' services. The effects of variations from regular cost are spread over the expected average remaining service lives of members of the scheme. In addition the group contributes to the personal pension plans of certain employees.

2 Net operating expenses

| | 1998 £ | 1997 £ |
|------------------------------|------------------|------------------|
| Distribution costs | 1,637,795 | 1,219,638 |
| Administrative expenses | 362,411 | 377,512 |
| | <u>2,000,206</u> | <u>1,597,150</u> |
| Less: other operating income | (424,883) | (384,759) |
| Net operating expenses | <u>1,575,323</u> | <u>1,212,391</u> |

3 Operating profit

Operating profit is stated after charging/(crediting):

| | 1998 £ | 1997 £ |
|---|------------------|------------------|
| Amortisation of intangible fixed assets | 2,532 | 2,532 |
| Depreciation of tangible fixed assets | 157,797 | 194,235 |
| Auditors' remuneration | | |
| Audit | 11,000 | 9,000 |
| Other services | 7,000 | 7,180 |
| Operating lease rentals: | 78,026 | 73,172 |
| Profit on disposal of fixed assets | (1,491) | (10,768) |
| Rent receivable (net of outgoings) | <u>(208,630)</u> | <u>(190,000)</u> |

Notes to the financial statements continued
for the year ended 30 September 1998

4 Directors' emoluments

| | 1998 £ | 1997 £ |
|---|----------------|----------------|
| In respect of all directors | | |
| Aggregate emoluments (including benefits) | <u>152,762</u> | <u>183,627</u> |

Of the directors who received emoluments during the year retirement benefits are accruing to 4 directors at 30 September 1998 under defined benefit pension schemes.

5 Employee information

The average weekly number of persons employed by the company including executive directors during the year is analysed below:

| | 1998 | 1997 |
|--------------------------|------------|-----------|
| Selling and distribution | 87 | 75 |
| Administration | 16 | 14 |
| | <u>103</u> | <u>89</u> |

Employment costs - all employees including executive directors:

| | 1998 £ | 1997 £ |
|----------------------------------|------------------|----------------|
| Wages and salaries | 971,554 | 867,141 |
| Social security costs | 67,235 | 51,601 |
| Other pension costs | 20,732 | 31,829 |
| Total direct costs of employment | <u>1,059,521</u> | <u>950,571</u> |

6 Investment income

| | 1998 £ | 1997 £ |
|-------------------------------------|--------------|-----------|
| Income from fixed asset investments | <u>2,370</u> | <u>-</u> |

Notes to the financial statements continued for the year ended 30 September 1998

7 Interest payable and similar charges

| Interest payable on sums: | 1998 | 1997 |
|---|----------------|----------------|
| | £ | £ |
| Repayable within 5 years, by instalments | 85,673 | 75,408 |
| Repayable wholly or partly in more than 5 years | 38,964 | 20,558 |
| | <u>124,637</u> | <u>95,966</u> |
| On finance leases and hire purchase contracts | 23,158 | 23,158 |
| | <u>147,795</u> | <u>119,124</u> |

8 Taxation

| | 1998 | 1997 |
|---|---------------|---------------|
| | £ | £ |
| United Kingdom corporation tax at 31% (1997 : 32%): | | |
| Current | 50,238 | 79,862 |
| Group relief receivable | - | (38,822) |
| Deferred | 7,553 | 10,368 |
| | <u>57,791</u> | <u>51,408</u> |
| (Over)/under provision in respect of prior year | | |
| Current | 5,427 | (45,224) |
| Deferred | 3,767 | 25,019 |
| | <u>66,985</u> | <u>31,203</u> |

The high effective tax rate is due primarily to the depreciation charged on assets for which no tax relief is available.

9 Dividends

| | 1998 | 1997 |
|---|---------------|---------------|
| | £ | £ |
| Ordinary | | |
| Proposed final dividend of £2.44 per share (1997 : £2.44 per share) | <u>80,000</u> | <u>80,000</u> |

10 Intangible fixed assets

| | Franchise fee |
|----------------------|---------------|
| | £ |
| Cost | |
| At 1 October 1997 | 49,585 |
| Additions | - |
| Disposals | (24,266) |
| | <u>25,319</u> |
| At 30 September 1998 | |
| Amounts written off | |
| At 1 October 1997 | 35,022 |
| Disposals | (24,266) |
| Charge for year | 2,532 |
| | <u>13,288</u> |
| At 30 September 1998 | |
| Net book value | |
| At 30 September 1998 | <u>12,031</u> |
| Net book value | |
| At 30 September 1997 | <u>14,563</u> |

Notes to the financial statements continued
for the year ended 30 September 1998

11 Tangible fixed assets

| | Land and buildings £ | Plant and machinery £ | Motor vehicles £ | Fixtures and fittings £ | Total £ |
|--|----------------------------|-----------------------------|------------------------|----------------------------------|------------------|
| Cost or valuation | | | | | |
| At 1 October 1997 | 5,130,036 | 194,179 | 132,360 | 9,948 | 5,466,523 |
| Additions | 268,914 | - | 60,483 | 1,020 | 330,417 |
| Surplus on revaluation | - | - | - | - | - |
| Disposals | - | - | (82,000) | (5,405) | (87,405) |
| At 30 September 1998 | 5,398,950 | 194,179 | 110,843 | 5,563 | 5,709,535 |
| Depreciation | | | | | |
| At 1 October 1997 | 254,079 | 113,533 | 41,018 | 5,427 | 414,057 |
| Charge for year | 92,834 | 31,304 | 28,967 | 4,692 | 157,797 |
| Revaluation | - | - | - | - | - |
| Disposals | - | - | (26,353) | (5,405) | (31,758) |
| At 30 September 1998 | 346,913 | 144,837 | 43,632 | 4,714 | 540,096 |
| Net book value | | | | | |
| At 30 September 1998 | 5,052,037 | 49,342 | 67,211 | 849 | 5,169,439 |
| At 30 September 1997 | 4,875,957 | 80,646 | 91,342 | 4,521 | 5,052,466 |
| Cost or valuation at 30 September 1998 is represented by: | | | | | |
| Valuation in 1997 | 2,930,000 | - | - | - | 2,930,000 |
| Valuation in 1991 | 915,000 | - | - | - | 915,000 |
| Cost | 1,553,950 | 194,179 | 110,843 | 5,563 | 1,864,535 |
| | 5,398,950 | 194,179 | 110,843 | 5,563 | 5,709,535 |

If land and buildings had not been revalued they would have been included at the following amounts:

| | Feehold land and buildings | | Leasehold land and buildings short leases | |
|--------------------------------|-------------------------------|------------------|--|---------------|
| | 1998 £ | 1997 £ | 1998 £ | 1997 £ |
| Historical cost | 3,535,264 | 3,266,350 | 135,183 | 135,183 |
| Depreciation based on cost | 575,130 | 515,777 | 120,995 | 118,291 |
| Historical cost net book value | <u>2,960,134</u> | <u>2,750,573</u> | <u>14,188</u> | <u>16,892</u> |

Notes to the financial statements continued
for the year ended 30 September 1998

11 Tangible fixed assets continued

| | 1998 £ | 1997 £ |
|--|------------------|------------------|
| Land and buildings at net book value comprise: | | |
| Freehold | 4,922,537 | 4,742,957 |
| Short leasehold | 129,500 | 133,000 |
| | <u>5,052,037</u> | <u>4,875,957</u> |

The net book value of tangible fixed assets includes an amount of £67,210 (1997 : £226,023) in respect of assets held under finance leases and hire purchase contracts. Depreciation charged on these assets, during the period was £28,112 (1997 : £38,586).

12 Fixed asset investments

| Company | Interests in group undertakings £ |
|----------------------|--|
| Cost | |
| At 1 October 1997 | 343,802 |
| Disposals | (343,802) |
| At 30 September 1998 | - |
| Amounts written off | |
| At 1 October 1997 | 343,802 |
| Disposals | (343,802) |
| At 30 September 1998 | - |
| Net book value | |
| At 30 September 1998 | - |
| At 30 September 1997 | - |

The investment in James M Forbes (Motors) Limited was disposed of during the year as the company has been liquidated by a members voluntary liquidation.

The Town and County Motor Garage Limited

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Notes to the financial statements continued for the year ended 30 September 1998

13 Stocks

The amounts attributable to different categories are as follows:

| | 1998 £ | 1997 £ |
|---------------------|-----------|-----------|
| Petrol and sundries | 490,561 | 416,130 |

14 Debtors

| | 1998 £ | 1997 £ |
|--|-----------|-----------|
| Amounts falling due within one year: | | |
| Trade debtors | 670,400 | 621,794 |
| Amounts owed by group undertakings | | |
| - parent company and fellow subsidiaries | 2,005,312 | 2,160,288 |
| Group relief receivable | - | 38,822 |
| Prepayments and accrued income | 54,431 | 80,174 |
| | 2,730,143 | 2,901,078 |

15 Creditors: amounts falling due within one year

| | 1998 £ | 1997 £ |
|--|-----------|-----------|
| Bank loans and overdraft | 258,794 | 355,324 |
| Trade creditors | 545,143 | 550,930 |
| Amounts owed to parent company and fellow subsidiaries | 5,000 | 5,000 |
| Taxation and Social security costs | 134,820 | 106,133 |
| Obligations under finance leases | 49,864 | 30,026 |
| Accruals and deferred income | 419,243 | 409,182 |
| Current instalment on Shell UK Limited loan | 35,000 | 35,000 |
| | 1,447,864 | 1,491,595 |

Taxation and social security is made up as follows:

| | 1998 £ | 1997 £ |
|--|-----------|-----------|
| United Kingdom corporation tax payable | 30,238 | 59,863 |
| PAYE and Social security | 33,428 | 16,067 |
| Value added tax | 71,154 | 30,203 |
| | 134,820 | 106,133 |

The Town and County Motor Garage Limited

17

Notes to the financial statements continued for the year ended 30 September 1998

16 Creditors: amounts falling due after more than one year

| | 1998 £ | 1997 £ |
|-----------------------|------------------|------------------|
| Bank loans | 1,122,500 | 992,500 |
| Finance leases | 14,352 | 48,797 |
| Shell UK Limited loan | 140,000 | 175,000 |
| | <u>1,276,852</u> | <u>1,216,297</u> |

An analysis of the loans by due date of repayment is set out below:

| | 1998 £ | 1997 £ |
|---|------------------|------------------|
| Bank loans: | | |
| Repayable in one year or less | 250,000 | 210,000 |
| Repayable between two and five years | 756,250 | 626,250 |
| Repayable after five years by instalments | 366,250 | 366,250 |
| | <u>1,372,500</u> | <u>1,202,500</u> |

| | 1998 £ | 1997 £ |
|---|----------------|----------------|
| Shell UK Limited loan: | | |
| Repayable in one year or less | 35,000 | 35,000 |
| Repayable between two and five years | 140,000 | 140,000 |
| Repayable after five years by instalments | - | 35,000 |
| | <u>175,000</u> | <u>210,000</u> |

| | 1998 £ | 1997 £ |
|--------------------------------------|---------------|---------------|
| Finance leases: | | |
| Repayable in one year or less | 49,864 | 30,026 |
| Repayable between two and five years | 14,352 | 48,797 |
| | <u>64,216</u> | <u>78,823</u> |

**Notes to the financial statements continued
for the year ended 30 September 1998**

**16 Creditors: amounts falling due after more than
one year continued**

The bank loans and overdrafts amounting to £1,381,294 are secured by a standard security in respect of certain of the company's and group's properties and by a floating charge over the assets of the group.

The bank loan comprises two term loans of £750,000 each, two term loans of £400,000 each and a further term loan of £100,000 at Clydesdale Bank base rate plus 1.5% which are repayable by equal quarterly instalments of £18,750, £10,000 and £5,000 respectively.

The Shell UK Limited loan comprises a development loan at an interest rate of 5%, which is repayable by equal annual instalments of £35,000. The loan is secured over Propeller Filling Station.

17 Provisions for liabilities and charges

| | Deferred taxation £ |
|---------------------------------------|------------------------|
| At 1 October 1997 | 71,489 |
| Transfer from profit and loss account | 11,321 |
| | <hr/> |
| At 30 September 1998 | 82,810 |
| | <hr/> |

An analysis of the provision for deferred taxation which represents the full potential liability is set out below:-

| | Amount provided | | Amount unprovided | |
|---|--------------------|---------------|----------------------|---------------|
| | 1998 | 1997 | 1998 | 1997 |
| | £ | £ | £ | £ |
| Accelerated capital allowances | 90,780 | 79,071 | - | - |
| Other timing differences | (7,970) | (7,582) | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 82,810 | 71,489 | - | - |
| Tax effect of capital gains rolled over against properties | - | - | 352,458 | 73,286 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 82,810 | 71,489 | 352,458 | 73,286 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

Notes to the financial statements continued for the year ended 30 September 1998

18 Pension and similar obligations

The company makes contributions on behalf of its employees to The Town and County Motor Garage Limited Retirement Benefits Scheme which is a defined benefit scheme. The assets of the scheme are held separately from those of the group, being invested with insurance companies.

The total pension cost for the company in the period was £20,732 (1997 : £31,829). The pension cost is assessed in accordance with the advice of an independent qualified actuary using the attained age method. The latest actuarial valuation of this scheme was at 1 January 1998. The assumption that had the most significant effect on the valuation was that investment yield would exceed salary increases by 2%.

At the date of the latest actuarial valuation, the market value of the assets of the United Kingdom scheme was £2.867 million and the actuarial value of the assets was sufficient to cover 110% of the benefits which had accrued to members, after allowing for expected future increases in earnings.

19 Called up share capital

| | 1998 £ | 1997 £ |
|---|----------------|----------------|
| Authorised | | |
| 195,698 Ordinary shares of £1 each | 195,698 | 195,698 |
| 4,302 Preference shares of £1 each | 4,302 | 4,302 |
| | <u>200,000</u> | <u>200,000</u> |
| Allotted, called up and fully paid | | |
| 32,755 Ordinary shares of £1 each | <u>32,755</u> | <u>32,755</u> |

20 Reserves

| | Revaluation reserve £ | Capital redemption reserve £ | Profit and loss account £ |
|----------------------|-----------------------------|---------------------------------------|------------------------------------|
| At 1 October 1997 | 2,150,156 | 34,103 | 3,916,072 |
| Loss for the year | - | - | (12,023) |
| Transfer | (30,177) | - | 30,177 |
| At 30 September 1998 | <u>2,119,979</u> | <u>34,103</u> | <u>3,934,226</u> |

The Town and County Motor Garage Limited

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Notes to the financial statements continued for the year ended 30 September 1998

21 Reconciliation of movements in shareholders' funds

| | 1998 £ | 1997 £ |
|---|------------------|------------------|
| (Loss)/profit for the financial year | (12,023) | 104,362 |
| Unrealised surplus on revaluation of properties | - | 1,416,989 |
| Opening shareholders' funds | 6,133,086 | 4,611,735 |
| Closing shareholders' funds | <u>6,121,063</u> | <u>6,133,086</u> |

22 Contingent liabilities and financial commitments

The company has annual commitments under non-cancellable operating leases as follows:

| | 1998 | | 1997 | |
|------------------------------------|----------------------------|---------------|----------------------------|---------------|
| | Land and Buildings £ | Other £ | Land and Buildings £ | Other £ |
| Date of lease termination | | | | |
| Within one year | - | 2,970 | - | 5,529 |
| In second to fifth years inclusive | 30,858 | 14,488 | 30,858 | - |
| After five years | 30,000 | - | 30,000 | 27,000 |
| | <u>60,858</u> | <u>17,458</u> | <u>60,858</u> | <u>32,529</u> |

Contingent liabilities

| | 1998 £ | 1997 £ |
|---|----------------|----------------|
| (a) Amount of guarantees in respect of bank borrowings of group companies | <u>396,064</u> | <u>957,371</u> |

(b) The company have also granted unlimited guarantees to manufacturers and finance companies in the ordinary course of business in respect of facilities afforded to group undertakings.

(c) A guarantee in lieu of a performance bond has been given by the company's financiers in respect of Shell UK Limited. At 30 September 1998 the total of such guarantees was £85,000 (1997 - £85,000).

**Notes to the financial statements continued
for the year ended 30 September 1998**

23 Related party transactions

The company has taken advantage of the exemption under FRS 8 Related Party Disclosures not to disclose related party transactions between subsidiaries.

There were no material transactions with directors, except for those relating to remuneration disclosed on page 12 (note 4).

There were no other material related party transactions requiring disclosure under FRS 8.

24 Ultimate parent company

The Town and County Motor Garage Limited is a wholly owned subsidiary of T&C Holdings Limited. The directors regard T&C Holdings Limited, a company registered in Scotland, as the ultimate parent company at 30 September 1998. The directors regard Mr W M Broomfield as the ultimate controlling party by virtue of his controlling interest in the equity capital of T&C Holdings Limited.