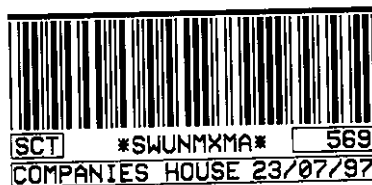


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REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997
FOR
PARK'S OF HAMILTON (COACH HIRERS) LTD

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PARK'S OF HAMILTON (COACH HIRERS) LTD

COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 1997

DIRECTORS:	D I Park I B MacKay G Donnachie H R A McAteer J Miller D R Heath
SECRETARY:	Gerard Donnachie
REGISTERED OFFICE:	20 Bothwell Road Hamilton
REGISTERED NUMBER:	47046 (Scotland)
AUDITORS:	Thomas Barrie & Co. Registered Auditors Chartered Accountants Atlantic Chambers 1a Cadogan Street Glasgow G2 6QE
BANKERS:	Bank of Scotland plc New Cross Hamilton
SOLICITORS:	Holmes MacKillop 109 Douglas Street Glasgow G2 4HB

PARK'S OF HAMILTON (COACH HIRERS) LTD

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 1997

The directors present their report with the financial statements of the company for the year ended 31 March 1997.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of coach operators.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

The directors consider the trading results to be satisfactory.

DIVIDENDS

An interim dividend of £2.00 per share was paid on 25 March 1997. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 March 1997 will be £1,000,000.

FIXED ASSETS

Details of changes in Fixed Assets are set out in the Notes on Accounts.

FUTURE DEVELOPMENTS

The directors do not anticipate any changes to the manner in which the company operates in the foreseeable future.

DIRECTORS

The directors during the year under review were:

D I Park	
I B MacKay	
G Donnachie	
W Beaton	- resigned 26.11.96
H R A McAteer	
J Miller	
D R Heath	

The directors holding office at 31 March 1997 did not hold any beneficial interest in the issued share capital of the company at 1 April 1996 or 31 March 1997.

In accordance with the Articles of Association, I B MacKay and H R A McAteer will retire at the forthcoming Annual General Meeting, and being eligible, will stand for re-election.

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 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;
- 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 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PARK'S OF HAMILTON (COACH HIRERS) LTD

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 1997

AUDITORS

The auditors, Thomas Barrie & Co., will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'Gerard Donnachie', written over the printed name.

Gerard Donnachie - SECRETARY

Dated: 12 June 1997

PARK'S OF HAMILTON (COACH HIRERS) LTD

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF
PARK'S OF HAMILTON (COACH HIRERS) LTD

We have audited the financial statements on pages five to fifteen which have been prepared under the historical cost convention and the accounting policies set out on page ten.

Respective responsibilities of directors and auditors

As described on page two 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

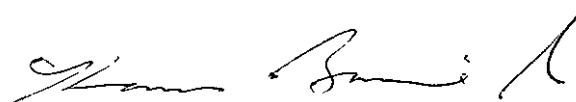
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Thomas Barrie & Co.
Registered Auditors
Chartered Accountants
Atlantic Chambers
1a Cadogan Street
Glasgow
G2 6QE



Dated: 12 June 1997

PARK'S OF HAMILTON (COACH HIRERS) LTD

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1997

<u>1996</u>				<u>1997</u>	
£	£		Notes	£	£
6,347,737		TURNOVER	2		6,602,165
<u>2,496,416</u>		Raw materials and consumables			<u>2,439,819</u>
3,851,321					4,162,346
	1,697,868	Staff costs	3	1,888,244	
	157,298	Depreciation		230,169	
	<u>267,545</u>	Other operating charges		<u>271,872</u>	
<u>2,122,711</u>					<u>2,390,285</u>
1,728,610		OPERATING PROFIT	4		1,772,061
		Interest payable and similar charges	5		
<u>795,098</u>					<u>849,240</u>
933,512		PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			922,821
		Tax on profit on ordinary activities	6		
<u>303,962</u>					<u>311,539</u>
629,550		PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			611,282
-		Dividends	7		
629,550					<u>1,000,000</u>
					(388,718)
<u>518,705</u>		Retained profit brought forward			<u>1,148,255</u>
<u>£1,148,255</u>		RETAINED PROFIT CARRIED FORWARD			<u>£759,537</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current and previous years.

PARK'S OF HAMILTON (COACH HIRERS) LTD

BALANCE SHEET

31 MARCH 1997

1996			1997	
£	£	Notes	£	£
19,268,630				
	FIXED ASSETS:			
	Tangible assets	8		14,848,593
	CURRENT ASSETS:			
	54,276	9	67,079	
	960,317	10	2,635,892	
	<u>112,656</u>		<u>695</u>	
	1,127,249		2,703,666	
	CREDITORS: Amounts falling			
	due within one year	11	<u>6,925,229</u>	
<u>(4,523,960)</u>	NET CURRENT LIABILITIES:			<u>(4,221,563)</u>
	TOTAL ASSETS LESS CURRENT			
	LIABILITIES:			10,627,030
	CREDITORS: Amounts falling			
	due after more than one year	12		(5,281,040)
(9,130,105)	PROVISIONS FOR LIABILITIES			
	AND CHARGES:	16		<u>(4,086,453)</u>
<u>(3,966,310)</u>				
<u>£1,648,255</u>				<u>£1,259,537</u>
	CAPITAL AND RESERVES:			
	Called up share capital	17		500,000
	Profit and loss account			<u>759,537</u>
500,000				
<u>1,148,255</u>				
£1,648,255	Shareholders' funds	21		<u>£1,259,537</u>

ON BEHALF OF THE BOARD:

~~DI Park - DIRECTOR~~

Approved by the Board on 12 June 1997

The notes form part of these financial statements

PARK'S OF HAMILTON (COACH HIRERS) LTD

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 1997

<u>1996</u>			<u>1997</u>	
£	£	Notes	£	£
1,262,170		Net cash inflow from operating activities	1	1,702,169
(795,098)		Returns on investments and servicing of finance	2	(849,240)
388,850		Taxation		(115,998)
3,690,196		Capital expenditure	2	6,122,993
-		Equity dividends paid		(1,000,000)
<u>4,546,118</u>				<u>5,859,924</u>
(6,011,367)		Financing	2	(8,011,064)
<u>(1,465,249)</u>		Decrease in cash in the period		<u>£(2,151,140)</u>
		Reconciliation of net cash flow to movement in net debt	3	
	(1,465,249)	Decrease in cash in the period		(2,151,140)
		Cash inflow from increase in debt and lease financing		
	<u>6,011,368</u>			<u>8,011,064</u>
4,546,119		Change in net debt resulting from cash flows		5,859,924
(6,956,000)		New finance leases		(2,600,000)
(2,409,881)		Movement in net debt in the period		3,259,924
<u>(11,336,832)</u>		Net debt at 1 April 1996		<u>(13,746,713)</u>
<u>£(13,746,713)</u>		Net debt at 31 March 1997		<u>£(10,486,789)</u>

The notes form part of these financial statements

PARK'S OF HAMILTON (COACH HIRERS) LTD

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 1997

1. **RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	1997 £	1996 £
Operating profit	1,772,061	1,728,610
Depreciation charges	1,150,881	1,302,407
Profit on sale of fixed assets	(920,712)	(1,145,109)
(Increase)/Decrease in stocks	(12,803)	6,452
Increase in debtors	(1,675,575)	(124,498)
Increase/(Decrease) in creditors	<u>1,388,317</u>	<u>(505,692)</u>
Net cash inflow from operating activities	<u>1,702,169</u>	<u>1,262,170</u>

2. **ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	1997 £	1996 £
Returns on investments and servicing of finance		
Interest element of hire purchase payments	<u>(849,240)</u>	<u>(795,098)</u>
Net cash outflow for returns on investments and servicing of finance	<u>(849,240)</u>	<u>(795,098)</u>
Capital expenditure		
Purchase of tangible fixed assets	(1,402,767)	(3,135,775)
Sale of tangible fixed assets	<u>7,525,760</u>	<u>6,825,971</u>
Net cash inflow for capital expenditure	<u>6,122,993</u>	<u>3,690,196</u>
Financing		
Leases and Hire Purchase Payments	<u>(8,011,064)</u>	<u>(6,011,367)</u>
Net cash outflow from financing	<u>(8,011,064)</u>	<u>(6,011,367)</u>

The notes form part of these financial statements

PARK'S OF HAMILTON (COACH HIRERS) LTD

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 1997

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.4.96 £	Cash flow £	Other non-cash changes £	At 31.3.97 £
Net cash:				
Cash at bank and in hand	112,656	(111,961)		695
Bank overdraft	<u>-</u>	<u>(2,039,179)</u>		<u>(2,039,179)</u>
	<u>112,656</u>	<u>(2,151,140)</u>		<u>(2,038,484)</u>
Debt:				
Hire purchase	<u>(13,859,369)</u>	<u>8,011,064</u>	<u>(2,600,000)</u>	<u>(8,448,305)</u>
	<u>(13,859,369)</u>	<u>8,011,064</u>	<u>(2,600,000)</u>	<u>(8,448,305)</u>
Total	<u>(13,746,713)</u>	<u>5,859,924</u>	<u>(2,600,000)</u>	<u>(10,486,789)</u>
Analysed in Balance Sheet				
Cash at bank and in hand	112,656			695
Bank overdraft	-			(2,039,179)
Hire purchase				
within one year	(4,729,264)			(3,167,265)
after one year	<u>(9,130,105)</u>			<u>(5,281,040)</u>
	<u>(13,746,713)</u>			<u>(10,486,789)</u>

The notes form part of these financial statements

PARK'S OF HAMILTON (COACH HIRERS) LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1997

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Plant and machinery	- 10% on cost
Fixtures and fittings	- 10% on cost
Motor vehicles	- 25% on cost
Coaches	- at varying rates on cost

Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

3. STAFF COSTS

	1997	1996
	£	£
Wages and salaries	1,755,771	1,576,813
Social security costs	<u>132,473</u>	<u>121,055</u>
	<u>1,888,244</u>	<u>1,697,868</u>

The average monthly number of employees during the year was as follows:

	1997	1996
Office and Management	13	13
Production	<u>173</u>	<u>159</u>
	<u>186</u>	<u>172</u>

PARK'S OF HAMILTON (COACH HIRERS) LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1997

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	1997	1996
	£	£
Depreciation - owned assets	76,399	194,478
Depreciation - assets on hire purchase contracts	1,074,482	1,107,929
Profit on disposal of fixed assets	(920,712)	(1,145,109)
Auditors' remuneration	<u>3,500</u>	<u>3,750</u>
Directors' emoluments	<u>39,656</u>	<u>50,269</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	1997	1996
	£	£
Hire purchase	<u>849,240</u>	<u>795,098</u>

6. TAXATION

The tax charge on the profit on ordinary activities for the year was as follows:

	1997	1996
	£	£
UK Corporation Tax	191,396	(388,850)
Deferred taxation	<u>120,143</u>	<u>692,812</u>
	<u>311,539</u>	<u>303,962</u>

UK Corporation Tax has been charged at 33% (1996 - 33%).

7. DIVIDENDS

	1997	1996
	£	£
Equity shares:		
Interim Dividend	<u>1,000,000</u>	<u>-</u>

PARK'S OF HAMILTON (COACH HIRERS) LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1997

8. TANGIBLE FIXED ASSETS

	<u>Totals</u>	<u>Plant and machinery</u>	<u>Fixtures and fittings</u>	<u>Motor vehicles</u>	<u>Coaches</u>
	£	£	£	£	£
COST:					
At 1 April 1996	21,161,527	273,356	18,558	812,073	20,057,540
Additions	3,335,892	85,730	-	202,385	3,047,777
Disposals	<u>(7,383,554)</u>	<u>(5,187)</u>	<u>-</u>	<u>(217,567)</u>	<u>(7,160,800)</u>
At 31 March 1997	<u>17,113,865</u>	<u>353,899</u>	<u>18,558</u>	<u>796,891</u>	<u>15,944,517</u>
DEPRECIATION:					
At 1 April 1996	1,892,897	115,470	15,797	249,967	1,511,663
Charge for year	1,150,881	32,165	1,532	42,702	1,074,482
Eliminated on disposals	<u>(778,506)</u>	<u>(5,187)</u>	<u>-</u>	<u>(15,384)</u>	<u>(757,935)</u>
At 31 March 1997	<u>2,265,272</u>	<u>142,448</u>	<u>17,329</u>	<u>277,285</u>	<u>1,828,210</u>
NET BOOK VALUE:					
At 31 March 1997	<u>14,848,593</u>	<u>211,451</u>	<u>1,229</u>	<u>519,606</u>	<u>14,116,307</u>
At 31 March 1996	<u>19,268,630</u>	<u>157,886</u>	<u>2,761</u>	<u>562,106</u>	<u>18,545,877</u>

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	<u>Coaches</u>
	£
COST:	
At 1 April 1996	20,021,940
Additions	3,047,777
Disposals	<u>(7,160,800)</u>
At 31 March 1997	<u>15,908,917</u>
DEPRECIATION:	
At 1 April 1996	1,490,663
Charge for year	1,074,482
Eliminated on disposals	<u>(757,935)</u>
Transferred to ownership	<u>(14,600)</u>
At 31 March 1997	<u>1,792,610</u>
NET BOOK VALUE:	
At 31 March 1997	<u>14,116,307</u>
At 31 March 1996	<u>18,531,277</u>

9. STOCKS

	1997	1996
	£	£
Stock	<u>67,079</u>	<u>54,276</u>

PARK'S OF HAMILTON (COACH HIRERS) LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1997

**10. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	1997 £	1996 £
V.A.T.	330,875	63,504
Trade Debtors	419,024	410,586
Amounts Due by Group Companies	1,711,308	354,302
Prepayments & Accrued Income	79,457	102,879
Other Debtors	95,228	29,046
	<u>2,635,892</u>	<u>960,317</u>

**11. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	1997 £	1996 £
Bank loans and overdrafts (see note 13)	2,039,179	-
Hire purchase contracts (see note 14)	3,167,265	4,729,264
Trade Creditors	214,570	120,796
Other Creditors	136,468	689,715
Amounts Due to Group Companies	1,116,621	2,754
Social Security & Other Taxes	31,952	33,378
Taxation	75,398	-
Accrued Expenses	143,776	75,302
	<u>6,925,229</u>	<u>5,651,209</u>

**12. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	1997 £	1996 £
Hire purchase contracts (see note 14)	<u>5,281,040</u>	<u>9,130,105</u>

13. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

	1997 £	1996 £
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>2,039,179</u>	<u>-</u>

PARK'S OF HAMILTON (COACH HIRERS) LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1997

14. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

	Hire purchase contracts	
	1997	1996
	£	£
Gross obligations repayable:		
Within one year	3,645,964	5,289,177
Between one and five years	<u>6,082,890</u>	<u>10,178,935</u>
	<u>9,728,854</u>	<u>15,468,112</u>
Finance charges repayable:		
Within one year	478,699	559,913
Between one and five years	<u>801,850</u>	<u>1,048,830</u>
	<u>1,280,549</u>	<u>1,608,743</u>
Net obligations repayable:		
Within one year	3,167,265	4,729,264
Between one and five years	<u>5,281,040</u>	<u>9,130,105</u>
	<u>8,448,305</u>	<u>13,859,369</u>

15. SECURED DEBTS

The company has granted bonds and floating charges in favour of the Bank of Scotland and in favour of companies in the N.W.S. Group.

16. PROVISIONS FOR LIABILITIES AND CHARGES

	1997	1996
	£	£
Deferred taxation	<u>4,086,453</u>	<u>3,966,310</u>
	Deferred taxation	
	£	
Balance at 1 April 1996	3,966,310	
Increase in Provision	<u>120,143</u>	
Balance at 31 March 1997	<u>4,086,453</u>	

Deferred taxation for which provision has been made in the financial statements and the amounts for which no provision has been made, are as follows:

	Provided		Not provided	
	1997	1996	1997	1996
	£	£	£	£
Accelerated Capital Allowances	<u>4,086,453</u>	<u>3,966,310</u>	<u>-</u>	<u>-</u>

PARK'S OF HAMILTON (COACH HIRERS) LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1997

17. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	1997 £	1996 £
500,000	Ordinary	£1	<u>500,000</u>	<u>500,000</u>

18. ULTIMATE PARENT COMPANY

The ultimate holding company is Park's of Hamilton (Holdings) Limited which is registered in Scotland.

19. CONTINGENT LIABILITIES

The company, together with the parent company and all subsidiaries within the group have entered into cross guarantees in respect of each company's indebtedness to the Bank of Scotland and, with the exception of three fellow subsidiaries, to companies in the N.W.S. Group.

20. RELATED PARTY TRANSACTIONS

There were no material related party transactions. The company has taken advantage of the exemption from presenting information relating to transactions within the group.

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997 £	1996 £
Profit for the financial year	611,282	629,550
Dividends	<u>(1,000,000)</u>	<u>-</u>
NET (REDUCTION)/ADDITION TO SHAREHOLDERS' FUNDS	(388,718)	629,550
Opening shareholders' funds	<u>1,648,255</u>	<u>1,018,705</u>
CLOSING SHAREHOLDERS' FUNDS	<u>1,259,537</u>	<u>1,648,255</u>
Equity interests	<u>1,259,537</u>	<u>1,648,255</u>