

KEP. OKLO'S

REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1998
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 1998

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:

~~67046~~ (Scotland)

67046

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 1998

The directors present their report with the financial statements of the company for the year ended 31 March 1998.

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

No dividends will be distributed for the year ended 31 March 1998.

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
H R A McAteer
J Miller
D R Heath

The directors holding office at 31 March 1998 did not hold any beneficial interest in the issued share capital of the company at 1 April 1997 or 31 March 1998.

In accordance with the Articles of Association, G Donnachie and D R Heath 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 judgments 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 1998

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 dark ink, appearing to read 'Gerard Donnachie', written in a cursive style.

Gerard Donnachie - SECRETARY

Dated: 12 June 1998

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

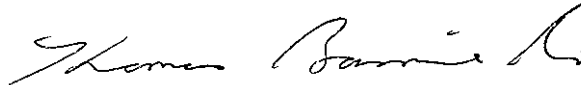
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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 1998 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 1998

PARK'S OF HAMILTON (COACH HIRERS) LTD

PROFIT AND LOSS ACCOUNT
for the Year Ended 31 March 1998

1997		Notes	1998	
£	£		£	£
6,602,165		2		6,205,447
2,439,819				2,779,373
4,162,346				3,426,074
	1,888,244	3	1,906,936	
	230,169		421,285	
	271,872		342,416	
2,390,285				2,670,637
1,772,061		4		755,437
849,240		5		577,431
922,821				178,006
311,539		6		(179,265)
611,282				357,271
1,000,000		7		-
(388,718)				357,271
1,148,255				759,537
£759,537				£1,116,808

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.

The notes form part of these financial statements

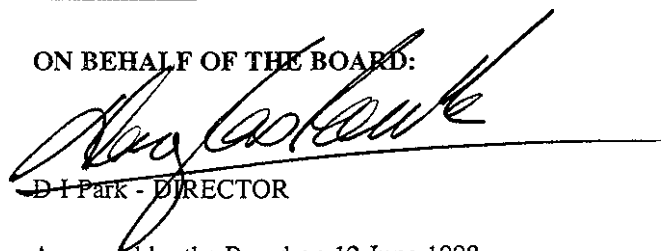
PARK'S OF HAMILTON (COACH HIRERS) LTD

BALANCE SHEET

31 March 1998

1997			1998	
£	£	Notes	£	£
14,848,593				
	FIXED ASSETS:			
	Tangible assets	8		13,698,493
	CURRENT ASSETS:			
	67,079 Stocks	9	76,277	
	2,635,892 Debtors	10	539,701	
	695 Cash in hand		1,479	
	<hr/>		<hr/>	
	2,703,666		617,457	
	CREDITORS: Amounts falling			
	6,925,229 due within one year	11	3,935,438	
	<hr/>		<hr/>	
(4,221,563)	NET CURRENT LIABILITIES:			(3,317,981)
	<hr/>			<hr/>
10,627,030	TOTAL ASSETS LESS CURRENT			10,380,512
	LIABILITIES:			
	CREDITORS: Amounts falling			
(5,281,040)	due after more than one year	12		(4,856,526)
	PROVISIONS FOR LIABILITIES			
(4,086,453)	AND CHARGES:	16		(3,907,178)
	<hr/>			<hr/>
£1,259,537				£1,616,808
	<hr/>			<hr/>
	CAPITAL AND RESERVES:			
500,000	Called up share capital	17	500,000	
759,537	Profit and loss account		1,116,808	
	<hr/>		<hr/>	
£1,259,537	Shareholders' funds	21		£1,616,808
	<hr/>			<hr/>

ON BEHALF OF THE BOARD:



D I Park - DIRECTOR

Approved by the Board on 12 June 1998

The notes form part of these financial statements

CASH FLOW STATEMENT
for the Year Ended 31 March 1998

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PARK'S OF HAMILTON (COACH HIRERS) LTD

NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 31 March 1998

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

	1998 £	1997 £
Operating profit	755,437	1,772,061
Depreciation charges	907,736	1,150,881
Profit on sale of fixed assets	(486,451)	(920,712)
Increase in stocks	(9,198)	(12,803)
Decrease/(Increase) in debtors	2,096,191	(1,675,575)
(Decrease)/Increase in creditors	<u>(910,234)</u>	<u>1,388,317</u>
Net cash inflow from operating activities	<u>2,353,481</u>	<u>1,702,169</u>

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

	1998 £	1997 £
Returns on investments and servicing of finance		
Interest element of hire purchase payments	<u>(577,431)</u>	<u>(849,240)</u>
Net cash outflow for returns on investments and servicing of finance	<u>(577,431)</u>	<u>(849,240)</u>
Capital expenditure		
Purchase of tangible fixed assets	(874,907)	(1,402,767)
Sale of tangible fixed assets	<u>5,663,722</u>	<u>7,525,760</u>
Net cash inflow for capital expenditure	<u>4,788,815</u>	<u>6,122,993</u>
Financing		
Leases and Hire Purchase Payments	<u>(4,951,844)</u>	<u>(8,011,064)</u>
Net cash outflow from financing	<u>(4,951,844)</u>	<u>(8,011,064)</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 1998

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.4.97 £	Cash flow £	Other non-cash changes £	At 31.3.98 £
Net cash:				
Cash at bank and in hand	695	784		1,479
Bank overdraft	<u>(2,039,179)</u>	<u>1,536,829</u>		<u>(502,350)</u>
	<u>(2,038,484)</u>	<u>1,537,613</u>		<u>(500,871)</u>
Debt:				
Hire purchase	<u>(8,448,305)</u>	<u>4,951,844</u>	<u>(4,060,000)</u>	<u>(7,556,461)</u>
	<u>(8,448,305)</u>	<u>4,951,844</u>	<u>(4,060,000)</u>	<u>(7,556,461)</u>
Total	<u>(10,486,789)</u>	<u>6,489,457</u>	<u>(4,060,000)</u>	<u>(8,057,332)</u>

Analysed in Balance Sheet

Cash at bank and in hand	695	1,479
Bank overdraft	(2,039,179)	(502,350)
Hire purchase		
within one year	(3,167,265)	(2,699,935)
after one year	<u>(5,281,040)</u>	<u>(4,856,526)</u>
	<u>(10,486,789)</u>	<u>(8,057,332)</u>

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 March 1998

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

	1998	1997
	£	£
Wages and salaries	1,756,366	1,755,771
Social security costs	150,570	132,473
	<hr/>	<hr/>
	1,906,936	1,888,244
	<hr/>	<hr/>

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

	1998	1997
Office and Management	12	13
Production	160	173
	<hr/>	<hr/>
	172	186
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 March 1998

4. OPERATING PROFIT

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

	1998	1997
	£	£
Depreciation - owned assets	80,436	76,399
Depreciation - assets on hire purchase contracts	827,300	1,074,482
Profit on disposal of fixed assets	(486,451)	(920,712)
Auditors' remuneration	3,750	3,500
	<u> </u>	<u> </u>
Directors' emoluments	28,524	39,656
	<u> </u>	<u> </u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	1998	1997
	£	£
Hire purchase	577,431	849,240
	<u> </u>	<u> </u>

6. TAXATION

The tax (credit)/charge on the profit on ordinary activities for the year was as follows:

	1998	1997
	£	£
UK Corporation Tax	-	191,396
Overprovision in Previous Year	10	-
Deferred taxation	(179,275)	120,143
	<u> </u>	<u> </u>
	(179,265)	311,539
	<u> </u>	<u> </u>

UK Corporation Tax was charged at 33 % in 1997.

7. DIVIDENDS

	1998	1997
	£	£
Equity shares:		
Interim Dividend	-	1,000,000
	<u> </u>	<u> </u>

PARK'S OF HAMILTON (COACH HIRERS) LTD

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 March 1998

8. TANGIBLE FIXED ASSETS

	Totals	Plant and machinery	Fixtures and fittings	Motor vehicles	Coaches
	£	£	£	£	£
COST:					
At 1 April 1997	17,113,865	353,899	18,558	796,891	15,944,517
Additions	4,934,907	960	-	508,484	4,425,463
Disposals	(6,017,180)	(25,269)	-	(1,187,661)	(4,804,250)
At 31 March 1998	16,031,592	329,590	18,558	117,714	15,565,730
DEPRECIATION:					
At 1 April 1997	2,265,272	142,448	17,329	277,285	1,828,210
Charge for year	907,736	32,546	698	47,192	827,300
Eliminated on disposals	(839,909)	(25,269)	-	(283,322)	(531,318)
At 31 March 1998	2,333,099	149,725	18,027	41,155	2,124,192
NET BOOK VALUE:					
At 31 March 1998	13,698,493	179,865	531	76,559	13,441,538
At 31 March 1997	14,848,593	211,451	1,229	519,606	14,116,307

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

	Coaches
	£
COST:	
At 1 April 1997	15,908,917
Additions	4,425,463
Disposals	(4,804,250)
At 31 March 1998	15,530,130
DEPRECIATION:	
At 1 April 1997	1,792,610
Charge for year	827,300
Eliminated on disposals	(531,318)
At 31 March 1998	2,088,592
NET BOOK VALUE:	
At 31 March 1998	13,441,538
At 31 March 1997	14,116,307

9. STOCKS

	1998	1997
	£	£
Stock	76,277	67,079

PARK'S OF HAMILTON (COACH HIRERS) LTD

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 March 1998

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

	1998 £	1997 £
V.A.T.	25,090	330,875
Trade Debtors	414,724	419,024
Amounts Due by Group Companies	7,913	1,711,308
Prepayments & Accrued Income	87,929	79,457
Other Debtors	4,045	95,228
	<u>539,701</u>	<u>2,635,892</u>

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

	1998 £	1997 £
Bank loans and overdrafts (see note 13)	502,350	2,039,179
Hire purchase contracts (see note 14)	2,699,935	3,167,265
Trade Creditors	191,685	214,570
Other Creditors	24,514	136,468
Amounts Due to Group Companies	339,626	1,116,621
Social Security & Other Taxes	39,912	31,952
Taxation	-	75,398
Accrued Expenses	137,416	143,776
	<u>3,935,438</u>	<u>6,925,229</u>

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

	1998 £	1997 £
Hire purchase contracts (see note 14)	<u>4,856,526</u>	<u>5,281,040</u>

13. LOANS AND OVERDRAFTS

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

	1998 £	1997 £
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>502,350</u>	<u>2,039,179</u>

PARK'S OF HAMILTON (COACH HIRERS) LTD

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 March 1998

14. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

	1998 £	1997 £
Gross obligations repayable:		
Within one year	3,157,042	3,645,964
Between one and five years	5,717,469	6,082,890
	<hr/> 8,874,511	<hr/> 9,728,854
Finance charges repayable:		
Within one year	457,107	478,699
Between one and five years	860,943	801,850
	<hr/> 1,318,050	<hr/> 1,280,549
Net obligations repayable:		
Within one year	2,699,935	3,167,265
Between one and five years	4,856,526	5,281,040
	<hr/> <hr/> 7,556,461	<hr/> <hr/> 8,448,305

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 Capital Bank Group.

16. PROVISIONS FOR LIABILITIES AND CHARGES

	1998 £	1997 £
Deferred taxation	3,907,178	4,086,453
	<hr/>	<hr/>
	Deferred taxation £	
Balance at 1 April 1997	4,086,453	
Decrease in Provision	(179,275)	
	<hr/>	
Balance at 31 March 1998	3,907,178	
	<hr/> <hr/>	

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	
	1998 £	1997 £	1998 £	1997 £
Accelerated Capital Allowances	3,907,178	4,086,453	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

PARK'S OF HAMILTON (COACH HIRERS) LTD

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 March 1998

17. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	1998 £	1997 £
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 Capital Bank Group.

20. RELATED PARTY DISCLOSURES

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

	1998 £	1997 £
Profit for the financial year	357,271	611,282
Dividends	-	(1,000,000)
NET ADDITION/(REDUCTION) TO SHAREHOLDERS' FUNDS	<u>357,271</u>	<u>(388,718)</u>
Opening shareholders' funds	<u>1,259,537</u>	<u>1,648,255</u>
CLOSING SHAREHOLDERS' FUNDS	<u><u>1,616,808</u></u>	<u><u>1,259,537</u></u>
Equity interests	<u>1,616,808</u>	<u>1,259,537</u>