

**Kellett (UK) Limited**

**Directors' report and financial  
statements**

**Registered Number 153935**

**31 December 2000**



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## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 December 2000.

### **Principal activities**

The company's business is the supply of equipment to the commercial vehicle spare parts market.

### **Business review**

The results for the year are set out on page 6.

### **Results and dividends**

The directors do not recommend the payment of a final dividend

The loss for the year retained in the company is (£87,162) (1999: (£343,983)).

### **Events since the balance sheet date**

On 1 January 2001 the company's trade and assets were transferred to a fellow group undertaking, Lex Multipart Limited (formerly Multipart Distribution Limited). On the same date, 190,016 ordinary shares of £1 each in the company were transferred by Multipart (Holdings) Limited to Lex Multipart Limited (formerly Multipart Distribution Limited), thus making Lex Multipart Limited the company's immediate parent company.

### **Directors and directors' interests**

The directors who held office during the year were as follows:

HP Ashcroft  
PR Harris  
BJ Sneyd  
J Stephenson

No director at 31 December 2000 had any interest in the shares of the company.

PR Harris is also a director of Lex Service PLC which is the company's ultimate parent company and his interests are stated in the directors' report of that company.

HP Ashcroft and J Stephenson are also directors of the immediate parent company, which was Multipart (Holdings) Limited at 31 December 2000, and their interests are stated in the directors' report of that company.

## Directors' report (continued)

### Directors and directors' interests (continued)

#### *Lex Sharesave Scheme*

Under the terms of the Scheme introduced in 1997, the Board of Lex Service PLC, the company's ultimate parent company, may offer options to purchase ordinary shares in Lex Service PLC, to those eligible employees who enter into an Inland Revenue approved Save As You Earn (SAYE) savings contract.

The price at which options may be offered is up to a maximum discount of 20% of the market price for three consecutive dealing days preceding the date of offer. The options may normally be exercised during the period of six months after the completion of the SAYE contract, whether three or five years after entering the Scheme. Options held under the Scheme by the following director who served during the year are as follows:

	Number of shares under option at 1 January 2000	Number of shares under option at 31 December 2000	Exercise price (£)	Date of grant	Date from which normally exercisable	Expiry date
BJ Sneyd	-	1,361	2.59	31.03.00	01.05.03	01.11.03

The outstanding options under the 2000 Lex Sharesave Scheme are exercisable for up to six months commencing on 1 May 2003.

#### *Long Term Incentive Plan*

The Long Term Incentive Plan was approved by shareholders at the Lex Service PLC 1998 Annual General Meeting. It is designed to align the interests of executive directors and the other senior executives with those of shareholders, to encourage increased shareholdings, to assist with the attraction and retention of individuals who will be crucial to the Group's success in the coming years, and to reward sustained good performance over the period of time.

Details of the Lex Service PLC ordinary shares provisionally awarded to each director as a participant of the Long Term Incentive Plan are as follows:

	Number of shares held at 1 January 2000	Grants/awards during 2000	Number of shares held at 31 December 2000
BJ Sneyd	5,791	4,156	9,947

Full details of the Long term Incentive Plan are disclosed in the directors' report of Lex Service PLC.

The middle market price of the shares at 29 December 2000, which was the last working day before the year end date of 31 December 2000, was 402p and the range during 2000 was 290p – 436.5p per share.

No directors of the company received remuneration from the company during the year to 31 December 2000.

## **Directors' report** *(continued)*

### **Employees**

The company's policy is to involve employees by way of appropriate consultation and discussion with staff and recognised trade unions in matters likely to affect employees' interests.

Information on matters of concern to employees is given through monthly team briefings which seek to achieve common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

The company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, where possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

### **Political and charitable contributions**

The company made no political contributions or charitable donations during the year (1999 :£NIL)

### **Auditor**

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.



PM Coles  
Secretary

Lex House  
17 Connaught Place  
London  
W2 2EL

4 April 2001

## **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 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



**KPMG Audit Plc**

St James' Square  
Manchester M2 6DS  
United Kingdom

**Report of the auditors to the members of Kellett (UK) Limited**

We have audited the financial statements on pages 6 to 16.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by 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 with the company is not disclosed.

**Basis of audit 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 affairs of the company as at 31 December 2000 and of the loss of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

**KPMG**  
*Chartered Accountants*  
*Registered Auditor*

*6th April 2001*

**Profit and loss account**  
*for the year ended 31 December 2000*

		Year ended 31 December 2000 £	Year ended 31 December £
<b>Turnover</b>	2	13,658,438	13,129,186
Cost of sales		(9,566,233)	(9,562,595)
<b>Gross profit</b>		4,092,205	3,566,591
Distribution costs		(1,108,235)	(926,281)
Administrative expenses		(3,109,964)	(2,953,810)
Other operating income	3	-	50,500
<b>Operating (loss)</b>	2-5	(125,994)	(263,000)
Interest payable and similar charges	4	(10,815)	(162,398)
<b>(Loss) on ordinary activities before taxation</b>		(136,809)	(425,398)
Tax on profit on ordinary activities	6	49,647	81,415
<b>Retained (loss) for the financial year</b>		(87,162)	(343,983)

The movement on reserves is shown in note 16.

In both the current and preceding years, the company made no material acquisitions and had no discontinued operations.

There were no recognised gains or losses in either the current or preceding years other than those disclosed in the profit and loss account.

**Note on historical cost profits and losses**  
*for the year ended 31 December 2000*

	2000 £	1999 £
Reported (loss) on ordinary activities before taxation	(136,809)	(425,398)
Difference between a historical cost depreciation charge and the actual charge for the year calculated on the revalued amount	4,505	4,505
<b>Historical cost (loss) on ordinary activities before taxation</b>	(132,304)	(420,893)
<b>Historical cost (loss) for the year retained after taxation and dividend</b>	(82,657)	(339,478)

The notes on pages 8 to 16 form part of these financial statements.

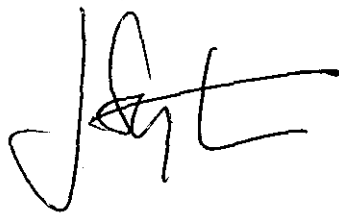


**Balance sheet**  
*at 31 December 2000*

	Note	2000		1999	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	9		2,057,700		2,057,366
<b>Current assets</b>					
Stocks	10	4,511,107		3,227,845	
Debtors	11	4,388,310		3,289,547	
Cash at bank and in hand		788,963		258,353	
		9,688,380		6,775,745	
<b>Creditors: amounts falling due within one year</b>	12	(11,695,006)		(8,649,694)	
<b>Net current liabilities</b>			(2,006,626)		(1,873,949)
<b>Total assets less current liabilities</b>			51,074		183,417
<b>Creditors: amounts falling due after one year</b>	13		(15,862)		(61,043)
<b>Net assets</b>			35,212		122,374
<b>Capital and reserves</b>					
Called up share capital	14		190,017		190,017
Share premium account	15		83,270		83,270
Revaluation reserve	15		184,060		188,565
Profit and loss account	15		(422,135)		(339,478)
<b>Equity shareholders' funds</b>	16		35,212		122,374

These financial statements were approved by the board of directors on 4 April 2001 and were signed on its behalf by:

**J Stephenson**  
Director



The notes on pages 8 to 16 form part of these financial statements.

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules modified to include the revaluation of certain land and buildings.

The company's immediate holding company, Multipart (Holdings) Limited, has indicated that it will continue to provide such financial support as is necessary to enable the company to continue its current activities for the foreseeable future.

#### *Turnover*

Turnover represents the invoiced value of goods supplied, excluding value added tax.

#### *Fixed assets and depreciation*

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Fixed land	-	Nil
Freehold buildings-	-	2% per annum
Plant and machinery	-	10-50% per annum
Motor vehicles	-	20-33% per annum

#### *Leases*

The assets acquired under finance leases are recorded in the balance sheet as tangible fixed assets and are depreciated over their estimated useful lives or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

#### *Valuation of stock*

Stock is valued at the lower of cost and net realisable value.

#### *Pension costs*

The company operates a pension scheme which provides benefits based on final pensionable salary. The assets of the scheme are held separately from those of the company, being invested by pension fund managers in treasury stocks and unit trusts. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The difference between contributions paid to the scheme and the charge to the profit and loss account is included in 'Provision for liabilities and charges' in the balance sheet.

## Notes *(continued)*

### 1 Accounting policies *(continued)*

#### *Taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

#### *Foreign currencies*

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date, or where appropriate, the rate of exchange fixed under the terms of the relevant transaction and the gains or losses on translation are included in the profit and loss account.

#### *Government grants*

Grants in respect of buildings are included in creditors and are written back to the profit and loss account over ten years.

Grants in respect of innovation have been credited directly to the profit and loss account.

#### *Related party transactions*

As the company is a wholly owned subsidiary of Lex Service PLC the company has taken advantage of the exemption contained within Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements can be obtained from the address given in note 19.

#### *Cash flow statement*

Throughout the year the company was a wholly owned subsidiary of a company incorporated in the United Kingdom. Therefore, in accordance with the provisions of Financial Reporting Standard 1 (revised), the company has not prepared a cash flow statement.

Notes (continued)

2 Turnover and operating (loss)/profit

The geographical split of turnover and operating (loss)/profit is as follows:

	Turnover		Operating (loss)/profit	
	2000	1999	2000	1999
	£	£	£	£
<i>Geographical segments:</i>				
United Kingdom	10,646,761	9,862,591	(103,720)	(196,787)
Rest of Europe	2,444,403	2,768,513	(18,227)	(57,162)
Other	567,274	498,082	(4,047)	(9,051)
	<u>13,658,438</u>	<u>13,129,186</u>	<u>(125,994)</u>	<u>(263,000)</u>

3 Other operating income

	2000	1999
	£	£
Rent received	-	50,500
	<u>-</u>	<u>50,500</u>

4 Interest payable and similar charges

	2000	1999
	£	£
On bank loans and overdrafts	-	153,124
Interest on finance leases and hire purchase contracts	6,972	9,074
Other loans	3,843	200
	<u>10,815</u>	<u>162,398</u>

5 Profit on ordinary activities before taxation

	2000	1999
	£	£
<i>Profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Depreciation		
- owned assets	123,173	92,084
- assets held under finance leases and hire purchase contracts	51,862	53,165
Auditors' remuneration - for audit services	13,000	11,000
- for non-audit services	4,300	10,950
Loss on disposal of tangible fixed assets	4,113	48,201
Operating lease rentals - plant and machinery	33,152	14,759
- land and buildings	-	26,500
Release of capital grant	(3,000)	(3,000)
	<u>(3,000)</u>	<u>(3,000)</u>

Notes (continued)

6 Taxation

	2000 £	1999 £
UK Corporation at 30% (1999: 30.25%)	(37,781)	-
(Over)/under provision in prior years	-	(73,875)
Deferred taxation	(11,866)	(7,540)
	<u>(49,647)</u>	<u>(81,415)</u>

7 Remuneration of directors

	2000 £	1999 £
Directors' emoluments	-	140,241
Company contributions to money purchase pension schemes	-	5,002
	<u>-</u>	<u>145,243</u>

8 Staff numbers and costs

The average number of persons employed by the company during the year was as follows:

	Number of employees	
	2000	1999
Sales	29	31
Administration	20	21
Stores	44	29
	<u>93</u>	<u>81</u>

The aggregate payroll costs of these persons were as follows:

	2000 £	1999 £
Wages and salaries	1,505,671	1,265,838
Social security costs	135,278	114,421
Other pension costs	27,886	12,867
	<u>1,668,835</u>	<u>1,393,126</u>

Notes (continued)

9 Tangible fixed assets

	Freehold land and buildings £	Plant fixtures & fittings £	Total £
<i>Cost or valuation</i>			
At 1 January 2000	1,832,683	751,829	2,584,512
Additions	45,768	164,214	209,982
Disposals	-	(107,005)	(107,005)
<b>At 31 December 2000</b>	<b>1,878,451</b>	<b>809,038</b>	<b>2,687,489</b>
<i>Depreciation</i>			
At 1 January 2000	149,436	377,710	527,146
Charge for year	33,631	141,404	175,035
On disposals	-	(72,392)	(72,392)
<b>At 31 December 2000</b>	<b>183,067</b>	<b>446,722</b>	<b>629,789</b>
<i>Net book value</i>			
<b>At 31 December 2000</b>	<b>1,695,384</b>	<b>362,316</b>	<b>2,057,700</b>
At 1 January 2000	1,683,247	374,119	2,057,366

Freehold land and buildings include non depreciable assets totalling £284,000 (1999: £284,000)

If the freehold property had not been revalued it would have been included at the following amounts:

	2000 £	1999 £
Cost	1,660,436	1,614,668
Accumulated depreciation	(149,112)	(119,986)
<b>Net book value</b>	<b>1,511,324</b>	<b>1,494,682</b>

Freehold land and buildings were valued at August 1999 on acquisition of the company by Multipart (Holdings) Limited. The gross depreciable value of land and buildings is £1,376,436.

The net book value of assets held under finance leases within plant, fixtures and fittings at 31 December 2000 was £33,618 (1999: £138,245). The depreciation charged during the year was £51,862 (1999: £53,165)

Notes (continued)

**10 Stocks**

	2000 £	1999 £
Finished goods and goods for resale	4,511,107	3,227,845
	<u>4,511,107</u>	<u>3,227,845</u>

**11 Debtors**

	2000 £	1999 £
<b>Due within one year</b>		
Trade debtors	4,267,110	3,207,923
Corporation Tax – Group Relief	37,781	-
Deferred tax	11,866	-
Other debtors	18,371	31,799
Prepayments and accrued income	53,182	49,825
	<u>4,388,310</u>	<u>3,289,547</u>

**12 Creditors: amounts falling due within one year**

	2000 £	1999 £
Trade creditors	2,116,385	1,913,258
Amounts payable under finance leases	25,640	60,816
Amounts due to group undertakings	9,304,257	6,322,357
Other taxation and social security	313	27,810
Accruals and deferred income	248,411	325,453
	<u>11,695,006</u>	<u>8,649,694</u>

Included within accruals and deferred income in 2000 is £3,000 (1999: £3,000) representing the balance of a grant received in connection with building development work carried out in the year. The grant is being released to the profit and loss account over ten years.

The company's bank overdraft facility is guaranteed by its parent undertakings as part of the group's overall borrowing facilities.

Notes (continued)

13 Creditors: amounts falling due after one year

	2000 £	1999 £
Amounts payable under finance leases	5,862	48,043
Accruals and deferred income	10,000	13,000
	<u>15,862</u>	<u>61,043</u>

Included within accruals and deferred income in 2000 is £10,000 (1999: £13,000) representing the balance of a grant received in connection with building development work carried out in the year. The grant is being released to the profit and loss account over ten years.

The maturity of obligations under finance leases and hire purchase contracts is as follows:

	2000 £	1999 £
Within one year	25,640	60,818
In the second to fifth years	5,862	48,043
	<u>31,502</u>	<u>108,861</u>

14 Called up share capital

	2000 £	1999 £
<i>Authorised</i>		
Ordinary shares of £1 each	1,100,000	1,100,000
	<u>1,100,000</u>	<u>1,100,000</u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	190,017	190,017
	<u>190,017</u>	<u>190,017</u>



Notes (continued)

15 Reserves

	Share premium £000	Revaluation reserve £000	Profit and loss account £000
At 31 December 1999	83,270	188,565	(339,478)
Retained loss for the year	-	-	(87,162)
Release of revaluation reserve	-	(4,505)	4,505
<b>At 31 December 2000</b>	<b>83,270</b>	<b>184,060</b>	<b>(422,135)</b>

16 Reconciliation of movements in shareholders' funds

	2000 £	1999 £
(Loss) for the financial year	(87,162)	(343,983)
Net reduction in shareholders' funds	(87,162)	(343,983)
Opening shareholders' funds	122,374	466,357
Closing shareholders' funds	35,212	122,374

17 Leasing and hire purchase commitments

As at 31 December 2000, the company had annual commitments under non-cancellable operating leases as set out below:

	2000 £
Operating leases which expire:	
within one year	50,933
Within two to five years	55,602
	<b>106,535</b>

## Notes *(continued)*

### **18 Pension fund**

During 1999 and part of 2000 the company operated defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds.

In mid 2000 the employees were offered the option to transfer their pension to the Lex Service PLC scheme. The Lex scheme provides benefits based on members final pensionable salary. All members who took up the option were transferred to a Multipart section within the Lex scheme.

The latest actuarial valuation of the Lex scheme was as at the 6 April 1998 which indicated the scheme was 114% funded with a market value of the schemes assets of £304,152,000.

The pension charge for the period was £ 25,886 (1999: £12,867).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

### **19 Ultimate parent company and group accounts**

The immediate parent undertaking of Kellet (UK) Limited as at 31 December 2000, was Multipart (Holdings) Limited, registered in England and Wales, the ultimate parent undertaking being Lex Service PLC.

The accounts of Lex Service PLC which consolidated the results of Multipart (Holdings) Limited are available to the public and may be obtained from:

Lex Service PLC  
Lex House  
17 Connaught Place  
LONDON  
W2 2EL