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Kellett (UK) Limited

**Directors' report and financial
statements**

Registered Number 153935

31 December 2003



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Directors' report

The directors have pleasure in submitting their report together with the audited financial statements for the company for the year ended 31 December 2003.

Principal activities

The company has not traded during the year or subsequent to the year end.

Business review

The results for the year are set out on page 4.

No interim dividends were paid during the year (2002 £nil). The directors do not recommend the payment of a final dividend (2002 £nil).

Directors and directors' interests

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

PR Harris
BJ Sneyd
A Harrison

None of the persons who were directors at 31 December 2003 had any interest in the shares of the company or any subsidiary undertaking.

PR Harris and A Harrison are also directors of RAC plc of which the company is a wholly-owned subsidiary and their interests in the shares and debentures of group undertakings, together with particulars of interests in share options, are stated in the remuneration report of that company.

BJ Sneyd is also a director of Lex Multipart Limited, the company's immediate parent company and his interests in the shares and debentures of group undertakings, together with particulars of interests in share options, are stated in the directors' report of that company.

General Meeting

An elective resolution was passed on 21 November 2001 whereby the company elected to dispense with the laying of accounts and reports in general meeting.

Annual General Meeting

An elective resolution was passed on 21 November 2001 whereby the company elected to dispense with the holding of Annual General Meetings in 2002 and subsequent years pursuant to Section 366A of the Companies Act 1985.

Auditor

An elective resolution was passed on 21 November 2001 whereby the company elected to dispense with the obligation to appoint auditors annually pursuant to Section 386 of the Companies Act 1985.


PR Harris
Director

17 Connaught Place
London
W2 2EL

20 February 2004

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 independent auditors to the members of Kellett (UK) Limited

We have audited the financial statements on pages 4 to 5.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, 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 1985. 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 2003 and of the result of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

5 March 2004

Profit and loss account

for the year ended 31 December 2003

The company has not traded during the year or in the preceding financial year. During these years the company received no income and incurred no expenditure and therefore made neither profit nor loss.

The company has no recognised gains and losses in the period.

Balance sheet

at 31 December 2003

| | Note | 2003 £ | 2002 £ |
|-----------------------------------|------|---------------|---------------|
| Current assets | | | |
| Debtors | 2 | 35,213 | 35,213 |
| Net assets | | <u>35,213</u> | <u>35,213</u> |
| Capital and reserves | | | |
| Called up share capital | 3 | 190,017 | 190,017 |
| Share premium account | | 83,270 | 83,270 |
| Revaluation reserve | | - | - |
| Profit and loss account | | (238,074) | (238,074) |
| Equity shareholders' funds | | <u>35,213</u> | <u>35,213</u> |

These financial statements were approved by the board of directors on 20th February 2004 and were signed on its behalf by:


PR Harris
 Director

The notes on page 5 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

2 Debtors

| | 2003 £ | 2002 £ |
|------------------------------------|-------------------|-------------------|
| Due within one year | | |
| Amounts owed by group undertakings | 35,213 | 35,213 |
| | <u> </u> | <u> </u> |

3 Called up share capital

| | 2003 £ | 2002 £ |
|---|-------------------|-------------------|
| Authorised | | |
| Ordinary shares of £1 each | 1,100,000 | 1,100,000 |
| | <u> </u> | <u> </u> |
| Allotted, called up and fully paid | | |
| Ordinary shares of £1 each | 190,017 | 190,017 |
| | <u> </u> | <u> </u> |

4 Ultimate parent company and group accounts

The immediate parent undertaking of Kellett (UK) Limited as at 31 December 2003, was Lex Multipart Limited, registered in England and Wales, the ultimate parent undertaking being RAC plc.

The accounts of RAC plc which consolidated the results of Lex Multipart Limited are available to the public and may be obtained from:

RAC plc
 17 Connaught Place
 LONDON
 W2 2EL