Registered no: 1440643

Bepco (UK) Limited

Annual report

for the year ended 31 March 1999

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for the year ended 31 March 1999

Directors and advisers

Directors

S Black (resigned 26 March 1999)
I Williams
J A Bence (resigned 26 March 1999)
A R Bainton
A J Giordano

Secretary and registered office

A R Bainton
Bepco House
Lynchford Lane
Farnborough
Hampshire
GU14 6JF

Bankers

Midland Bank plc
165 High Street
Southampton
Hampshire
SO14 2NZ

Solicitors

Ashurst Morris Crisp
Broadwalk House
5 Appold Street
London
EC2A 2HA

Registered auditors

PricewaterhouseCoopers
Abacus House
Castle Park
Cambridge
CB3 0AN

Directors' report for the year ended 31 March 1999

The directors present their report and the audited financial statements for the year ended 31 March 1999.

Principal activities

The profit and loss account for the year is set out on page 5.

The principal activity of the company continues to be the wholesale of agricultural spares.

Review of business and future developments

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

Dividends

A final dividend of £0.12 (1998: £300) per share has been declared.

Directors

The directors of the company at 31 March 1999, all of whom have been directors for the whole of the year ended on that date, except as noted below, were as follows:

S Black (resigned 26 March 1999)
I Williams
J A Bence (resigned 26 March 1999)
A R Bainton
A J Giordano

Directors and their interests

No director had any interest in the share capital of the company at 31 March 1999 or 1 April 1998.

The interests of Mr S Black and Mr I Williams in the share capital of Tractiv Holdings Limited, the ultimate parent company are disclosed in the financial statements of that company.

Year 2000

The directors are aware of the potential risks and uncertainties surrounding the Year 2000 issue. A project plan has been developed and implemented to address this issue and to try and ensure as far as is practicable that the risk of business interruption is minimised. There can, however, be no absolute assurance that the business will not be interrupted. Costs associated with the project's implementation to date have been expensed and future costs are not expected to be material.

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 year. 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 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.

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 PricewaterhouseCoopers as auditors to the company will be proposed at the annual general meeting.

By order of the board

A R Bainton
Secretary

Report of the auditors to the members of Bepco (UK) Limited

We have audited the financial statements on pages 5 to 13 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report including, as described on page 3, the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 31 March 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Cambridge, 8 September 1999

Bepco (UK) Limited

Profit and loss account for the year ended 31 March 1999

	Notes	1999 £'000	1998 £'000
Turnover	2	**2,462**	2,410
Cost of sales		**(1,687)**	(1,780)
Gross profit		**775**	630
Administrative expenses		**(685)**	(608)
Operating profit - continuing operations		**90**	22
Interest payable and similar charges	5	**(16)**	(28)
Profit/(loss) on ordinary activities before taxation	6	**74**	(6)
Tax on profit/(loss) on ordinary activities	7	**(30)**	2
Profit/(loss) on ordinary activities after taxation		**44**	(4)
Dividends payable at £0.12 (1998: £300) per share		**(37)**	(300)
Retained profit/(loss) for the financial year	16	**7**	(304)

The company has no recognised gains and losses other than the profits/(losses) shown above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit/(loss) on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

All items dealt with in arriving at the profit for the year relate to continuing operations.

Balance sheet at 31 March 1999

	Notes	1999 £'000	1998 £'000
Fixed assets			
Tangible assets	8	**125**	128
Current assets			
Stocks	9	**340**	356
Debtors	10	**526**	542
Cash at bank and in hand		**-**	14
		866	912
Creditors: amounts falling due within one year	11	**(680)**	(737)
Net current assets		**186**	175
Total assets less current liabilities		**311**	303
Creditors: amounts falling due after more than one year	12	**(10)**	-
Provisions for liabilities and charges	13	**-**	(9)
Net assets		**301**	294
Capital and reserves			
Called up share capital	15	**301**	301
Profit and loss account	16	**-**	(7)
Equity shareholders' funds	17	**301**	294

The financial statements on pages 5 to 13 were approved by the board of directors on 25 August 1999 and were signed on its behalf by:

I Williams
Director

Notes to the financial statements for the year ended 31 March 1999

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 accounting policies, which have been applied consistently, is set out below.

Basis of preparation

The financial statements are prepared in accordance with the historical cost convention modified to include the revaluation of freehold land and buildings.

Cash flow statement

The company is a wholly owned subsidiary of Tractiv Holdings Limited and the cash flows of the company have been included in the consolidated cash flow statement of Tractiv Holdings Limited. Consequently, the company is exempt under the terms of Financial Reporting Standard No 1 from publishing a cash flow statement.

Related party disclosures

Financial Reporting Standard No 8 'Related party disclosures' requires the disclosure of details of any material transactions between the reporting entity and any related parties.

The company has taken advantage of the exemption conferred upon 90% subsidiaries from reporting transactions within the group or with its associates.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

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

Freehold buildings	2% per annum straight line
Fixtures, fittings and equipment	20% per annum straight line
Motor vehicles	25% per annum reducing balance

No depreciation is provided on freehold land.

Finance and operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term. Leasing agreements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and 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 and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value.

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied.

2 Turnover

The destination and origin of all turnover was within the United Kingdom.

3 Directors' emoluments

	1999	1998
	£'000	£'000
Aggregate emoluments	37	34

4 Employee information

The average monthly number of persons (including executive directors) employed by the company during the year was:

	1999 Number	1998 Number
By activity		
Distribution	15	15
Administration	4	4
	19	19

	1999 £'000	1998 £'000
Staff costs (for the above persons)		
Wages and salaries	283	287
Social security costs	26	26
Other pension costs (see note 14)	4	4
	313	317

5 Interest payable and similar charges

	1999 £'000	1998 £'000
Interest payable on finance leases	16	-
Interest payable on other loans	-	28
	16	28

6 Profit/(loss) on ordinary activities before taxation

	1999 £'000	1998 £'000
Profit on ordinary activities before taxation is stated after charging:		
Depreciation of tangible fixed assets:		
Owned assets	21	26
Leased assets	5	-
Auditors' remuneration:		
Audit	5	5
Other services	2	-
Loss on disposal of tangible fixed assets	4	1
Foreign exchange currency (gains)/losses	(10)	32

7 Tax on profit/(loss) on ordinary activities

	1999 £'000	1998 £'000
United Kingdom corporation tax at 31% (1998: 31%)		
Current	**41**	2
Prior period	**(2)**	2
Deferred	**(9)**	(6)
	30	(2)

8 Tangible fixed assets

	Freehold land and buildings £'000	Motor vehicles £'000	Equipment, fixtures & fittings £'000	Total £'000
Cost				
At 1 April 1998	78	74	110	262
Additions	-	28	4	32
Disposals	-	(24)	(11)	(35)
At 31 March 1999	**78**	**78**	**103**	**259**
Depreciation				
At 1 April 1998	4	37	93	134
Charge for year	1	13	12	26
Disposals	-	(15)	(11)	(26)
At 31 March 1999	**5**	**35**	**94**	**134**
Net book value				
At 31 March 1999	**73**	**43**	**9**	**125**
At 31 March 1998	74	37	17	128

The net book value of tangible fixed assets includes an amount of £22,895 (1998: £Nil) in respect of assets held under finance leases.

Included in freehold land and buildings is land with a cost of £35,200 (1998: £35,200) which is not depreciated.

9 Stocks

	1999 £'000	1998 £'000
Finished goods and goods for resale	**340**	356

10 Debtors

	1999 £'000	1998 £'000
Amounts falling due within one year:		
Trade debtors	**508**	454
Other debtors	**2**	14
Prepayments and accrued income	**16**	74
	526	542

11 Creditors: amounts falling due within one year

	1999 £'000	1998 £'000
Bank loans and overdrafts	**24**	-
Obligations under finance leases	**7**	-
Trade creditors	**52**	64
Amounts owed to group undertakings	**524**	642
Corporation tax - amounts payable for group relief	**41**	2
Other taxation and social security	**12**	5
Other creditors and accruals	**20**	24
	680	737

12 Creditors: amounts falling due after more than one year

	1999 £'000	1998 £'000
Obligations under finance leases	**10**	-

The future minimum lease payments to which the company is committed under finance leases is as follows:

	1999 £'000	1998 £'000
Less than one year	**8**	-
Between one and two years	**8**	-
Between two and five years	**3**	-
	19	-
Less: interest	**2**	-
	17	-

13 Provisions for liabilities and charges

	£'000
Deferred taxation	
At 1 April 1998	9
Profit and loss account	(9)
At 31 March 1999	-

Deferred taxation provided in the financial statements and the amount unprovided of the total potential liability, are as follows:

	Amount provided		Amount unprovided	
	1999	1998	**1999**	1998
	£'000	£'000	**£'000**	£'000
Tax effect of timing differences because of:				
Excess of capital allowances over depreciation	-	12	**3**	-
Short term timing differences	-	(3)	**(9)**	-
	-	9	**(6)**	-

14 Pension obligations

The company operates a defined contribution pension scheme for employees. The pension cost charge for the year was £4,000 (period ended 31 March 1998: £4,000).

15 Called up share capital

	1999	1998
	£'000	£'000
Authorised		
301,000 ordinary shares of £1 each	**301**	301
Allotted, called up and fully paid		
301,000 ordinary shares of £1 each	**301**	301

16 Profit and loss account

	£'000
At 1 April 1998	(7)
Retained profit for the year	7
At 31 March 1999	-

17 Reconciliation of movement in shareholders' funds

	1999 £'000	1998 £'000
Opening shareholders' funds	294	298
Profit/(loss) for financial year/period	7	(304)
New share capital issued	-	300
Closing shareholders' funds	**301**	**294**

18 Related party transactions

The company has taken advantage of the exemption available under Financial Reporting Standard No 8 not to disclose transactions with group companies.

19 Ultimate parent company

The company is a wholly owned subsidiary undertaking of Bepco Group Limited, a company registered in England and Wales.

The ultimate undertaking and the company in which the results of the company are consolidated is Tractiv Holdings Limited, a company registered in England and Wales. The consolidated accounts of Tractiv Holdings Limited are available to the public and may be obtained from the registered office of the company.