

Kwik-Fit Properties Limited

Financial Statements 31 December 2002
together with directors' and auditors' reports

Registered number: 2579167



Directors' report

The directors present their report on the affairs of the Company together with the financial statements and auditors' report for the year ended 31 December 2002.

Principal activities and business review

The Company's principal activity is the holding and managing of properties on behalf of other group companies.

Results and dividends

The loss for the year after taxation amounted to £27,989,414 (31 December 2001 loss - £1,379,047). Full details are set out in the Profit and Loss Account on Page 4.

No dividends were paid in the year (31 December 2001 - £nil).

On 15 November 2002, Ford Automotive Holdings sold the majority of its interests in the Kwik-Fit group of companies to Guideflat Limited. Subsequent to the year end Guideflat Limited changed its name to Kwik-Fit Finance Limited.

Directors and their interests

The Directors of the Company who held office during the period were:

Sir Tom Farmer	(resigned 1 November 2002)
W M Smith	(resigned 1 November 2002)
S H Owens	(resigned 25 November 2002)
D DiMarco	(appointed 7 October 2002, resigned 1 November 2002)
R Jones	(appointed 7 October 2002, resigned 1 November 2002)
T C Parker	(appointed 25 November 2002)

None of the Directors had a beneficial interest or held shares in the Company. T C Parker's shareholding in Kwik-Fit Group Limited, the Company's ultimate parent undertaking are disclosed in the accounts of that company.

Directors' report (continued)

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. The Directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

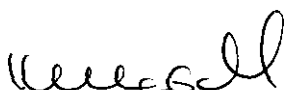
The Directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2002 and that applicable accounting standards have been followed.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and 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

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 12 March 2003 and the board appointed its successor, PricewaterhouseCoopers LLP as auditors. A resolution to reappoint PricewaterhouseCoopers LLP, as auditors to the company, will be proposed at the annual general meeting.

By order of the Board,



K McGill
Secretary

St. James's Court
30 Brown Street
Manchester
M2 2JF

30 December 2003

Independent auditors' report

Independent auditors' report to the members of Kwik-Fit Properties Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 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. The other information comprises only the directors' report.

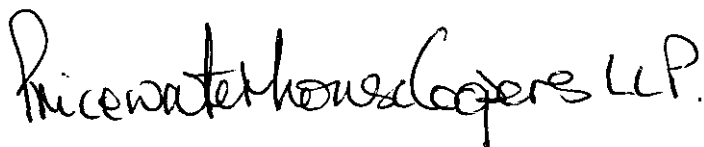
Basis of audit opinion

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 company's affairs at 31 December 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Edinburgh
30 December 2003

Profit and loss account

For the year ended 31 December 2002

	Notes	31 December 2002			31 December 2001
		Pre- Exceptional Items £	Exceptional Items (Note 4) £	Total £	£
Turnover	2	45,370,179	-	45,370,179	44,419,935
Cost of sales		(36,186,906)	-	(36,186,906)	(32,032,959)
Gross profit		9,183,273	-	9,183,273	12,386,976
Operating expenses		(532,000)	(39,483,000)	(40,015,000)	(549,245)
Operating profit/(loss) before interest and taxation		8,651,273	(39,483,000)	(30,831,727)	11,837,731
Net interest receivable	3			1,043	2,300
Profit/(loss) on ordinary activities before taxation	4			(30,830,684)	11,840,031
Tax credit/(charge) on profit on ordinary activities	6			2,841,270	(13,219,078)
Retained loss for the financial year				(27,989,414)	(1,379,047)

A statement of movements on reserves is given in Note 7.

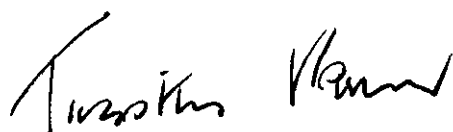
There are no recognised gains or losses in either the year ended 31 December 2002 or the year ended 31 December 2001, other than the loss for each year.

The accompanying notes and statement of accounting policies on pages 6 to 16 form an integral part of these financial statements.

Balance Sheet
31 December 2002

	Notes	31 December 2002 £	31 December 2001 £
Fixed assets			
Tangible assets	8	<u>128,565,743</u>	<u>139,397,133</u>
Current assets			
Debtors	9	<u>15,361,537</u>	<u>19,142,672</u>
		15,361,537	19,142,672
Creditors: Amounts falling due within one year	10	<u>(85,830,346)</u>	<u>(87,908,642)</u>
Net current liabilities		<u>(70,468,809)</u>	<u>(68,765,970)</u>
Total assets less current liabilities		58,096,934	70,631,163
Creditors: Amounts falling due after more than one year	11	<u>(1,642,113)</u>	<u>(1,925,658)</u>
Provisions for liabilities and charges	12	<u>(18,580,000)</u>	<u>(2,841,270)</u>
Net assets		<u>37,874,821</u>	<u>65,864,235</u>
Capital and reserves			
Called-up equity share capital	13	<u>2,000,000</u>	<u>2,000,000</u>
Profit and loss account	7	<u>35,874,821</u>	<u>63,864,235</u>
Shareholders' funds – all equity interests	14	<u>37,874,821</u>	<u>65,864,235</u>

The accounts were approved by the Board of Directors on 30 December 2003 and were signed on its behalf by



T C Parker
Director

The accompanying notes and statement of accounting policies on pages 6 to 16 form an integral part of these financial statements.

Notes to the financial statements

31 December 2002

The principal accounting policies all of which have been applied consistently throughout the year and the preceding year are set out below:

Basis of accounting

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

Tangible Fixed Assets

Freehold and leasehold properties are stated at cost to the Company less provision for any impairment.

Depreciation is provided at rates calculated to write off the assets over their estimated useful lives, as follows:

Freehold buildings	- 2% straight line
Leasehold improvements	- over the shorter of economic life and the remaining term of the lease
Motor vehicles	- 25% straight line

Freehold land is not depreciated.

Interest costs incurred prior to the commencement of trading are capitalised.

Turnover

Turnover comprises rental income, the majority of which is intra group.

Leases

Rentals under operating leases are charged on an appropriate basis over the lease term, even if the payments are not made on such a basis.

Taxation

Corporation tax payable is provided on taxable profits at the current rate in force.

Deferred taxation

FRS 19 (Deferred Taxation) is effective for accounting periods ending on or after 23 January 2002. FRS 19 introduces a form of full provisioning for accounting for tax. Although adoption of FRS 19 represents a change in accounting policy, this has had no effect on the previously reported results. Deferred taxation is provided at current rates of corporation tax on all timing differences, which have originated, but not reversed by the balance sheet date. Deferred tax assets are only recognised to the extent that it is more likely than not that there will be taxable profits from which the underlying timing differences can be deducted. The company, as permitted by FRS 19, has not adopted a policy of discounting deferred tax assets and liabilities.

Pension

The Company operates a defined contribution scheme. Pension contributions are charged to the profit and loss account when payable.

Notes to the financial statements (continued)
31 December 2002

1 Ultimate holding company

Up to the 15 November 2002:

The smallest group into which the activities of the Company are consolidated is that headed by Ford Automotive Holdings. The largest group into which the activities of the Company are consolidated is that headed by Ford Motor Company. The consolidated accounts of Ford Motor Company are available to the public and may be obtained from Ford Motor Company, The American Road, Dearborn, Michigan 48121, USA.

From 15 November 2002:

The smallest and largest group into which the activities of the Company are consolidated was that headed by Kwik-Fit Group Limited. The consolidated accounts of Kwik-Fit Group Limited will be available to the public and may be obtained from Companies House.

2 Analysis of turnover

	Year ended 31 December 2002 £	Year ended 31 December 2001 £
Turnover		
Rental income		
- intra group	42,776,165	41,306,144
- other	2,594,014	3,113,791
	<u>45,370,179</u>	<u>44,419,935</u>

A segmental analysis of turnover and profit before taxation and net assets has been omitted since the Directors consider that the Company has one principal activity and it operates solely within the United Kingdom.

3 Net interest payable

	Year ended 31 December 2002 £	Year ended 31 December 2001 £
Interest payable:		
- on bank loans and overdrafts	66,000	51,665
- less capitalised interest (Note 8)	(66,000)	(51,588)
	<u>-</u>	<u>77</u>
Interest receivable	(1,043)	(2,377)
Net interest receivable	<u>(1,043)</u>	<u>(2,300)</u>

Notes to the financial statements (continued)
31 December 2002

4 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting):

	Year ended 31 December 2002 £	Year ended 31 December 2001 £
Depreciation of tangible fixed assets	4,847,388	4,798,492
Profit/(loss) on sale of fixed assets	39,684	(685,963)
Operating leases – land and buildings	27,836,231	26,494,737
Exceptional items (see below)	39,483,000	-
Staff costs (Note 5)	508,831	460,471

The auditors' remuneration has been paid by a fellow group undertaking.

Exceptional Items

On 15 November 2002 the company was acquired by Guideflat Ltd, which subsequently changed its name to Kwik-Fit Finance Limited. Kwik-Fit Finance Limited is a subsidiary undertaking of Kwik-Fit Group Limited. The directors reviewed the book values of the assets and liabilities of the company on 15 November 2002 in accordance with the accounting policies of the new group and the requirements of Financial Reporting Standard 7 "Fair Values in Acquisition Accounting". These adjustments which will be treated as fair value adjustments in the Kwik-Fit Group Limited consolidated accounts are detailed below.

The exceptional charge comprises:

	Year ended 31 December 2002 £	Year ended 31 December 2001 £
Provision for property dilapidations	18,785,000	-
Impairment of tangible fixed assets	18,084,000	-
Other	2,614,000	-
	<u>39,483,000</u>	<u>-</u>

Notes to the financial statements (continued)
31 December 2002

5 Staff costs

Particulars of employees (inclusive of Directors) are as shown below:

Employee costs during the year amounted to:

	Year ended 31 December 2002 £	Year ended 31 December 2001 £
Wages and salaries	403,478	375,383
Social security costs	35,347	37,304
Pension costs	70,006	47,784
	<u>508,831</u>	<u>460,471</u>

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

31 December 2002 Number	31 December 2001 Number
<u>10</u>	<u>10</u>

Directors' remuneration was paid in respect of Directors of the Company as follows:

	Year ended 31 December 2002 £	Year ended 31 December 2001 £
Emoluments	106,076	72,320
Contributions to money purchase schemes	46,066	25,392
	<u>152,142</u>	<u>97,712</u>

The remuneration of the highest paid director is borne by the Company and is set out above. The remuneration of the other Directors was borne by fellow group undertakings.

Notes to the financial statements (continued)
31 December 2002

6 Tax on profit on ordinary activities

(i) Taxation charge

Current tax:	Year ended 31 December 2002 £	Year ended 31 December 2001 £
UK Corporation tax on profits of the period	-	5,046,078
Adjustments in respect of prior periods	-	6,608,000
Total current tax charge	-	11,654,078
 Deferred tax:		
Origination and reversal of timing differences	(2,841,270)	-
Adjustments in respect of prior periods	-	-
Other	-	1,565,000
Total deferred tax charge/(credit)	(2,841,270)	1,565,000
Tax on profit/(loss) on ordinary activities	(2,841,270)	13,219,078

(ii) Tax reconciliation

	Year ended 31 December 2002 £	Year ended 31 December 2001 £
Profit/(loss) on ordinary activities before tax	(30,830,684)	11,840,031
Profit/(loss) on ordinary activities at the UK tax rate 30% (2001 – 30%)	(9,249,205)	3,552,009
 Effects of:		
Expenses not deductible for tax purposes	5,567,088	1,252,340
Accelerated capital allowances/other timing differences	3,639,615	(252,022)
Group relief (claimed)/surrendered not paid	42,502	493,751
Adjustments to tax charge in respect of previous period	-	6,608,000
Total current tax charge/(credit)	-	11,654,078

Notes to the financial statements (continued)
31 December 2002

6 Tax on profit on ordinary activities (continued)

Deferred tax:

	Provided		Unprovided	
	2002	2001	2002	2001
	£	£	£	£
Accelerated capital allowances	1,595,067	2,923,229	-	-
Tax losses carried forward	(1,595,067)	-	(899,732)	-
Capital gains/revaluations	-	(81,959)	(81,767)	-
Total deferred tax liability/(asset)	-	2,841,270	(981,499)	-

7 Profit and loss account

The movement on reserves is as follows:

	Year ended 31 December 2002 £	Year ended 31 December 2001 £
Retained profit at beginning of year	63,864,235	65,243,282
Retained loss for the financial year	(27,989,414)	(1,379,047)
Closing reserves	35,874,821	63,864,235

Notes to the financial statements (continued)
31 December 2002

8 Tangible fixed assets

	Land and Buildings		Plant & Machinery	Total
	Freehold £	Leasehold Improvements £		
Cost				
Balance at 31 December 2001	91,663,750	79,265,494	24,000	170,953,244
Additions	1,038,745	2,551,000	-	3,589,745
Transfers from/(to) fellow subsidiaries	12,221,253	(378,000)	-	11,843,253
Retirements	(2,393,000)	(16,556,000)	(24,000)	(18,973,000)
Balance at 31 December 2002	102,530,748	64,882,494	-	167,413,242
Depreciation				
Balance at 31 December 2001	12,620,309	18,921,802	14,000	31,556,111
Charge for the year	2,241,057	2,605,331	1,000	4,847,388
Transfers from/(to) fellow subsidiaries	879,000	(59,000)	-	820,000
Exceptional item (note 4)	966,000	17,118,000	-	18,084,000
Retirements	(173,000)	(16,272,000)	(15,000)	(16,460,000)
Balance at 31 December 2002	16,533,366	22,314,133	-	38,847,499
Net book value				
Balance at 31 December 2001	79,043,441	60,343,692	10,000	139,397,133
Balance at 31 December 2002	85,997,382	42,568,361	-	128,565,743

Included in land and buildings at cost is capitalised interest of £2,448,194 (31 December 2001 - £2,382,194) arising in respect of interest charges on new centres prior to the commencement of trading.

Notes to the financial statements (continued)
31 December 2002

9 Debtors

The following are included in the net book value of debtors:

	31 December 2002 £	31 December 2001 £
Amounts falling due within one year:		
Trade debtors	133,000	130,054
Amounts due from other group undertakings	7,645,637	11,062,829
Other debtors	742,900	530,452
Prepayments	6,043,000	6,605,484
VAT	797,000	813,853
	<u>15,361,537</u>	<u>19,142,672</u>

10 Creditors: Amounts falling due within one year

The following amounts are included in creditors falling due within one year:

	31 December 2002 £	31 December 2001 £
Bank overdraft	34,655,740	40,467,802
Trade creditors	39,000	90,170
Amounts owed to other group undertakings	45,475,947	45,233,296
Accruals and deferred income	5,659,659	2,117,374
	<u>85,830,346</u>	<u>87,908,642</u>

11 Creditors: Amounts falling due after more than one year

The following amounts are included in creditors falling due after more than one year:

	31 December 2002 £	31 December 2001 £
Other creditors:		
- VAT	31,000	247,878
- deferred income	1,611,113	1,677,780
	<u>1,642,113</u>	<u>1,925,658</u>

Notes to the financial statements (continued)
31 December 2002

12 Provisions for liabilities and charges

	31 December 2002	31 December 2001
	£	£
Deferred tax (Note 6)	-	2,841,720
Provision for dilapidations	18,580,000	-
	18,580,000	2,841,270

The movement on deferred tax comprises:

	31 December 2002	31 December 2001
	£	£
Beginning of year	2,841,270	1,276,270
(Release)/charge to profit and loss account	(2,841,270)	1,565,000
End of year	-	2,841,270

13 Called-up share capital

	31 December 2002		31 December 2001	
	Authorised	Issued	Authorised	Issued
	£	£	£	£
Ordinary 'A' shares of £1 each	10,000,000	1,000,000	10,000,000	1,000,000
Ordinary 'B' shares of £1 each	1,000,000	1,000,000	1,000,000	1,000,000
	11,000,000	2,000,000	11,000,000	2,000,000

Share capital consists entirely of equity shares.

Notes to the financial statements (continued)
31 December 2002

14 Reconciliation of movements in shareholders' funds

	31 December 2002 £	31 December 2001 £
Opening shareholders' funds	65,864,235	67,243,282
Loss for the financial period	<u>(27,989,414)</u>	<u>(1,379,047)</u>
Closing shareholders' funds	<u>37,874,821</u>	<u>65,864,235</u>

15 Guarantees and other financial commitments

i) At the end of the year, capital commitments for the company were:

	31 December 2002 £	31 December 2001 £
Contracted for but not provided for	<u>2,348,000</u>	<u>3,868,237</u>

ii) The Company leases certain land and buildings on short and long-term operating leases. The rental on these leases during the year was £27,836,231 (31 December 2001 - £26,494,737).

The company's minimum annual rentals under the foregoing leases in the next year are as follows:

	31 December 2002 £	31 December 2001 £
Operating leases which expire:		
- within 1 year	2,107,042	1,254,285
- within 2-5 years	2,931,278	2,884,150
- after 5 years	<u>23,087,438</u>	<u>25,256,313</u>
	<u>28,125,758</u>	<u>29,394,748</u>

iii) Cross guarantees on overdrafts exist between the Company and certain fellow subsidiaries. The bank has full set-off rights between the bank accounts of companies within the Kwik-Fit Group.

Notes to the financial statements (continued)
31 December 2002

16 Cash flow statement

The Company has not prepared a cash flow statement as permitted by FRS 1 "Cash Flow Statements", since the company's financial statements are incorporated into consolidated financial statements which are publicly available.

17 Related party transactions

The company is exempt from the requirement of FRS 8 "Related Party Disclosures" to include details of transactions with related parties who are fellow group undertakings.