SUREPART SVG LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2002

Registered in England. Number 3542901

SUREPART SVG LIMITED

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Contents

DIRECTORS:	N GOODEY
	A J MOURGUE
SECRETARY:	M D RIMMER
REGISTERED OFFICE:	UNIPART HOUSE COWLEY OXFORD OX4 2PG
AUDITORS:	PRICEWATERHOUSECOOPERS

REPORT OF THE DIRECTORS

The directors present their report together with the financial statements for the 18 month period ended 30 June 2002. The Company has changed the accounting reference date to 30 June, in line with its ultimate parent company UGC Limited.

ACTIVITY AND REVIEW OF CURRENT AND FUTURE BUSINESS DEVELOPMENTS

The Company is engaged in the sales, distribution and marketing of automotive aftermarket crash and rust repair parts.

RESULTS FOR THE PERIOD

The Directors report turnover of £12.8m (2000: £10.9m) and loss before tax of £3.1m (2000: loss of £5.7m).

No dividend is proposed.

DIRECTORS

The current directors shown on page 1 have served throughout the financial period except for Mr P A Forman who resigned on 17 September 2002.

DIRECTORS' INTERESTS

A J Mourgue and P A Forman are directors of the ultimate holding company, UGC Limited, and their interests are shown in those accounts.

The beneficial interests of other directors in the share capital of UGC Limited are shown below.

Ordinary shares.

	'A' Ordinary Shares of 0.5p each		**'E' Ordinary Shares of 0.5p each**	
	30 June 2002 Number	**31 December 2000 Number**	**30 June 2002 Number**	**31 December 2000 Number**
N Goodey	52,110	52,110	-	-

Ordinary Shares under option.

	30 June 2002 Number	**31 December 2000 Number**
N Goodey	100,000	84,900

None of the directors serving at the period end had any interest in the shares of the Company.

There was no contract subsisting during or at the end of the financial period in which any director of the Company had a material interest.

REPORT OF THE DIRECTORS (CONTINUED)

DIRECTORS' INTERESTS (continued)

As employees of the Unipart Group of Companies each of the above directors is deemed by Section 324 of the Companies Act 1985 to be interested in the shares held by the Group Share Trust for the benefit of Group employees.

The interest of the Group Share Trust in the shares of UGC Limited was as follows:

	30 June 2002 Number	**31 December 2000 Number**
'A' Ordinary Shares of 0.5p each	13,999,789	14,001,839

EMPLOYEES

The Company continues to involve staff in the decision-making process and communicates with all staff during the year via regular briefings, on-site training and through our in-house video, Grapevine. The Company's aim for all members of staff and applicants for employment is to fit the qualifications, aptitude and ability of each individual to the appropriate job, and to provide equal opportunity regardless of sex, religion or ethnic origin.

Sympathetic consideration is given to job applications from disabled persons, bearing in mind the aptitudes and abilities of each person in relation to the requirements of the job. Wherever possible special arrangements are made to take account of the particular needs of the disabled employees and so far as is practical every effort is made to ensure they have similar career development and promotional opportunities as offered to other employees.

AUDITORS

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

On behalf of the Board.

M D Rimmer
Company Secretary
18 October **2002**

SUREPART SVG LIMITED

PROFIT & LOSS ACCOUNT

FOR THE PERIOD ENDED 30 JUNE 2002

	Note	18 months ending 30 June 2002 £000	12 months ending 31 December 2000 £000
TURNOVER	2	12,769	10,854
OPERATING LOSS	3	(2,255)	(5,192)
Interest Payable	7	(838)	(464)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(3,093)	(5,656)
Taxation on loss on ordinary activities	8	995	1,694
LOSS FOR THE FINANCIAL PERIOD		**(2,098)**	**(3,962)**

The profit and loss account relates entirely to continuing operations.

The Company does not have any gains or losses other than the loss above.

There is no difference between the loss on ordinary activities before taxation and the loss for the financial period, and their historical cost equivalents.

SUREPART SVG LIMITED

BALANCE SHEET

	Note	At 30 June 2002 £000	At 31 December 2000 £000
FIXED ASSETS			
Tangible assets	10	10	-
CURRENT ASSETS			
Stocks	11	1,024	1,037
Debtors	12	8,800	6,831
Cash at bank and in hand		-	325
		9,824	8,193
CREDITORS - amounts falling due within one year	13	(17,691)	(13,952)
NET CURRENT LIABILITIES		(7,867)	(5,759)
TOTAL ASSETS LESS CURRENT LIABILITIES		(7,857)	(5,759)
NET LIABILITIES		**(7,857)**	**(5,759)**
CAPITAL AND RESERVES			
Called up share capital	14	1,500	1,500
Profit and loss account	15	(9,357)	(7,259)
EQUITY SHAREHOLDERS' DEFICIT		**(7,857)**	**(5,759)**

The financial statements on pages 4 to 17 were approved by the Board of Directors on 18 October 2002 and were signed on its behalf by

A J MOURGUE - Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2002

1 ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable United Kingdom law and accounting standards. A summary of the more important accounting policies, which have been applied consistently with the exception of the impact of the adoption of FRS 18, 'Accounting Policies', and FRS 19 'Deferred Tax' as described below, is given in the following paragraphs.

CHANGES IN ACCOUNTING POLICIES

New accounting standards
In December 2000 the Accounting Standards Board issued FRS 18, 'Accounting Policies', and FRS 19, 'Deferred Tax'.

The company has adopted FRS 18, 'Accounting Policies', and FRS 19, 'Deferred Tax', in the financial statements. The adoption of these new standards represents a change in accounting policy, however no adjustment was necessary to the comparative because the amounts involved were not material.

The adoption of FRS 18, 'Accounting Policies', required a full review of all of the Group's accounting policies and estimation techniques. This review has resulted in the following change to the Group's accounting policies:

Computer software expenditure
Computer software expenditure is capitalised as tangible fixed assets and depreciated over the estimated useful economic life of the software. In previous years software expenditure was taken to the profit and loss account in the period of purchase. This change has been made in accordance with FRS 15, 'Tangible fixed assets'. The effect in the accounts of the change in accounting policy to adopt FRS 18 was not material and so the comparative figures have not been restated.

The company considers all other existing accounting policies and estimation techniques remain the most appropriate for the purpose of giving a true and fair view.

ACCOUNTING CONVENTION

The financial statements are prepared under the historical cost convention.

CASHFLOW STATEMENT

The Company is a wholly owned subsidiary of a group whose ultimate parent company is UGC Limited. The financial statements of UGC Limited include a consolidated cash flow statement. Accordingly, the Company has taken advantage of the exemption not to publish its own cashflow statement.

ACCOUNTING POLICIES (Continued)

GOING CONCERN

The directors of UGC Limited, the ultimate parent undertaking, have indicated their willingness to continue providing financial support to the company for the foreseeable future, at least one year from the date of approval of these accounts, sufficient for the company to meet its obligations as they fall due. As a result the directors have prepared the accounts on a going concern basis.

PATENTS AND TRADEMARKS

All expenditure in respect of patents and trade marks is taken to the profit and loss account in the period in which it is incurred.

DEFERRED TAXATION

Deferred taxation is accounted for to recognise timing differences between the recognition of gains and losses in the financial statements and their recognition for taxation purposes. The company has adopted FRS 19 'Deferred Tax' which requires full provision to be made for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their recognition for taxation purposes. A deferred tax liability is recognised if transactions or events result in the company having an obligation to pay more tax in future periods. Where transactions or events that have occurred before the balance sheet date give the company the right to pay less tax in future a deferred tax asset will only be recognised to the extent that it is considered to be more likely than not that it will be recovered.

TANGIBLE FIXED ASSETS

Depreciation on the cost or valuation of tangible fixed assets is provided over the following periods on a straight-line basis, to write off the assets over their estimated useful lives from the date they are brought into use.

Asset	Estimated Useful Life
Fixed plant, machine tools and major equipment	6 to 10 years
Computer controlled factory equipment	6 to 8 years
Office equipment and furniture	8 years
Works equipment, shop fittings and special tools	4 to 8 years
Computer equipment & software	1 to 4 years
Vehicles	3 years

The Company's policy is to carry all assets at historical cost.

ACCOUNTING POLICIES (Continued)

FINANCE AND OPERATING LEASES

Plant and machinery acquired under leasing arrangements which are in substance of a financing nature, are shown as leased assets at cost less depreciation calculated in accordance with the accounting policy set out above. Interest payable includes notional interest on the leasing arrangements calculated using the sum of the digits method. After deducting interest attributable to future periods, the net amount payable in respect of these arrangements is included in creditors. Payments under leasing arrangements which are in substance of a rental nature (operating leases) are included in the profit and loss account as they fall due.

PENSION COSTS

Pension costs are charged to the profit and loss account so as to spread the costs over the employees' working lives with the Company, in accordance with SSAP 24 (Accounting for Pension Costs).

In November 2000 the Accounting Standards Board issued FRS 17, 'Retirement Benefits'. The company has complied with the disclosure requirements of FRS 17, 'Retirement Benefits' as detailed in note 6. This does not amount to a change in accounting policy as the transitional arrangements of FRS 17 are only of a disclosure nature and do not require any amounts to be recognised in the primary statements in the financial statements.

STOCKS

Stocks are stated at the lower of cost and net realisable value. Cost of finished products and work in progress includes, where appropriate, direct labour and materials and a proportion of factory overheads. Net realisable value is calculated as the actual selling price, net of trade discounts, less costs to completion and all related marketing, selling and distribution costs.

FOREIGN CURRENCIES

Exchange differences arising in the normal course of trading and on the translation of monetary assets and liabilities are taken through the profit and loss account.

Differences arising on the translation of foreign currency borrowings are taken directly to reserves where there is a corresponding exchange difference on the translation of the related net investment.

2 TURNOVER

Turnover represents sales invoiced in the period, all of which are stated net of value added tax. In the opinion of the Directors, the Company operates in a single business segment, principally the United Kingdom where all significant operations are controlled and thus where turnover originates.

3 OPERATING LOSS

Operating loss is calculated as follows:

	18 months ending 30 June 2002 £000	12 months ending 31 December 2000 £000
Turnover	12,769	10,854
Cost of sales	(8,859)	(7,722)
Gross Profit	3,910	3,132
Distribution costs	(4,386)	(5,312)
Administrative expenses	(1,779)	(3,012)
Operating loss - continuing activities	**(2,255)**	**(5,192)**

Operating loss is stated after charging/(crediting) :	18 months ending 30 June 2002 £000	12 months ending 31 December 2000 £000
Depreciation of tangible fixed assets - owned	63	137
Hire of plant and machinery	-	223
Auditors' remuneration for audit work	23	15
Profit on sale of fixed assets	(9)	(35)
Rentals payable on property operating leases	63	-
Exceptional items		
Creditor provisions	-	1,824
Tangible fixed assets impairment	-	209
Stock write-down	-	20
Debtor provisions	-	100

Exceptional items

In the year ended 31 December 2000 stock, debtor and creditor provisions were charged to operating profit within administrative expenses during the year as part of a reassessment of the carrying value of such items following the acquisition of the parent company, Partco Group Limited, by the Unipart Group of Companies Limited.

4 STAFF NUMBERS AND COSTS

	18 months ending 30 June 2002 Number	12 months ending 31 December 2000 Number
The average number of employees during the period was :		
Direct production	-	30
Indirect production and warehouse	-	7
Sales, marketing and administration	26	33
	26	**70**

	18 months ending 30 June 2002 £000	12 months ending 31 December 2000 £000
The aggregate payroll cost was:		
Wages and salaries	963	1,518
Social security costs	70	126
Pension costs	41	66
	1,074	**1,710**

5 DIRECTORS' EMOLUMENTS

Messrs P A Forman, N Goodey, and A J Mourgue, received their remuneration in respect of services to the Unipart Group of Companies as a whole and received no remuneration from the Company.

The other directors received remuneration for their services to the Company as follows:-

	18 months ending 30 June 2002 £000	12 months ending 31 December 2000 £000
Aggregate emoluments of directors	-	82

During the period retirement benefits accrued to no directors (2000: 1) under a defined benefit pension scheme.

6 PENSION SCHEMES

The Group operates several pension schemes in the United Kingdom. The assets of these pension schemes are held separately from those of the Group in trustee administered funds.

The schemes are principally funded defined benefit schemes for which contributions are assessed in accordance with the advice of an independent qualified actuary. In addition, there is a small defined contribution section. During the eighteen months ended 30 June 2002, three of the Group's schemes were amalgamated with The Partco Group Pension Scheme and The Partco Limited Pension Scheme joining the UGC Pension Scheme.The UGC Pension Scheme covers 99% of employees in the Group's pension schemes.

a) SSAP 24 information

Information concerning the latest actuarial valuation which was carried out as at 5 April 2001, is set out in the accounts of UGC Limited, the holding company of the Group.

b) FRS 17 information

It is not possible to identify the share of the underlying assets and liabilities in the Group's pension schemes relating to individual participating employers. As such, in accordance with FRS 17, the Company will account for its liabilities to the schemes as if they were defined contribution schemes thus no disclosure of the balance sheet position will be made and the charge to profit and loss under FRS 17, when it is enacted, will represent the actual contributions paid by the Company. over the next accounting period such contributions will average around 10.5% of pensionable pay.

7 NET INTEREST PAYABLE

	18 months ending 30 June 2002	12 months ending 31 December 2000
	£000	£000
Payable in respect of :		
Intragroup funding	876	448
Bank overdrafts	3	16
	879	464
Receivable in respect of :		
Bank interest	(41)	-
Net interest payable	**838**	**464**

8 TAXATION ON LOSS ON ORDINARY ACTIVITIES

Based on the results for the period the taxation credit is :

	18 months ending 30 June 2002	12 months ending 31 December 2000
	£000	£000
UK Corporation Tax at 30% (2000: 30%) in respect of the current financial period	995	1,644
Over provision in respect of prior years	-	50
	995	**1,694**

The standard rate of tax for the period, based on the UK standard rate of corporation tax, is 30%, the actual tax charge for the period ended 30 June 2002 exceeded the standard rate and was lower than the standard rate for the previous period. The principle reconciling items are illustrated below:

	18 months ending 30 June 2002	12 months ending 31 December 2000
	£000	£000
Loss on ordinary activities before tax	(3,093)	(5,656)
Loss on ordinary activities multiplied by standard rate in the UK 30% (2000: 30%)	928	1,697
Effects of:		
Capital allowances for the period in excess of depreciation	36	2
Movement on other timing differences	31	(54)
Permanent differences	-	(1)
Adjustment in respect of prior years	-	50
Current tax credit for the period	995	1,694

9 INTANGIBLE FIXED ASSETS

	Goodwill
	£000
COST	
As at 1 January 2001 and 30 June 2002	1,662
AMORTISATION	
As at 1 January 2001 and 30 June 2002	1,662
NET BOOK VALUE	
As at 1 January 2001 and 30 June 2002	-

FOR THE PERIOD ENDED 30 JUNE 2002

10 TANGIBLE FIXED ASSETS

	PLANT AND MACHINERY Owned £000
COST	
As at 1 January 2001	439
External additions	73
External disposals	(49)
As at 30 June 2002	**463**
ACCUMULATED DEPRECIATION	
As at 1 January 2001	439
Charge for the period	63
External disposals	(49)
As at 30 June 2002	**453**
NET BOOK VALUE	
As at 30 June 2002	**10**
As at 1 January 2001	-

11 STOCKS

	At 30 June 2002 £000	At 31 December 2000 £000
Finished goods and goods for resale	1,024	1,037

12 DEBTORS

	At 30 June 2002 £000	At 31 December 2000 £000
Amounts falling due within one year:		
Trade debtors	863	1,829
Corporation tax	995	1,644
Amounts due from group companies	6,849	3,302
Other debtors	-	32
Prepayments and accrued income	93	24
	8,800	6,831

Deferred Taxation
The potential deferred tax asset is as follows:

	At 30 June 2002		At 31 December 2000 (restated)	
	Full potential asset £000	Recognised asset £000	Full potential asset £000	Recognised asset £000
Accelerated capital allowances	103	-	139	-
Short term timing differences	23	-	54	-
Trading losses	230	-	230	-
	356	-	423	-

In accordance with the Company's accounting policies no deferred tax asset has been recognised.

13 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	At 30 June 2002 £000	At 31 December 2000 £000
Bank loans and overdrafts	124	317
Trade creditors	970	1,029
Amounts owed to group companies	16,414	11,649
Taxation and social security	14	-
Accruals and deferred income	169	957
	17,691	13,952

FOR THE PERIOD ENDED 30 JUNE 2002

14 SHARE CAPITAL

	At 30 June		At 31 December	
	2002	2002	2000	2000
	Number	£	Number	£
Ordinary shares of £1 each:				
Allotted and fully paid	1,500,002	1,500,002	1,500,002	1,500,002
Authorised	1,501,000	1,501,000	1,600,002	1,600,002

15 PROFIT AND LOSS ACCOUNT

	18 months ending 30 June 2002 £000	12 months ending 31 December 2000 £000
As at 1 January	(7,259)	(3,297)
Loss for the financial period	(2,098)	(3,962)
As at 30 June (31 December 2000)	(9,357)	(7,259)

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	18 months ending 30 June 2002 £000	12 months ending 31 December 2000 £000
Loss for the financial period	(2,098)	(3,962)
Net change in shareholders' funds	(2,098)	(3,962)
Shareholders' funds as at 1 January	(5,759)	(1,797)
As at 30 June (31 December 2000)	(7,857)	(5,759)

17 COMMITMENTS

	At 30 June 2002 £000	At 31 December 2000 £000
Capital commitments contracted as at Balance Sheet date but not provided for in the financial statements	-	65

18 OPERATING LEASE COMMITMENTS

Payments in respect of operating leases committed at the end of the period to be made during the following year.

	Land and Buildings		Other tangible assets	
	At 30 June 2002 £000	At 31 December 2000 £000	At 30 June 2002 £000	At 31 December 2000 £000
Agreements expiring:				
- within one year	10	0	7	31
- after one year but within five years	0	0	42	43
	10	0	49	74

19 CONTINGENT LIABILITIES

Under the Group bank arrangements the Company, together with fellow subsidiary undertakings, has given security by way of a floating charge over certain assets, and guaranteed bank loans and overdrafts provided to the Group. The amount outstanding for the Group at 30 June 2002 was £93 million (31 December 2000: £231 million).

20 RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption included in Financial Reporting Standard 8 in not disclosing transactions with undertakings, 90 per cent or more of whose voting rights are controlled within the Unipart Group of Companies.

20 ULTIMATE PARENT COMPANY

At the end of the financial period UGC Limited, a company registered in England and Wales, was the ultimate parent company and controlling party. Copies of UGC Limited consolidated financial statements can be obtained from the Company Secretary at Unipart House, Cowley, Oxford, OX4 2PG.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial period that 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 financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that the most suitable accounting policies have been selected and applied consistently, apart from those in note 1 to the financial statements. They also confirm that reasonable and prudent judgements and estimation techniques have been made in preparing the financial statements for the period ended 30 June 2002 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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.

On behalf of the Board

M D Rimmer
Secretary
Oxford
18 October **2002**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SVG LIMITED

We have audited the financial statements on pages 4 to 17.

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 on page 18.

Our responsibility is to audit the financial statements in accordance withrelevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

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.

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 30 June 2002 and of the loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Birmingham

18 October 2002