

SUREPART SVG LIMITED (FORMERLY SVG LIMITED)

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000

Registered in England. Number 3542901



SUREPART SVG LIMITED (FORMERLY SVG LIMITED)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000

Contents

Directors and advisers	1
Directors' report	2
Profit and loss account	4
Balance sheet	5
Notes to the accounts	6
Statement of directors' responsibilities	17
Auditors' report	18

SUREPART SVG LIMITED (FORMERLY SVG LIMITED)

1

DIRECTORS:

P A FORMAN
N GOODEY
A J MOURGUE

SECRETARY:

M D RIMMER

REGISTERED OFFICE:

UNIPART HOUSE
COWLEY
OXFORD
OX4 2PG

AUDITORS:

PRICEWATERHOUSECOOPERS

SUREPART SVG LIMITED (FORMERLY SVG LIMITED)

REPORT OF THE DIRECTORS

2

The directors present their annual report together with the financial statements for the year ended 31 December 2000

CHANGE OF NAME

On 6 April 2000, the Company changed its name to Surepart SVG 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.

On 1 January 2000 the net liabilities and trade of Surepart Limited, a fellow member of the Group whose ultimate parent company is UGC Ltd, were transferred to the Company at book value. The Company will continue this activity.

RESULTS FOR THE YEAR

The Directors report turnover of £10.9m (1999 - £12.5m) and losses before tax of £5.7m (1999 - £3.5m). No dividend is proposed.

DIRECTORS

The directors are shown who served throughout the year except as follows. Mr J P Wragg and Mr C G Scott resigned on 25 January 2000, Mr P T Roberts resigned on 25 January 2000. Mr P M Dessain, Mr P A Forman, Mr N Goodey, Mr A J Mourgue and Mr S Tonks were all appointed on 15 February 2000. Mr P M Dessain resigned on 29 September 2000 and Mr S Tonks resigned on 2 November 2000.

SECRETARY

The current secretary, Mr M D Rimmer, was appointed on 25 January 2000 and replaced Mr C D Stamp, who resigned on 25 January 2000.

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.

Options over ordinary shares.

	'A' Ordinary Shares of 0.5p each		'E' Ordinary Shares of 0.5p each	
	2000	1999	2000	1999
N.P. Goodey	52,110	52,110	-	-

Ordinary Shares under option.

	At 31 December 2000	At 31 December 1999*
N.P. Goodey	84,900	84,900

* As at appointment

SUREPART SVG LIMITED (FORMERLY SVG LIMITED)

REPORT OF THE DIRECTORS (CONTINUED)

3

DIRECTORS' INTERESTS (continued)

None of the directors serving at the year 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.

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:

	31 Dec 2000	31 Dec 1999
'A' Ordinary Shares of 0.5p each	14,001,839	13,818,564

EMPLOYMENT OF DISABLED PERSONS

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 to other employees.

EMPLOYEES

The Company pursues an active policy of training and development and a comprehensive program of training courses is run within the Company to meet identified development needs and to improve business performance in the field, using both external and internal specialist training facilities.

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.

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
Secretary

30 April 2001

SUREPART SVG LIMITED (FORMERLY SVG LIMITED)**PROFIT & LOSS ACCOUNT****4****FOR THE YEAR ENDED 31 DECEMBER 2000**

	Note	2000 £000	1999 £000
TURNOVER	2	<u>10,854</u>	<u>12,489</u>
OPERATING LOSS	3	<u>(5,192)</u>	<u>(3,479)</u>
Interest Payable	7	(464)	(25)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(5,656)</u>	<u>(3,504)</u>
Taxation on loss on ordinary activities	8	1,694	207
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		<u>(3,962)</u>	<u>(3,297)</u>
Dividends		0	0
LOSS FOR THE FINANCIAL YEAR		<u><u>(3,962)</u></u>	<u><u>(3,297)</u></u>

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 year, and their historical cost equivalents.

SUREPART SVG LIMITED (FORMERLY SVG LIMITED)**BALANCE SHEET****5****AT 31 DECEMBER 2000**

	Note	2000 £000	1999 £000
FIXED ASSETS			
Tangible assets	10	0	325
CURRENT ASSETS			
Stocks	11	1,037	789
Debtors	12	6,831	2,963
Cash at bank and in hand		325	142
		<u>8,193</u>	<u>3,894</u>
CREDITORS - amounts falling due within one year	13	(13,952)	(6,016)
NET CURRENT LIABILITIES		<u>(5,759)</u>	<u>(2,122)</u>
NET LIABILITIES		<u>(5,759)</u>	<u>(1,797)</u>
CAPITAL AND RESERVES			
Called up share capital	14	1,500	1,500
Profit and loss account	15	(7,259)	(3,297)
EQUITY SHAREHOLDERS' FUNDS		<u>(5,759)</u>	<u>(1,797)</u>

The financial statements on pages 4 to 16 were approved by the Board of Directors on 30/4/2001 and were signed on its behalf by



P A FORMAN
Director

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000**

6

1 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 is set out below.

ACCOUNTING CONVENTION

The financial statements are prepared under the historical cost convention.

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.

CASH FLOW 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 and so the Company has taken advantage of the exemption not to provide its own cash flow statement.

STOCKS

Stocks are stated at the lower of cost and net realisable value after provision for obsolescent and excess stocks.

TAXATION

Deferred taxation is accounted for to take account of timing differences between the treatment of certain items for accounting purposes and their treatment for tax purposes. An asset is held or a provision is made only to the extent that these timing differences will reverse in the foreseeable future.

DEPRECIATION AND AMORTISATION

Depreciation and amortisation is provided to write-off the cost or valuation less estimated residual value of tangible fixed assets over their anticipated useful lives as follows:

Freehold buildings	-	2% per annum
Plant and machinery	-	7.5% to 10% per annum straight line
Motor vehicles	-	20% per annum

Freehold land is not depreciated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000

7

1 ACCOUNTING POLICIES (Continued)

DEPRECIATION AND AMORTISATION (continued)

The transitional arrangements set out in FRS15 (Tangible Fixed Assets) have been adopted in respect of previously revalued fixed assets. The last revaluation was carried out in 1991 and those valuations have been retained and have not been updated.

PENSIONS

The costs of providing pensions for employees are charged to the profit and loss account over the average remaining working lives of employees in accordance with the recommendations of qualified independent actuaries. Any funding surplus or deficits that may arise from time to time are amortised over the average remaining working lives of employees.

LEASES

Operating lease rental costs are charged to profit on ordinary activities as incurred.

GOODWILL

Goodwill represents the excess of Fair Value of the consideration over the Fair Value of identifiable net assets acquired.

Goodwill arising on acquisitions since 1 January 1998 is capitalised and amortised to nil by equal instalments over its estimated useful life. The period of amortisation, unless otherwise stated, is limited to 20 years.

FOREIGN CURRENCIES

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward exchange contract. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date or, if appropriate, at the forward exchange rate, and the gains and losses on translation are included in the profit and loss account.

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 only one class of business in the United Kingdom.

SUREPART SVG LIMITED (FORMERLY SVG LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8

FOR THE YEAR ENDED 31 DECEMBER 2000

3 OPERATING LOSS

Operating loss is calculated as follows:

	<u>2000</u>	<u>1999</u>
	Total	
	<u>£000</u>	<u>£000</u>
Turnover	10,854	12,489
Cost of sales	(7,722)	(9,205)
Gross Profit	<u>3,132</u>	<u>3,284</u>
Distribution costs	(5,312)	(3,096)
Administrative expenses	(3,012)	(3,667)
Operating loss	<u><u>(5,192)</u></u>	<u><u>(3,479)</u></u>

	<u>2000</u>	<u>1999</u>
Operating loss is stated after charging/(crediting) :	£000	£000
Depreciation of tangible fixed assets - owned	137	125
Amortisation of goodwill	0	42
Hire of plant and machinery	223	271
Auditors' remuneration for audit work	15	15
(Profit)/loss on sale of fixed assets	(35)	12
Rentals payable on property operating leases	0	28
Exceptional items		
Creditor provisions	1,824	0
Goodwill impairment	0	1,545
Tangible fixed assets impairment (note 10)	209	302
Stock write-down	20	283
Debtor provisions	<u>100</u>	<u>163</u>

Exceptional items

Additional stock, debtor and creditor provisions have been charged in 2000 and 1999 as part of a reassessment of the carrying value of such items following the acquisition of the parent company, Partco Group Limited, by UGC Limited. This reassessment was completed during the year and has resulted in the further stock, debtor, and creditor provisions being charged to operating profit.

Goodwill of £1,545,000 was written off through the profit and loss account in 1999 following a review by management of the carrying value of tangible fixed assets employed and the goodwill associated with the operations.

SUREPART SVG LIMITED (FORMERLY SVG LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9

FOR THE YEAR ENDED 31 DECEMBER 2000

4 STAFF NUMBERS AND COSTS

	<u>2000</u> <u>Number</u>	<u>1999</u> <u>Number</u>
The average number of employees during the year was :		
Direct production	30	86
Indirect production and warehouse	7	16
Sales, marketing and administration	33	32
	<u>70</u>	<u>134</u>
	<u>2000</u> <u>£000</u>	<u>1999</u> <u>£000</u>
The aggregate payroll cost was:		
Wages and salaries	1,518	1,997
Social security costs	126	159
Pension costs	66	29
	<u>1,710</u>	<u>2,185</u>

5 DIRECTORS' EMOLUMENTS

Messrs P A Forman, N Goodey, P M Dessain, A J Mourgue, P Roberts, C Scott and J Wragg 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:-

	<u>2000</u> <u>£000</u>	<u>1999</u> <u>£000</u>
Aggregate emoluments of directors	<u>82</u>	<u>0</u>

During the year retirement benefits accrued to one (1999-Nil) director under a defined benefit pension scheme.

SUREPART SVG LIMITED (FORMERLY SVG LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10

FOR THE YEAR ENDED 31 DECEMBER 2000

6 PENSIONS

The Company operates two pension schemes in the United Kingdom. The assets of these pension schemes are principally funded defined benefit schemes for which contributions are assessed in accordance with the advice of an independent qualified actuary using the projected unit method. The Company's main schemes, which cover 99% of employees in the company's pension schemes, are:

The Partco Group Pension Scheme

The latest formal actuarial valuation was carried out as at 31 March 1998. The principal actuarial assumptions used were investment return of 8.5% per annum, pay increases of 6% per annum, increases to pensions in payment dependent on the section between 4.0% per annum and in line with statutory requirements. The actuarial value of the assets at the valuation date was £26.0 million, being 93% of past service liabilities. The Company is paying contributions at a rate agreed by trustees on the advice of the scheme's actuary.

The Partco Limited Pension Scheme

The latest formal actuarial valuation was carried out as at 31 December 1999. The principal actuarial assumptions used were a discount rate of 7.0% for active members and 5.5% for pensions, , pay increases of 4.5% and increases in pension between 2.4% and 3% dependent on classification of pension. The market value of assets at the valuation date was £115.2 million, being 129% of past service liabilities. The Company, in accordance with the advice of the scheme's actuary, is not currently contributing to the scheme.

SUREPART SVG LIMITED (FORMERLY SVG LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11

FOR THE YEAR ENDED 31 DECEMBER 2000

7 INTEREST

	2000	1999
	£000	£000
Payable in respect of :		
Intragroup funding	448	0
Bank overdrafts	16	25
	<u>464</u>	<u>25</u>

8 TAXATION ON LOSS ON ORDINARY ACTIVITIES

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

	2000	1999
	£000	£000
UK Corporation Tax at 30% (1999 - 30.25%) in respect of the current financial year	1,644	207
Over provision in respect of prior years	50	0
	<u>1,694</u>	<u>207</u>

SUREPART SVG LIMITED (FORMERLY SVG LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12

FOR THE YEAR ENDED 31 DECEMBER 2000

9 INTANGIBLE FIXED ASSETS

	<u>Goodwill</u>
	<u>£000</u>
COST	
As at 1 January 2000 and at 31 December 2000	<u><u>1,662</u></u>
AMORTISATION	
As at 1 January 2000 and at 31 December 2000	<u><u>1,662</u></u>
Net book value	
As at 1 January 2000 and at 31 December 2000	<u><u>0</u></u>

SUREPART SVG LIMITED (FORMERLY SVG LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13

FOR THE YEAR ENDED 31 DECEMBER 2000

10 TANGIBLE FIXED ASSETS

	PLANT AND MACHINERY
	Owned
	£000
COST / VALUATION	
As at 1 January 2000	470
External additions	73
Intragroup additions	11
External disposals	(70)
Intragroup disposals	(45)
As at 31 December 2000	<u>439</u>
ACCUMULATED DEPRECIATION	
As at 1 January 2000	145
Charge for the year	137
Impairment charge	209
Intragroup additons	9
External disposals	(49)
Intragroup Disposals	(12)
As at 31 December 2000	<u>439</u>
Net book value	
As at 31 December 2000	<u>0</u>
Net book value	
As at 1 January 2000	<u>325</u>

SUREPART SVG LIMITED (FORMERLY SVG LIMITED)**NOTES TO THE FINANCIAL STATEMENTS (Continued)****14****FOR THE YEAR ENDED 31 DECEMBER 2000****11 STOCKS**

	2000	1999
	£000	£000
Finished goods and goods for resale	1,037	789
	<u>1,037</u>	<u>789</u>

12 DEBTORS

	2000	1999
	£000	£000
Amounts falling due within one year:		
Trade debtors	1,829	2,060
Corporation tax	1,644	207
Amounts due from group undertakings	3,302	625
Other debtors	32	0
Prepayments and accrued income	24	71
	<u>6,831</u>	<u>2,963</u>

13 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000	1999
	£000	£000
Bank loans and overdrafts	317	876
Trade creditors	1,029	1,551
Amounts owed to group undertakings	11,649	3,217
Taxation and social security	0	184
Accruals and deferred income	957	188
	<u>13,952</u>	<u>6,016</u>

SUREPART SVG LIMITED (FORMERLY SVG LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15

FOR THE YEAR ENDED 31 DECEMBER 2000

14 SHARE CAPITAL

	2000 Number	2000 £	1999 Number	1999 £
Ordinary shares of £1 each:				
Allotted and fully paid	1,500,002	1,500,002	1,500,002	1,500,002
Authorised	1,600,002	1,600,002	1,600,002	1,600,002

15 PROFIT AND LOSS ACCOUNT

	2000 £000	1999 £000
As at 1 January	(3,297)	0
Loss for the financial year	(3,962)	(3,297)
As at 31 December	<u>(7,259)</u>	<u>(3,297)</u>

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £000	1999 £000
Loss for the financial year	(3,962)	(3,297)
New share capital subscribed	0	1,500
Net change in shareholders' funds	<u>(3,962)</u>	<u>(1,797)</u>
Shareholders' funds as at 1 January	(1,797)	0
Shareholders' funds as at 31 December	<u>(5,759)</u>	<u>(1,797)</u>

SUREPART SVG LIMITED (FORMERLY SVG LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16

FOR THE YEAR ENDED 31 DECEMBER 2000

17 CAPITAL COMMITMENTS

	2000	1999
	£000	£000
	<hr/>	<hr/>
Contracted as at 31 December but not provided for in the financial statements	<hr/> <div>65</div> <hr/>	<hr/> <div>0</div> <hr/>

18 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 31 December 2000 was £231 million (1999 - £201.3 million).

19 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 year 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.

DIRECTORS' STATEMENT OF RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year 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 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 2000 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

30 April 2001

AUDITORS' REPORT TO THE MEMBERS OF SVG LIMITED

We have audited the financial statements on pages 4 to 16.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 17, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom 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 United Kingdom 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.

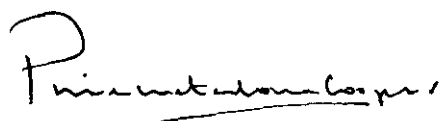
Basis of audit opinion

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 2000 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
30 April 2001