

SUREPART SVG LIMITED (FORMERLY SVG LIMITED)
REPORT AND ACCOUNTS
FOR THE PERIOD ENDED 31 DECEMBER 1999

COMPANY NUMBER

3542901



SUREPART SVG LIMITED (FORMERLY SVG LIMITED)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 1999

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SUREPART SVG LIMITED (FORMERLY SVG LIMITED)

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DIRECTORS:

P M DESSAIN
P A FORMAN
N GOODEY
A J MOURGUE
S T TONKS

SECRETARY:

M D RIMMER

REGISTERED OFFICE:

UNIPART HOUSE
COWLEY
OXFORD
OX4 2PG

AUDITORS:

PRICEWATERHOUSECOOPERS

REPORT OF THE DIRECTORS

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The directors present their annual report together with the financial statements for the year ended 31 December 1999.

CHANGE OF NAME

The Company changed its name to Surepart SVG Limited on 6 April 2000.

ACTIVITY AND REVIEW OF CURRENT AND FUTURE BUSINESS DEVELOPMENTS

The trade and assets and liabilities were transferred to the company on 1 January 1999 from Partco Limited. The Company is engaged in the sales, distribution and marketing of automotive aftermarket crash and rust repair parts. During the year the Coatbridge warehouse closed and the operations integrated within the Hinckley site.

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.

RESULTS FOR THE YEAR

The Directors report turnover of £12.5m and losses before tax of £3.5m.

No dividend is proposed.

DIRECTORS

The directors at 1 January 1999, Mr J P Wragg and Mr C G Scott, resigned on 25 January 2000. Mr P T Roberts was appointed on 7 January 1999 and 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.

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

None of the directors had any interest in the share capital of the company. No director exercised any share options during the year.

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)

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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.

YEAR 2000

The Company experienced little disruption or malfunctions since the turn of the year arising from the failure of embedded date reliant computer chips in its own computer systems and electronic equipment. Similarly there was no business interruption caused by year 2000 related failures of key customers' and suppliers' systems. We will continue to monitor this situation.

The costs associated with solving the Year 2000 problems were not significant.

INTRODUCTION OF THE EURO

The single European currency (the Euro) came into existence on 1 January 1999, and as anticipated, the impact on our business has not been significant.

SUREPART SVG LIMITED (FORMERLY SVG LIMITED)

REPORT OF THE DIRECTORS (CONTINUED)

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AUDITORS

During the period KPMG Audit Plc resigned as auditors and PricewaterhouseCoopers were appointed to fill the casual vacancy.

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

25 May 2000

SUREPART SVG LIMITED (FORMERLY SVG LIMITED)**PROFIT & LOSS ACCOUNT****5****FOR THE PERIOD ENDED 31 DECEMBER 1999**

	Note	1999 £000	1998 £000
TURNOVER - acquisitions	2	<u>12,489</u>	<u>-</u>
OPERATING LOSS - acquisitions	3	<u>(3,479)</u>	<u>-</u>
Interest	7	(25)	-
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(3,504)</u>	<u>-</u>
Taxation on loss on ordinary activities	8	207	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		<u>(3,297)</u>	<u>-</u>
Dividends		-	-
LOSS FOR THE FINANCIAL YEAR		<u><u>(3,297)</u></u>	<u><u>-</u></u>

The results for the year all arise from acquisitions.

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

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AT 31 DECEMBER 1999

	Note	1999 £000	1998 £000
FIXED ASSETS			
Tangible assets	10	325	-
CURRENT ASSETS			
Stocks	11	789	-
Debtors	12	2,963	-
Cash at bank and in hand		142	-
		<u>3,894</u>	-
CREDITORS - amounts falling due within one year	13	(6,016)	-
NET CURRENT (LIABILITIES)/ASSETS		<u>(2,122)</u>	-
NET (LIABILITIES)/ASSETS		<u>(1,797)</u>	-
CAPITAL AND RESERVES			
Called up share capital	14	1,500	-
Profit and loss account	15	(3,297)	-
EQUITY SHAREHOLDERS' FUNDS		<u>(1,797)</u>	-

The financial statements on pages 5 to 20 were approved by the Board of Directors on 25 May 2000 and were signed on its behalf by



P A FORMAN
Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 1999

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.

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. Accordingly, 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.

DEFERRED 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

Depreciation 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

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FOR THE PERIOD ENDED 31 DECEMBER 1999

1 ACCOUNTING POLICIES (Continued)

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.

FOR THE PERIOD ENDED 31 DECEMBER 1999

3 OPERATING LOSS

Operating loss is calculated as follows:

	Before Exceptional Items	Exceptional Items	1999 Total	1998
	£000	£000	£000	£000
Turnover	12,489	-	12,489	-
Cost of sales	(8,922)	(283)	(9,205)	-
Gross Profit	3,567	(283)	3,284	-
Distribution costs	(3,096)	-	(3,096)	-
Administrative expenses	(1,657)	(2,010)	(3,667)	-
Operating loss - continuing activities	(1,186)	(2,293)	(3,479)	-

	1999 £000	1998 £000
Operating loss is stated after charging :		
Depreciation of tangible fixed assets - owned	125	-
Amortisation of goodwill	42	-
Hire of plant and machinery	271	-
Auditors' remuneration for audit work	15	-
Loss on sale of fixed assets	12	-
Rentals payable on property operating leases	28	-
Exceptional items		
Goodwill impairment (note 9)	1,545	-
Tangible fixed assets impairment (note 10)	302	-
Stock write-down	283	-
Debtor provisions	163	-

Exceptional items

Additional stock and debtor provisions have been charged to operating profit 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.

The tax impact of these exceptional items is £86,000.

SUREPART SVG LIMITED (FORMERLY SVG LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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FOR THE PERIOD ENDED 31 DECEMBER 1999

4 STAFF NUMBERS AND COSTS

	1999	1998
	Number	Number
The average number of employees during the year was :		
Direct production	86	-
Indirect production and warehouse	16	-
Sales, marketing and administration	32	-
	134	-
	1999	1998
	£000	£000
The aggregate payroll cost was:		
Wages and salaries	1,997	-
Social security costs	159	-
Pension costs	29	-
	2,185	-

5 DIRECTORS' EMOLUMENTS

The directors have received no emoluments in respect of their services to Surepart SVG Limited but received their remuneration in respect of services to the Partco Group as a whole, and such information as is required is disclosed in the accounts of Partco Group Limited.

6 PENSIONS

The Company participates in a pension scheme operated by the Partco Group: the Partco Limited Pension Scheme, previously known as the Brown Brothers Pension Scheme.

The pensions scheme is of the defined benefit type and its assets are held in a separate trustee administered fund. The fund is valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary.

The latest actuarial assessment of the scheme was at 1 January 1997. Particulars of the valuation are contained in the accounts of Partco Group Limited.

SUREPART SVG LIMITED (FORMERLY SVG LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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FOR THE PERIOD ENDED 31 DECEMBER 1999

7 INTEREST

	1999 £000	1998 £000
Payable in respect of :		
Bank overdrafts	25	-
	<u>25</u>	<u>-</u>

8 TAXATION ON LOSS ON ORDINARY ACTIVITIES

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

	1999 £000	1998 £000
UK Corporation Tax at 30.25% in respect of the current financial year	207	-
	<u>207</u>	<u>-</u>

SUREPART SVG LIMITED (FORMERLY SVG LIMITED)**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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FOR THE PERIOD ENDED 31 DECEMBER 1999**9 INTANGIBLE FIXED ASSETS**

	<u>Goodwill</u>
	<u>£000</u>
COST	
As at 1 January 1999	-
Intragroup Additions	1,906
Intragroup Disposals	(244)
As at 31 December 1999	<u>1,662</u>
 AMORTISATION	
As at 1 January 1999	-
Charge for the period	(42)
Impairment charge	(1,545)
Intragroup Additions	(84)
Intragroup Disposals	9
As at 31 December 1999	<u>(1,662)</u>
 Net book value	
As at 31 December 1999	<u>-</u>
 Net book value	
As at 1 January 1999	<u>-</u>

In light of the trading performance of the Company during 1999, management have reviewed the carrying value of the goodwill associated with the operations of SVG acquired during the year.

As a result of the review, goodwill of £1,545,000 has been written off through the profit and loss account during the year.

SUREPART SVG LIMITED (FORMERLY SVG LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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FOR THE PERIOD ENDED 31 DECEMBER 1999

10 TANGIBLE FIXED ASSETS

	LAND & BUILDINGS	PLANT AND MACHINERY	TOTAL
	Freehold	Owned	
	£000	£000	£000
COST / VALUATION			
As at 1 January 1999	-	-	-
External additions	-	46	46
Intragroup additions	355	859	1,214
External disposals	-	(434)	(434)
Intragroup disposals	(355)	(1)	(356)
As at 31 December 1999	-	470	470
ACCUMULATED DEPRECIATION			
As at 1 January 1999	-	-	-
Charge for the period	-	125	125
Impairment charge	-	302	302
Intragroup additons	5	82	87
External disposals	-	(364)	(364)
Intragroup Disposals	(5)	-	(5)
As at 31 December 1999	-	145	145
Net book value			
As at 31 December 1999	-	325	325
Net book value			
As at 1 January 1999	-	-	-

The impairment charge relates to assets no longer used in the business following the transfer of activities from the Coatbridge warehouse to Hinckley.

SUREPART SVG LIMITED (FORMERLY SVG LIMITED)**NOTES TO THE FINANCIAL STATEMENTS (Continued)****15****FOR THE PERIOD ENDED 31 DECEMBER 1999****11 STOCKS**

	1999	1998
	£000	£000
Finished goods and goods for resale	789	-
	<u>789</u>	<u>-</u>

12 DEBTORS

	1999	1998
	£000	£000
Amounts falling due within one year:		
Trade debtors	2,060	-
Corporation tax	207	-
Amounts due from group companies	625	-
Prepayments and accrued income	71	-
	<u>2,963</u>	<u>-</u>

SUREPART SVG LIMITED (FORMERLY SVG LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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FOR THE PERIOD ENDED 31 DECEMBER 1999

13 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	1999	1998
	£000	£000
Bank loans and overdrafts	876	-
Trade creditors	1,551	-
Amounts owed to group companies	3,217	-
Taxation and social security	184	-
Accruals and deferred income	188	-
	<u>6,016</u>	<u>-</u>

FOR THE PERIOD ENDED 31 DECEMBER 1999

14 SHARE CAPITAL

	1999	1999	1998	1998
	Number	£	Number	£
Ordinary shares of £1 each:				
Alloted and fully paid	<u>1,500,002</u>	<u>1,500,002</u>	<u>2</u>	<u>2</u>
Authorised	<u>1,600,002</u>	<u>1,600,002</u>	<u>1,000</u>	<u>1,000</u>

During the year the authorised share capital was increased to 1,600,002 and 1,500,000 shares were issued to Partco Group Limited, the immediate parent company. These shares were issued at their nominal value of £1,500,000, with consideration being satisfied by way of inter-company loan account.

15 PROFIT AND LOSS ACCOUNT

	Profit and loss account £000
As at 1 January 1999	-
Loss for the financial year	(3,297)
As at 31 December 1999	<u>(3,297)</u>

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

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

SUREPART SVG LIMITED (FORMERLY SVG LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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FOR THE PERIOD ENDED 31 DECEMBER 1999

17 CAPITAL COMMITMENTS

There were no capital commitments at 31 December 1999.

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 1999 was £201.3 million.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE PERIOD ENDED 31 DECEMBER 1999

19 ACQUISITION OF BUSINESSES

On 1 January 1999 the trade and assets of SVG, a division of Partco Limited, itself a fellow group company, were transferred to Surepart SVG Limited.

The assets transferred at that date were as follows:

	<u>Total</u> <u>£000</u>
Fixed assets	
Goodwill	1,822
Tangible assets	1,127
Current assets	
Stocks	1,694
Debtors	2,835
Cash	133
Creditors	(6,993)
Transfer of net assets satisfied by way of inter-company account	<u>618</u>

The results for the year all arise from acquisitions.

Net assets were transferred at book value.

SUREPART SVG LIMITED (FORMERLY SVG LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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FOR THE PERIOD ENDED 31 DECEMBER 1999

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.

21 POST BALANCE SHEET EVENTS

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.

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 1999 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

25 May 2000

Auditors' report to the members of Surepart SVG Limited

We have audited the financial statements on pages 5 to 20.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 21, 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.

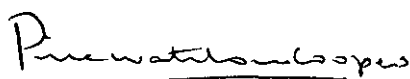
Basis of audit opinion

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 1999 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

1 June 2000