

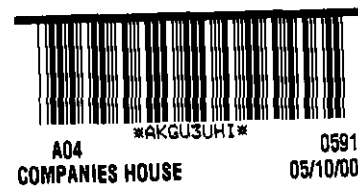
UNIPART NORTH AMERICA LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1999

COMPANY NUMBER

3588027



UNIPART NORTH AMERICA LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

2

DIVIDENDS

The directors recommend that a dividend should not be paid in respect of the year ended 31 December 1999 (1998: £nil).

GOING CONCERN

The directors have obtained assurances that the ultimate parent company, UGC Limited will continue to provide such support as is necessary to the Company (so long as it continues to be a subsidiary) to ensure that, for a period of at least 12 months from the date the accounts for the year ended 31 December 1999 are signed, all debts and other liabilities (whether actual or potential) arising from their activities can be discharged in full as they fall due.

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 lack of disruption is attributed to: (i) the analysis of risks carried out in 1998 to determine the impact of the year 2000 problem on our activities; and (ii) the consequential modification to, or replacement of hardware and software where appropriate to new, millennium compliant package based systems during 1998 and the first half of 1999.

The costs associated with solving the Year 2000 problems have been absorbed by the parent company, UGC Limited.

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.

AUDITORS

A resolution to reappoint PricewaterhouseCoopers as the Company's auditors will be proposed at the next general meeting at which the accounts are presented.

On behalf of the Board.



M D RIMMER
Secretary
Oxford

25 May 2000

UNIPART NORTH AMERICA LIMITED**PROFIT & LOSS ACCOUNT**

3

FOR THE YEAR ENDED 31 DECEMBER 1999

	Note	1999 £000	6 months to 1998 £000
TURNOVER	2	<u>46,770</u>	<u>2,245</u>
OPERATING LOSS	3	(1,529)	(1,261)
INTEREST	7	0	0
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(1,529)</u>	<u>(1,261)</u>
Taxation on loss on ordinary activities	8	463	391
LOSS FOR THE FINANCIAL YEAR	13	<u><u>(1,066)</u></u>	<u><u>(870)</u></u>

The profit and loss account relates entirely to continuing operations.

The Company does not have any gains or losses other than the loss above and there was no difference between this loss and the loss on a historical cost basis. Accordingly no separate statement of total recognised gains and losses or note of historical cost profits and losses have been presented.

UNIPART NORTH AMERICA LIMITED


BALANCE SHEET

4

AT 31 DECEMBER 1999

	Note	1999 £000	1998 £000
CURRENT ASSETS			
Stocks	9	13,471	9,606
Debtors	10	3,881	2,609
Cash at bank and in hand		1,174	2
		18,526	12,217
CREDITORS - amounts falling due within one year	11	(20,462)	(13,087)
NET CURRENT LIABILITIES		<u>(1,936)</u>	<u>(870)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(1,936)</u>	<u>(870)</u>
TOTAL NET LIABILITIES		<u><u>(1,936)</u></u>	<u><u>(870)</u></u>
CAPITAL AND RESERVES			
Called up share capital	12	0	0
Profit and loss account	13	(1,936)	(870)
TOTAL EQUITY SHAREHOLDERS' FUNDS		<u><u>(1,936)</u></u>	<u><u>(870)</u></u>

The financial statements on pages 3 to 19 were approved by the board of directors on 25 May 2000 and were agreed on its behalf by



P M DESSAIN - Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR 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.

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.

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.

STOCKS

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

TURNOVER

Turnover excludes VAT and other sales taxes.

FOREIGN CURRENCIES

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 1999**2 SEGMENTAL INFORMATION**

The Group operates in a single business segment, principally from the United Kingdom.

The geographical analysis of turnover by location of customer is:

	1999	6 months to
	£000	1998
		£000
United Kingdom	4,678	0
North America	42,092	2,245
	<u>46,770</u>	<u>2,245</u>

UNIPART NORTH AMERICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7

FOR THE YEAR ENDED 31 DECEMBER 1999

3 OPERATING PROFIT

Operating profit is calculated as follows:

	1999 £000	6 months to 1998 £000
Turnover	46,770	2,245
Cost of sales	(41,715)	(1,861)
Gross Profit	<u>5,055</u>	<u>384</u>
Distribution costs	(6,464)	(1,635)
Administrative expenses	(120)	(10)
Operating loss	<u><u>(1,529)</u></u>	<u><u>(1,261)</u></u>

All administration expenses, including auditor's remuneration, are borne by the immediate parent company, Unipart Group Limited, which levies a management charge for this service.

UNIPART NORTH AMERICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8

FOR THE YEAR ENDED 31 DECEMBER 1999

4 STAFF NUMBERS AND COSTS

Unipart North America Limited does not have any employees in its own right. Employees are all employed and paid through Unipart Group Limited and all applicable disclosures are made in those accounts.

UNIPART NORTH AMERICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9

FOR THE YEAR ENDED 31 DECEMBER 1999

5 DIRECTORS' EMOLUMENTS

The directors receive no emoluments (1998:£nil) in respect of their services to Unipart North America Limited. Mr A J Mourgue received his remuneration in respect of services to the Unipart Group of Companies as a whole, and such information as is required is disclosed in the accounts of UGC Limited.

FOR THE YEAR ENDED 31 DECEMBER 1999

6 DIRECTORS' SHAREHOLDINGS

None of the directors hold or have held shares in Unipart North America Limited.

Mr A J Mourgue is a director of UGC Limited, the ultimate parent company, and his interests in the shares of that company are disclosed in the UGC Limited Annual Report and Accounts.

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

	A Ordinary shares of 0.5p each		E Ordinary shares of 0.5p each	
	1999	1998	1999	1998
	Number	Number	Number	Number
Beneficial Holdings				
M R Hopper	41,143	41,143	282,900	282,900
P M Dessain	68,796	68,796	180,000	180,000
Ordinary shares under option				
	At 31 December 1999		At 31 December 1998	
	Number		Number	
M R Hopper	136,900		136,900	
P M Dessain	115,900		115,900	

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:

	1999	1998
	Number	Number
'A' Ordinary shares of 0.5p each	13,818,564	13,504,503

Under an agreement dated 30 November 1998 in connection with a potential buy back of shares by UGC Limited, certain shareholders entered into cross- option arrangements whereby the parties to the agreement acquire an interest in each others shares of UGC Limited. At 31 December 1998, the number of shares over which each director had an interest under these arrangements was as follows:

	1998
	Number
M R Hopper	56,408,248
PM Dessain	56,528,615

These options expired on 31 December 1999 and none had been exercised.

UNIPART NORTH AMERICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11

FOR THE YEAR ENDED 31 DECEMBER 1999

7 INTEREST

Net interest on bank balances and overdrafts is borne by Unipart Group Limited, the immediate parent company of Unipart North America Limited.

8 TAXATION ON LOSS ON ORDINARY ACTIVITIES

	1999	1998
	£000	£000
UK Corporation Tax credit at 30.25% (1998:31%) in respect of the current financial year.	463	391
	<u>463</u>	<u>391</u>

UNIPART NORTH AMERICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13

FOR THE YEAR ENDED 31 DECEMBER 1999

9 STOCKS

	1999 £000	1998 £000
Finished goods and goods for resale	13,471	9,606
	<u>13,471</u>	<u>9,606</u>

UNIPART NORTH AMERICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14

FOR THE YEAR ENDED 31 DECEMBER 1999

10 DEBTORS

	1999 £000	1998 £000
Amounts falling due within one year:		
Trade debtors and bills receivable	3,371	1,861
Corporation tax	463	391
Other debtors	47	357
	<u>3,881</u>	<u>2,609</u>

UNIPART NORTH AMERICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15

FOR THE YEAR ENDED 31 DECEMBER 1999

11 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	1999 £000	1998 £000
Trade creditors	739	5,107
Amounts owing to parent company and fellow subsidiaries	18,989	7,980
Accruals and deferred income	734	0
	<u>20,462</u>	<u>13,087</u>

UNIPART NORTH AMERICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16

FOR THE YEAR ENDED 31 DECEMBER 1999

12 SHARE CAPITAL

	1999	1999	1998	1998
	Number	£	Number	£
Ordinary shares of £1 each:				
Issued and fully paid	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Authorised	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17

FOR THE YEAR ENDED 31 DECEMBER 1999

13 PROFIT AND LOSS RESERVES

	1999 £000	1998 £000
As at 1 January \ (1998:1 July)	(870)	0
Retained loss for the financial year	(1,066)	(870)
As at 31 December	<u>(1,936)</u>	<u>(870)</u>

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999 £000	1998 £000
As at 1 January \ (1998:1 July)	(870)	0
Total recognised losses for the financial period	(1,066)	(870)
As at 31 December	<u>(1,936)</u>	<u>(870)</u>

15 COMMITMENTS

There were no capital or operating lease commitments at 31 December 1999 (1998:£nil)

16 RELATED PARTY TRANSACTIONS

The company is controlled by UGC Limited. The company has taken advantage of the exemption afforded by FRS 8 (Related party disclosure), paragraph 3, and as such, the financial statements do not disclose transactions with other group companies.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 1999

19

17 CONTINGENT LIABILITIES

Under the Group bank arrangements the Company, together with fellow subsidiaries of the Unipart Group of Companies, has given security and guaranteed bank loans and overdrafts provided to the Group. The amount outstanding for the Group at 31 December 1999 was £201.3 million.

18 ULTIMATE PARENT COMPANY

At the end of the financial year UGC Limited, a company registered in England and Wales, was the ultimate parent company. 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 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 Unipart North America Limited

We have audited the financial statements on pages 3 to 19.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 20, 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.

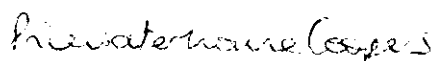
Basis of audit opinion

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



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors

26 May 2000