

German Swedish & French Car Parts Limited

Report and Financial Statements

31 December 2003

ERNST & YOUNG



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German Swedish & French Car Parts Limited

Registered No: 3896059

Directors

S G West
M E Forde
D C De Silva
D J Atkinson
S J Bartlett (Resigned 18th April 2004)
J P Waring

Secretary

A Y West (Mrs)

Auditors

Ernst & Young LLP
400 Capability Green
Luton
Beds
LU1 3LU

Bankers

Lloyds TSB Bank plc
5th floor
4/6 Copthall Avenue
London
EC2R 7DA

Registered Office

Units 1/2
The Planet Centre
Armadale Road
Feltham
Middlesex
TW14 0LW

Directors' report

The directors present their report and the group financial statements for the year ended 31 December 2003.

Results and dividends

The profit for the year, after taxation and minority interests, amounted to £572,637 (2002: profit £349,484). The directors do not recommend the payment of a dividend.

Principal activity and review of the business

The group's principal activity during the year has continued to be the wholesale and retailing of motor parts and accessories. The directors are satisfied with the performance of the group for the year.

Disabled employees

The group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement

The group places considerable value on the involvement of its employees and has a practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the group.

Directors and their interests

The directors at 31 December 2003 and their interests in the share capital of the company were as follows:

	At 31 December 2003		At 31 December 2002	
	'A' ordinary shares	'B' ordinary shares	'A' ordinary share	'B' ordinary shares
S G West	67,984	1,047	67,984	1,047
M E Forde	15,620	—	15,620	—
D J De Silva	2,200	403	2,200	403
D J Atkinson	2,200	403	2,200	403
S Bartlett	11,996	2,281	11,996	2,281
J P Waring	—	—	—	—

Political and charitable contributions

During the year, the company made various charitable contributions totalling £2,159 (2002: £902).

Post Balance Sheet events

On 7 July 2004 the company redeemed 849,558 preferences shares of £1 each for £519,873.

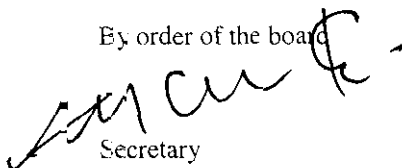
On 7 July 2004 the company purchased 11,996 A ordinary shares of £1 each and 2,281 B ordinary shares of £1 each of its own shares at par value.

Directors' report

Auditors

A resolution to re-appoint Ernst & Young LLP as auditors will be put to the members at the forthcoming Annual General Meeting.

By order of the board



Secretary

12 October 2004

Statement of directors' responsibilities in respect of the financial statements

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. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis when it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

Independent auditors' report

to the members of German Swedish & French Car Parts Limited

We have audited the group's financial statements for the year ended 31 December 2003 which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Total Recognised Gains and Losses, Consolidated Balance Sheet, Company Balance sheet, Consolidated Cash Flow Statement, and the related notes 1 to 25. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the group's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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' Reports is not consistent with the financial statements, if the group 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 with the group is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent mis-statements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 affairs of the company and of the group as at 31 December 2003 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP
Registered Auditor
Luton

15 October 2004

Consolidated Profit and loss account

for the year ended 31 December 2003

	Notes	Before goodwill amortisation 2003 £	Goodwill amortisation 2003 £	2003 £	2002 £
Turnover	2	44,432,907	–	44,432,907	44,388,989
Cost of sales		(23,358,182)	–	(23,358,182)	(23,980,893)
Gross profit		21,074,725	–	21,074,725	20,408,096
Administrative expenses		(17,503,831)	(1,146,782)	(18,650,613)	(17,944,060)
Operating profit	3	3,570,894	(1,146,782)	2,424,112	2,464,036
Income from investments	6			87,612	25,560
Interest receivable and similar income	7			4,245	13,146
Interest payable and similar charges	8			(1,040,852)	(1,211,772)
Profit on sale of interest in subsidiary				–	40,000
				(948,995)	(1,133,066)
Profit on ordinary activities before taxation				1,475,117	1,330,970
Tax on profit on ordinary activities	9			(836,519)	(802,394)
Profit on ordinary activities after taxation				638,598	528,576
Dividends				(6,000)	(6,000)
Minority interests - equity				(59,961)	(173,092)
Profit retained for the financial year	20			572,637	349,484

Group statement of total recognised gains and losses

for the year ended 31 December 2003

There were no recognised gains or losses other than the profit attributable to shareholders of the group of £572,637 (2002: £349,484).

German Swedish & French Car Parts Limited

Group balance sheet

at 31 December 2003

	Notes	2003 £	2002 £
Fixed assets			
Intangible assets	11	18,569,687	19,703,830
Tangible assets	12	2,009,731	2,193,131
		<u>20,579,418</u>	<u>21,896,961</u>
Current assets			
Stocks	14	7,252,286	8,343,749
Debtors	15	4,336,005	4,516,869
Cash at bank and in hand		1,412,550	914,046
		<u>13,000,841</u>	<u>13,774,664</u>
Creditors: amounts falling due within one year	16	7,568,857	8,187,498
		<u>5,431,984</u>	<u>5,587,166</u>
Net current assets		<u>26,011,402</u>	<u>27,484,127</u>
Total assets less current liabilities		<u>26,011,402</u>	<u>27,484,127</u>
Creditors: amounts falling due after more than one year	17	14,788,900	16,864,223
		<u>11,222,502</u>	<u>10,619,904</u>
Minority interests		503,879	443,918
		<u>10,718,623</u>	<u>10,175,986</u>
Capital and reserves			
Called up share capital	19	10,356,639	10,386,639
Capital redemption reserve fund	20	30,000	-
Profit and loss account	20	331,984	(210,653)
		<u>10,718,623</u>	<u>10,175,986</u>
Equity shareholders' funds	20	<u>10,718,623</u>	<u>10,175,986</u>



Director

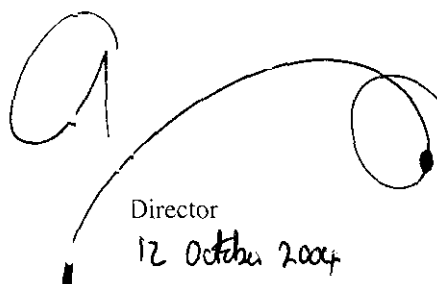
12 October 2004

Company balance sheet

at 31 December 2003

	Notes	2003 £	2002 £
Fixed assets			
Intangible assets	11	23,751	17,600
Tangible assets	12	1,367,503	1,549,371
Investments	13	20,737,807	21,833,642
		<u>22,129,061</u>	<u>23,400,613</u>
Current assets			
Stocks	14	5,509,778	6,530,976
Debtors	15	5,621,268	6,267,750
Cash at bank and in hand		607,289	152,703
		<u>11,738,335</u>	<u>12,951,429</u>
Creditors: amounts falling due within one year	16	6,799,268	7,864,605
		<u>4,939,067</u>	<u>5,086,824</u>
Net current assets			
		<u>27,068,128</u>	<u>28,487,437</u>
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	17	14,600,900	16,632,248
		<u>12,467,228</u>	<u>11,855,189</u>
Capital and reserves			
Called up share capital	19	10,356,639	10,386,639
Capital redemption reserve fund	20	30,000	—
Profit and loss account	20	2,080,589	1,468,550
		<u>12,467,228</u>	<u>11,855,189</u>
Equity shareholders' funds	20		

ERNST & YOUNG


 Director
 12 October 2004

Group statement of cash flows

for the year ended 31 December 2003

	Notes	2003 £	2002 £
Net cash inflow from operating activities	21(a)	5,154,144	5,607,363
Returns on investments and servicing of finance	21(b)	(954,995)	(1,179,066)
Taxation		(753,310)	(881,883)
Capital expenditure and financial investment	21(b)	(516,602)	(768,979)
Acquisitions	21(b)	(20,000)	(131,110)
Financing	21(b)	(2,321,792)	(2,010,700)
Increase in cash	21(c)	<u>587,445</u>	<u>635,625</u>

Reconciliation of net cash flow to movement in net debt

	Notes	2003 £	2002 £
Increase in cash		587,445	635,625
Cash outflow from decrease in debt		2,291,792	2,010,700
Movement in net debt	21(c)	<u>2,879,237</u>	<u>2,646,325</u>
Net debt at 1 January	21(c)	(17,889,118)	(20,535,443)
Net debt at 31 December	21(c)	<u>(15,009,881)</u>	<u>(17,889,118)</u>

Notes to the financial statements

at 31 December 2003

1. Accounting policies

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and all its subsidiary undertakings drawn up at 31 December each year. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired in the year are included in the consolidated profit and loss account from the date of acquisition. No profit and loss account is presented for the company as permitted by Section 230 of the Companies Act 1985.

Goodwill

Goodwill is the difference between the cost of an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities.

Goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over a period of 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life, as follows:

Freehold and long leasehold property	-	2% on cost
Short leasehold property	-	over the lease term
Motor vehicles	-	25% on cost
Equipment, fittings, furniture	-	25-20% on cost
Computer equipment	-	33.33% on cost

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stocks are stated at the lower of cost and net realisable value, cost being determined on an actual cost basis.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Notes to the financial statements

at 31 December 2003

1. Accounting policies (continued)

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for tax on gains on disposals of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable.
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pensions

The company operates two defined contribution pension schemes: one for staff, and one for the controlling directors. Contributions are charged in the profit and loss account as they become due in accordance with the rules of the scheme.

Notes to the financial statements

at 31 December 2003

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to the third parties.

Turnover is attributable to one continuing activity, the wholesaling and retailing of motor parts and accessories. Turnover and operating profit due to acquisitions in the current year cannot be ascertained due to the amalgamation of existing branches with the acquired companies branches.

An analysis of turnover by geographical market is given below:

	2003 £	2002 £
United Kingdom	42,487,133	43,354,102
Rest of the Europe	1,646,839	715,687
Rest of World	298,935	319,200
	<u>44,432,907</u>	<u>44,388,989</u>

3. Operating profit

This is stated after charging:

	2003 £	2002 £
Depreciation of owned fixed assets	745,609	644,013
Depreciation of assets held under hire purchase contracts	-	19,923
Amortisation of goodwill	1,146,782	1,144,694
Negative goodwill written off	-	(4,360)
Operating lease rentals - land and buildings	1,215,759	1,235,613
- plant and machinery	59,123	61,711
Foreign exchange gains	(351,083)	(318,302)
Profit on disposal of fixed assets	(28,247)	(115,354)
Auditor's remuneration - audit services	95,358	78,030
- non-audit services	33,570	15,025
	<u></u>	<u></u>

4. Directors' emoluments

	2003 £	2002 £
Emoluments	632,151	634,377
Company contributions paid to money purchase pension schemes	246,200	18,250
	<u>878,351</u>	<u>652,627</u>

Notes to the financial statements

at 31 December 2003

4. Directors' emoluments (continued)

	2003 No.	2002 No.
Members of money purchase pension schemes	5	5
Members of defined benefit schemes	—	—
The amounts in respect of the highest paid director are as follows:		
	2003 £	2002 £
Emoluments	87,835	125,301
Company contributions paid to money purchase pension schemes	187,500	3,000
	275,335	128,301

5 Staff costs

	2003 £	2002 £
Wages and salaries	9,931,571	9,524,347
Social security costs	874,190	810,208
Other pension costs	325,126	90,840
	11,130,887	10,425,395

The monthly average number of employees during the year was as follows:

	2003 No.	2002 No.
Sales	197	192
Administration	45	45
Warehouse	277	272
	519	509

6. Income investments

	2003 £	2002 £
Rent receivable	31,807	25,560
Income from dissolution of Limited Partnership	55,805	—
	87,612	25,560

Notes to the financial statements

at 31 December 2003

7. Interest receivable and similar income

	2003	2002
	£	£
Other	2,343	1,555
Bank interest	1,902	4,414
Interest on overpayment of Corporation Tax	–	7,177
	<u>4,245</u>	<u>13,146</u>

8. Interest payable and similar charges

	2003	2002
	£	£
Bank loans and overdrafts	281,046	389,599
Loan notes	759,536	804,154
Directors Loan Account	–	15,099
Other interest	270	2,920
	<u>1,040,852</u>	<u>1,211,772</u>

9. Tax

a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2003	2002
	£	£
<i>Current tax</i>		
UK Corporation tax	811,514	778,279
Tax overprovided in prior years	(747)	(71,472)
Total current tax (note 9b)	<u>810,767</u>	<u>706,807</u>
<i>Deferred tax:</i>		
Originating and reversal of timing differences	25,752	95,587
Tax on profit on ordinary activities	<u>836,519</u>	<u>802,394</u>

Notes to the financial statements

at 31 December 2003

9. Tax (continued)

b) Factors affecting current tax charge

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 30% (2002: 30%). The differences are reconciled below:

	2003 £	2002 £
Profit on ordinary activities before tax	1,475,117	1,330,970
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2002: 30%)	442,535	399,291
Expenses not deductible for tax purposes	339,549	454,419
Depreciation in excess of capital allowances	25,752	(95,587)
Marginal relief	-	(1,312)
Utilisation of losses	(16,783)	(1,988)
Difference in tax rates in subsidiary undertaking	(792)	(498)
Tax overprovided in previous years	(747)	(71,472)
Losses not relieved against current tax	21,253	23,954
Total current tax charge (note 9a)	810,767	706,807

c) Deferred tax

The deferred tax asset included in the balance sheet is as follows:

	Group		Company	
	2003	Restated 2002	2003	Restated 2002
	£	£	£	£
Included in debtors	121,797	147,549	121,967	146,749
The deferred tax asset comprises the following:				
Accelerated capital allowances	121,797	147,549	121,967	146,749

Notes to the financial statements

at 31 December 2003

9. Tax (continued)

The movement on the deferred tax asset is as follows:

	<i>Group</i> £	<i>Company</i> £
At 1 January 2003	147,549	146,749
Current year charge to the profit and loss account	(25,752)	(24,782)
At 31 December 2003	<u>121,797</u>	<u>121,967</u>

10. Profit attributable to members of the parent company

The profit dealt with in the financial statements of the parent company was £642,039 (2002: £215,033) after taking into account dividends received from subsidiaries of £203,600 (2002: £4,309,865) and investments in those subsidiaries written off of £1,030,915 (2002: £5,485,445).

11. Intangible fixed assets

<i>Group</i>	<i>Goodwill</i> £
Cost:	
At 1 January 2003	22,785,954
Acquisition of unincorporated business	12,639
At 31 December 2003	<u>22,798,593</u>
Amortisation:	
At 1 January 2003	3,082,124
Provided during the year	1,146,782
At 31 December 2003	<u>4,228,906</u>
Net book value:	
At 31 December 2003	<u>18,569,687</u>
At 31 December 2002	<u>19,703,830</u>

Notes to the financial statements

at 31 December 2003

11. Intangible fixed assets (continued)

<i>Company</i>	<i>Goodwill £</i>
Cost:	
At 1 January 2003	22,000
Acquisition of unincorporated business	12,639
	<hr/>
At 31 December 2003	34,639
	<hr/>
Amortisation:	
At 1 January 2003	4,400
Provided during the year	6,488
	<hr/>
At 31 December 2003	10,888
	<hr/>
Net book value:	
At 31 December 2003	23,751
	<hr/>
At 31 December 2002	17,600
	<hr/>

During the year the company acquired two unincorporated businesses for £20,000. The net assets of the acquisitions were as follows:

	<i>£</i>
Fixed assets	17,360
Debtors	10,846
Creditors	20,399
Stocks	(41,244)
	<hr/>
Net assets	7,361
Consideration – cash	20,000
	<hr/>
Goodwill	12,639
	<hr/>

Notes to the financial statements

at 31 December 2003

12. Tangible fixed assets

Group

	Freehold and long leasehold property £	Short leasehold property £	Motor vehicles £	Equipment, fittings, furniture £	Computer equipment £	Total £
Cost:						
At 1 January 2003	359,905	307,797	1,303,720	1,341,538	295,673	3,608,633
Additions	–	33,526	438,488	127,061	3,661	602,736
Disposals	–	–	(257,397)	(184,049)	(60,211)	(501,657)
Acquisition of unincorporated businesses	–	–	6,000	10,360	1,000	17,360
At 31 December 2003	359,905	341,323	1,490,811	1,294,910	240,123	3,727,072
Depreciation:						
At 1 January 2003	15,322	103,932	506,353	589,868	200,027	1,415,502
Provided during the year	8,974	38,262	367,237	282,565	48,571	745,609
Disposals	–	–	(199,759)	(183,760)	(60,251)	(443,770)
At 31 December 2003	24,296	142,194	673,831	688,673	188,347	1,717,341
Net book value:						
At 31 December 2003	335,609	199,129	816,980	606,237	51,776	2,009,731
At 31 December 2002	344,583	203,865	797,367	751,670	95,646	2,193,131

Net book value of freehold and long leasehold property companies:

	2003 £	2002 £
Freehold property	271,940	279,690
Long leasehold property	63,669	64,893
	335,609	344,583

Notes to the financial statements

at 31 December 2003

12. Tangible fixed assets (continued)

<i>Company</i>	<i>Freehold property £</i>	<i>Short leasehold property £</i>	<i>Motor vehicles £</i>	<i>Equipment, fittings, furniture £</i>	<i>Computer equipment £</i>	<i>Total £</i>
Cost:						
At 1 January 2003	261,765	186,970	911,075	920,089	228,457	2,508,356
On transfer to subsidiary under taking	–	–	(16,016)	(12,954)	–	(28,970)
Additions	–	33,526	288,494	85,446	2,941	410,407
Disposals	–	–	(150,059)	(156,825)	(60,211)	(367,095)
At 31 December 2003	261,765	220,496	1,033,494	835,756	171,187	2,522,698
Depreciation:						
At 1 January 2003	1,830	69,384	377,809	369,270	140,692	958,985
Provided during the year	7,200	20,927	250,560	207,450	43,728	529,865
Disposals	–	–	(116,868)	(156,536)	(60,251)	(333,655)
At 31 December 2003	9,030	90,311	511,501	420,184	124,169	1,155,195
Net book value:						
At 31 December 2003	252,735	130,185	521,993	415,572	47,018	1,367,503
At 31 December 2002	259,935	117,586	533,266	550,819	87,765	1,549,371

Notes to the financial statements

at 31 December 2003

13 Investments

a) Investments analysis

<i>Company</i>	<i>Subsidiary undertakings £</i>	<i>Other investments £</i>	<i>Total £</i>
Cost:			
At 1 January 2003	21,833,642	–	21,833,642
Additions	80	–	80
Repayment of Preference Shares	(65,000)	–	(65,000)
Investments written off	(1,030,915)	–	(1,030,915)
At 31 December 2003	20,737,807	–	20,737,807

b) Details of investments

Details of the principal trading investments, all of which relate to being wholesalers and retailers of motor spares and accessories, in which the group holds 20% or more of the nominal value of any class of share capital are as follows:

<i>Name of company</i>	<i>Holding</i>	<i>Proportion of voting rights and shares held</i>
German & Swedish Car Parts Limited (Ceased trading 30 April 2000)	Ordinary	100%
German & Swedish (Herts) Limited	Ordinary	70%
German & Swedish (Lincoln) Limited	Ordinary	70%
German & Swedish (Reading) Limited	Ordinary	80%
	Preference	100%
German & Swedish (South London) Limited	Ordinary	70%
German & Swedish (South West) Limited	Ordinary	60%
German & Swedish (Southampton) Limited	Ordinary	65%
German & Swedish Car Parts (Manchester) Limited	Ordinary	60%
URO Autospartes Limited (Ceased trading 31 December 2001)	Ordinary	100%
URO (Plymouth) Limited (Ceased trading 31 December 2001)	Ordinary	100%
	Preference	100%
Autovern (Alvaston) Limited	Ordinary	100%
Grahams Vollscentre Limited (Ceased trading 13 February 2002)	Ordinary	100%
Autoparts (Northern) Limited	Ordinary	90%
GSF (Chelmsford) Limited	Ordinary	75%
GSF (South London) Limited	Ordinary	80%
Swedeutsch Car Parts Limited (Ceased trading 31 December 2002)	Ordinary	100%
Edenrace Limited	Ordinary	70%
German Swedish & French Car Parts (N.I.) Limited*	Ordinary	80%

*New Investments

All the group undertakings are registered in England, with the exception of Edenrace Limited, which is registered in the Republic of Ireland and German Swedish & French Car Parts (N.I.) Limited, which is registered in Northern Ireland.

Notes to the financial statements

at 31 December 2003

14. Stocks

	<i>Group</i>		<i>Company</i>	
	2003	2002	2003	2002
	£	£	£	£
Goods for resale	7,252,286	8,343,749	5,509,778	6,530,976

15. Debtors

	<i>Group</i>		<i>Company</i>	
	2003	2002	2003	2002
	£	£	£	£
Trade debtors	3,770,236	3,944,016	2,546,477	2,889,938
Amounts owed by subsidiary undertakings	–	–	2,547,841	2,672,207
Other debtors	108,247	77,342	96,361	51,673
Prepayments and accrued income	335,725	344,496	225,902	256,460
Corporation tax recoverable	–	3,466	82,720	250,723
Deferred tax	121,797	147,549	121,967	146,749
	4,336,005	4,516,869	5,621,268	6,267,750

16. Creditors: amounts due falling due within one year

	<i>Group</i>		<i>Company</i>	
	2003	2002	2003	2002
	£	£	£	£
Current instalments due on bank loans	1,633,531	1,850,000	1,633,531	1,850,000
Bank overdraft	–	88,941	–	88,585
Trade creditors	3,382,304	3,439,589	3,271,666	3,333,237
Corporation tax	53,991	–	–	–
Other taxes and social security costs	945,743	1,589,546	472,806	1,536,455
Other creditors	32,046	38,549	32,046	38,549
Accruals and deferred income	1,521,242	1,180,873	1,389,219	1,017,779
	7,568,857	8,187,498	6,799,268	7,864,605

The bank loans and overdraft are secured by way of a cross guarantee and debenture over the assets of the group.

Notes to the financial statements

at 31 December 2003

17 Creditors: amounts falling due after more than one year

	2003	Group 2002	2003	Company 2002
	£	£	£	£
Loan notes	14,600,900	14,600,900	14,600,900	14,600,900
Bank loan	—	2,031,348	—	2,031,348
Other loans	188,000	231,975	—	—
	<u>14,788,900</u>	<u>16,864,223</u>	<u>14,600,900</u>	<u>16,632,248</u>

18. Bank loan

	2003	Group 2002	2003	Company 2002
	£	£	£	£
Amounts falling due:				
Within one year	1,735,714	1,850,000	1,735,714	1,850,000
In more than one year but not more than two years	—	1,950,000	—	1,950,000
In more than two years but not more than five years	—	285,714	—	285,714
	<u>1,735,714</u>	<u>4,085,714</u>	<u>1,735,714</u>	<u>4,085,714</u>
Less: issue costs	102,183	204,366	102,183	204,366
	<u>1,633,531</u>	<u>3,881,348</u>	<u>1,633,531</u>	<u>3,881,348</u>
Included in creditors: amounts falling due within one year	1,633,531	1,850,000	1,633,531	1,850,000
Included in creditors: amounts falling due after more than one year	—	2,031,348	—	2,031,348
	<u>1,633,531</u>	<u>3,881,348</u>	<u>1,633,531</u>	<u>3,881,348</u>

The loans are repayable in quarterly instalments and bear interest at 1.75% over the bank base rate.

Notes to the financial statements

at 31 December 2003

19 Share capital

	2003	Authorised 2002
	£	£
'A' ordinary shares of £1 each	200,000	200,000
'B' ordinary shares of £1 each	10,000	10,000
Preference shares of £1 each	19,790,000	19,790,000
	<u>20,000,000</u>	<u>20,000,000</u>

	Allotted, called up and fully paid			
	2003	2002	2003	2002
	No.	No.	£	£
'A' ordinary shares of £1 each	100,000	100,000	100,000	100,000
'B' ordinary shares of £1 each	4,134	4,134	4,134	4,134
Preference shares of £1 each	10,252,505	10,282,505	10,252,505	10,282,505
	<u>10,356,639</u>	<u>10,386,639</u>	<u>10,356,639</u>	<u>10,386,639</u>

The 'B' ordinary shares do not carry any votes and do not qualify for any dividend payments. Subject to the agreement of the 'A' ordinary shareholders, the 'B' ordinary shares can be converted into a like number of 'A' ordinary shares at any time.

The preference shares are redeemable by the company at par at any time before 1 March 2020. The shares do not carry any votes unless there are arrears of dividends or they have become due for redemption but have not been redeemed.

On a winding up of the company, any surplus of assets is first applied in paying the preference shareholders £1 per share plus any accrued dividend, then in paying the 'A' ordinary shareholders £1 per share plus any accrued dividend and then in paying the 'B' ordinary shareholders.

On 13 January 2003 the company redeemed 30,000 preference shares of £1 each for par value. A transfer to the capital redemption reserve fund has been made.

Notes to the financial statements

at 31 December 2003

20. Reconciliation of shareholders' funds and movement on reserves

<i>Group</i>	<i>Share capital</i> <i>£</i>	<i>Capital redemption reserve fund</i> <i>£</i>	<i>Total profit and loss account</i> <i>£</i>	<i>shareholders' funds</i> <i>£</i>
At 31 December 2001	10,386,639	–	(560,137)	9,826,502
Profit for the year	–	–	349,484	349,484
At 31 December 2002	10,386,639	–	(210,653)	10,175,986
Preference shares redeemed in year	(30,000)	–	–	(30,000)
Profit for the year	–	–	572,637	572,637
Transfer to capital redemption reserve fund	–	30,000	(30,000)	–
At 31 December 2003	10,356,639	30,000	331,984	10,718,623

<i>Company</i>	<i>Share capital</i> <i>£</i>	<i>Capital redemption reserve fund</i> <i>£</i>	<i>Total profit and loss account</i> <i>£</i>	<i>shareholders' funds</i> <i>£</i>
At 31 December 2001	10,386,639	–	1,253,517	11,640,156
Profit for the year	–	–	215,033	215,033
At 31 December 2002	10,386,639	–	1,468,550	11,855,189
Preference shares redeemed in year	(30,000)	–	–	(30,000)
Profit for the year	–	–	642,039	642,039
Transfer to capital redemption reserve fund	–	30,000	(30,000)	–
At 31 December 2003	10,356,639	30,000	2,080,589	12,467,228

21. Notes to the statement of cash flows

(c) Reconciliation of operating profit to net cash inflow from operating activities:

	<i>2003</i> <i>£</i>	<i>2002</i> <i>£</i>
Operating profit	2,424,112	2,464,036
Depreciation	745,609	663,936
Amortisation of goodwill	1,146,782	1,144,694
Decrease in debtors	162,492	(141,834)
Decrease in stocks	1,111,862	960,886
(Decrease)/Increase in creditors	(408,466)	630,999
Profit on sale of fixed assets	(28,247)	(115,354)
Net cash inflow from operating activities	5,154,144	5,607,363

Notes to the financial statements

at 31 December 2003

21. Notes to the statement of cash flows (continued)

(b) Analysis of cash inflow for headings netted in the statement of cash flows

	2003 £	2002 £
Returns on investments and servicing of finance		
Interest received	4,245	13,146
Interest paid	(1,040,852)	(1,211,772)
Income from investments	87,612	25,560
Minority interests dividends	(6,000)	(6,000)
	<u>(954,995)</u>	<u>(1,179,066)</u>
	2003 £	2002 £
Acquisitions		
Purchase of minority interest in subsidiary undertakings	–	(151,110)
Purchase of unincorporated businesses	(20,000)	–
Sale of interest in subsidiary undertaking to minority interest	–	20,000
	<u>(20,000)</u>	<u>(131,110)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(602,736)	(1,107,466)
Sale of tangible fixed assets	86,134	338,487
	<u>(516,602)</u>	<u>(768,979)</u>
Financing		
Decrease in long term bank loans	(2,247,817)	(1,751,915)
(Decrease)/increase in other long term loans	(43,975)	(225,500)
Capital element of hire purchase agreements	–	(33,285)
Redemption of preference share capital	(30,000)	–
	<u>(2,321,792)</u>	<u>(2,010,700)</u>

Notes to the financial statements

at 31 December 2003

21. Notes to the statement of cash flows (continued)

(c) Analysis of changes in net debt

	At 1 January 2003 £	Cash flow £	At 31 December 2003 £
Cash at bank and in hand	914,046	498,504	1,412,550
Overdrafts	(88,941)	88,941	—
Cash	825,105	587,445	1,412,550
Bank Loans	(3,881,348)	2,247,817	(1,633,531)
Loan notes	(14,600,900)	—	(14,600,900)
Other loans	(231,975)	43,975	(188,000)
	(17,889,118)	2,879,237	(15,009,881)

22. Other financial commitments

At 31 December 2003 the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings		Other	
	2003	2002	2003	2002
	£	£	£	£
Operating leases which expire:				
Within one year	106,079	128,997	—	—
In two to five years	286,700	345,779	—	—
In over five years	751,646	664,805	—	—
	1,144,425	1,139,581	—	—

23. Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £58,675 (2002: £20,000) the group and £51,175 (2002: £20,000) for the company.

24. Related parties

Included in loans (note 17) are amounts of £6,472,700 (2002: £6,472,700) loaned from S G West and members of his family. Also included is a loan of £1,818,200 (2002: £1,818,200) from M E Forde.

Included in loans (note 17) is an amount of £1,810,000, (2002: £1,810,000) loaned from the German and Swedish Pension fund in which S G West and M E Forde have beneficial interests.

25. Post Balance Sheet events

On 7 July 2004 the company redeemed 849,558 preferences shares of £1 each for £519,873.

On 7 July 2004 the company purchased 11,996 A ordinary shares of £1 each and 2,281 B ordinary shares of £1 each of its own shares at par value.