

# Speedpart (Group) Limited

## REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

31 December 2002



Company Registration No. 03616842

# Speedpart (Group) Limited

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# Speedpart (Group) Limited

## DIRECTORS AND OFFICERS

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### DIRECTORS

RKG Anderson (resigned 5 October 2002)  
PA Briggs (appointed 1 May 2002)  
AP Challinor (resigned 29 August 2002)  
PH Giles (appointed 1 May 2002)  
D Wallis (resigned 31 July 2002)

### SECRETARY

PM Holpin

### REGISTERED OFFICE

Greenhill Industrial Estate  
Birmingham Road  
Kidderminster  
Worcestershire  
DY10 2RN

### AUDITORS

Baker Tilly  
Chartered Accountants  
Festival Way  
Stoke-on-Trent  
Staffordshire  
ST1 5BB

# Speedpart (Group) Limited

## DIRECTORS' REPORT

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The directors submit their report and the group financial statements of Speedpart (Group) Limited for the year ended 31 December 2002.

### PRINCIPAL ACTIVITIES

The principal activity of the company is the provision of a management service to its subsidiary undertakings.

The principal activity of subsidiary undertakings during the year was to operate as distributors of motor components.

On 12 July 2002 the company disposed of its 100% shareholding in Bodybits Holdings Limited and its subsidiaries ("Bodybits") for a cash consideration of £300,000. As part of the disposal the group assumed the overdraft of Bodybits and wrote off all inter-company trading liabilities. The proceeds of the disposal have been retained within the on-going business.

### RESULTS AND DIVIDENDS

The group trading loss for the year, after taxation and minority interests, was £2,983,000 (2001: loss £7,713,000).

The directors do not recommend the payment of a dividend (2001: £nil).

### REVIEW OF THE BUSINESS

A fundamental review of the business was commenced following the appointment in May 2002 of a new management team. As a result of this review the group have disposed of the loss making, non-core business represented by Bodybits Holdings Limited and its subsidiaries for a consideration of £300,000. Litigation against Dixon Motors PLC and Dixon Motors Property Limited was also settled in our favour (for £1.4 million gross) which arose following the original acquisition of GP Automotive Limited, Auto-Delta Limited and Renu Automotive Limited (collectively "GPD"). This has been a major distraction for group management in the past and having settled the claim in May 2002 we have been able to focus on the core operational and financial issues facing GPD.

The ongoing operations of the business have been consolidated into one site at Kidderminster and the three businesses are now administered as one, with common sales and service functions, as well as single warehousing and financial administration. As a result of this rationalisation we have now completed a redundancy exercise, which included the redundancy of the group management infrastructure associated with the previous strategy of offering a same day delivery service for GPD customers using the Bodybits depots. GPD has reverted to its core strengths, offering a comprehensive brand and own label product range to the buying groups and independent motor factors on an overnight delivery basis. This service is complemented by niche positions represented by the Triple P (performance products) range and Renu engine repair services. In the last six months we have focused on improving customer service, particularly telephone support, commenced a major programme for updating all the product catalogues and improved product availability by re-building supplier relationships. We have also introduced new product ranges, including Purolator filters, which has enabled us to produce a steady improvement in average daily sales throughout the first quarter of 2003. This has been possible because of the refinancing of the business, which has been largely completed.

# Speedpart (Group) Limited

## DIRECTORS' REPORT

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### REVIEW OF THE BUSINESS (continued)

The refinancing of the business incorporates the following:

- In July 2002, £6.5 million of debt owed to 3i was converted into share capital. This was then sold to PH Giles & Co Limited, which now owns 75% of the company.
- PH Giles & Co Limited introduced £0.5 million of cash to the group, which was matched by new funds advanced by the group's bankers, giving new liquidity of £1.0 million
- A further £0.5 million of cash will be introduced in 2003, funded equally by PH Giles & Co Limited and the group's bankers.
- A total of £3.7 million of bank debt will be converted into equity following completion of the mandatory share transfers from "old" management, which will be completed following a formal valuation exercise.

Overall, the business has settled down following the restructuring during 2002 and the directors are looking forward to a year of real progress and re-building of Speedpart's market positioning; the year has begun in line with our expectations.

### MARKET VALUE OF LAND AND BUILDINGS

The directors are of the opinion that the market value of property at 31 December 2002 would exceed the net book value included in the financial statements, but they are unable to quantify this excess in the absence of a professional valuation, the costs of which are not considered justifiable in view of the group's intention to retain ownership of its existing property for use in its business for the foreseeable future.

### DIRECTORS

The following directors have held office since 1 January 2002:

RKG Anderson (resigned 5 October 2002)  
PA Briggs (appointed 1 May 2002)  
AP Challinor (resigned 29 August 2002)  
PH Giles (appointed 1 May 2002)  
D Wallis (resigned 31 July 2002)

### DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of group companies.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company were granted to any of the directors or their immediate families, or exercised by them during the financial year.

# Speedpart (Group) Limited

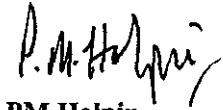
## DIRECTORS' REPORT

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### AUDITORS

A resolution to reappoint Baker Tilly, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

By order of the board



**PM Holpin**  
Secretary

Greenhill Industrial Estate  
Birmingham Road  
Kidderminster  
Worcestershire  
DY10 2RN

16 September 2003

# Speedpart (Group) Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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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 the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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 requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SPEEDPART (GROUP) LIMITED

We have audited the financial statements on pages 8 to 31.

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 auditor's 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**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

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 whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company and other members of the group is not disclosed.

We read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### **Basis of 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.

### **Going Concern**

In forming our opinion we have considered the adequacy of the disclosures made in the Accounting Policies section concerning the uncertainty as to the continuation of support by the group's bankers. In view of the significance of this uncertainty, we consider that it should be drawn to your attention, but our opinion is not qualified in this respect.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SPEEDPART (GROUP)  
LIMITED (continued)

**Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 31 December 2002 and of the group loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Baker Tilly,*

**BAKER TILLY**  
Registered Auditor  
Chartered Accountants  
Festival Way  
Stoke-on-Trent  
Staffordshire  
ST1 5BB

14<sup>th</sup> OCTOBER 2003

**Speedpart (Group) Limited**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
for the year ended 31 December 2002

	Note	2002 £000	2001 £000
TURNOVER			
- Continuing operations	2	7,233	11,474
- Discontinued operations	2	1,730	3,712
		<hr/>	<hr/>
TURNOVER	1	8,963	15,186
Cost of sales	2	(6,757)	(11,139)
		<hr/>	<hr/>
GROSS PROFIT	2	2,206	4,047
Distribution costs	2	(680)	(531)
Administrative expenses	2	(4,589)	(5,506)
Other operating income	2	322	-
Amounts written off goodwill	2	632	(4,800)
OPERATING LOSS			
- Continuing operations	2	(1,973)	(5,635)
- Discontinued operations	2	(136)	(1,155)
OPERATING LOSS	2	(2,109)	(6,790)
Loss on disposal of subsidiary undertaking	21	(265)	-
Other interest receivable	3	9	107
Interest payable and similar charges	4	(601)	(1,052)
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	1-6	(2,966)	(7,735)
Taxation	7	(17)	22
		<hr/>	<hr/>
RETAINED LOSS FOR THE YEAR		(2,983)	(7,713)
		<hr/>	<hr/>
RETAINED LOSS FOR THE YEAR			
- The company		(1,896)	(1,562)
- Group undertakings		(1,087)	(6,151)
		<hr/>	<hr/>
		(2,983)	(7,713)
		<hr/>	<hr/>

No separate statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

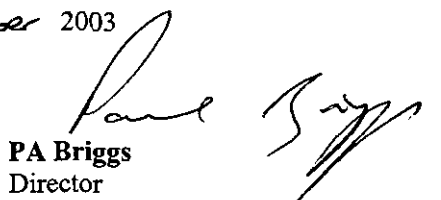
**Speedpart (Group) Limited**  
**CONSOLIDATED BALANCE SHEET**  
**At 31 December 2002**

	Note	2002 £000	2001 £000
<b>FIXED ASSETS</b>			
Tangible assets	8	2,144	2,825
<b>CURRENT ASSETS</b>			
Stocks	10	1,042	2,348
Debtors	11	2,051	3,427
Cash at bank and in hand		1,854	2,347
		<u>4,947</u>	<u>8,122</u>
CREDITORS: Amounts falling due within one year	12	(12,037)	(11,049)
<b>NET CURRENT LIABILITIES</b>		<u>(7,090)</u>	<u>(2,927)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(4,946)</u>	<u>(102)</u>
<b>CREDITORS: Amounts falling due in more than one year</b>	13	29	8,852
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	14	558	48
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	887	667
Share premium account	16	6,232	-
Profit and loss account	17	(12,652)	(9,669)
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>(5,533)</u>	<u>(9,002)</u>
		<u>(4,946)</u>	<u>(102)</u>

Approved by the board on 16 September 2003



**PH Giles**  
Director



**PA Briggs**  
Director

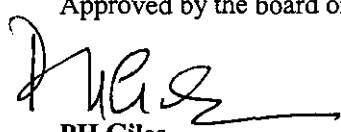
# Speedpart (Group) Limited

## BALANCE SHEET

At 31 December 2002

	Note	2002		2001	
		£000	£000	£000	£000
<b>FIXED ASSETS</b>					
Tangible assets	8		-		165
Investments	9		-		-
			-		165
<b>CURRENT ASSETS</b>					
Debtors of which £16,031,000 (2001: £15,794,000) is recoverable in more than one year	11	16,273		16,133	
<b>CREDITORS: Amounts falling due within one year</b>	12	(13,200)		(9,166)	
<b>NET CURRENT ASSETS</b>			3,073		6,967
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			3,073		7,132
<b>CREDITORS: Amounts falling due in more than one year</b>	13		-		8,833
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	14		218		-
<b>CAPITAL AND RESERVES</b>					
Called up share capital	15	887		667	
Share premium account	16	6,232		-	
Profit and loss account	17	(4,264)		(2,368)	
<b>EQUITY SHAREHOLDERS' FUNDS</b>			2,855		(1,701)
			3,073		7,132

Approved by the board on 16 September 2003

  
**PH Giles**  
 Director

  
**PA Briggs**  
 Director

**Speedpart (Group) Limited**  
**CONSOLIDATED CASH FLOW STATEMENT**  
for the year ended 31 December 2002

	Note	2002		2001	
		£000	£000	£000	£000
CASH FLOW FROM OPERATING ACTIVITIES	18		177		171
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received		9		7	
Interest paid		(591)		(380)	
Interest element of finance lease rental payments		(10)		(6)	
NET CASH OUTFLOW FOR RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			(592)		(379)
TAXATION			(2)		22
CAPITAL EXPENDITURE					
Purchase of tangible fixed assets		(104)		(152)	
Sale of tangible fixed assets		359		13	
NET CASH INFLOW/(OUTFLOW) FOR CAPITAL EXPENDITURE			255		(139)
ACQUISITIONS AND DISPOSALS					
Deferred consideration adjustment		-		(18)	
Sale of business	21	300		-	
Cash disposed of with business	21	(2)		-	
NET CASH INFLOW/(OUTFLOW) FOR ACQUISITIONS AND DISPOSALS			298		(18)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING			136		(343)
FINANCING					
Repayment of bank loans		-		(81)	
Capital element of finance lease rental payments		(60)		(37)	
NET CASH OUTFLOW FROM FINANCING			(60)		(118)
INCREASE/(DECREASE) IN CASH IN THE YEAR	20		76		(461)

# Speedpart (Group) Limited

## RECONCILIATIONS OF MOVEMENTS IN SHAREHOLDERS' FUNDS

for the year ended 31 December 2002

	Group		Company	
	2002	2001	2002	2001
	£000	£000	£000	£000
LOSS FOR THE FINANCIAL YEAR	(2,983)	(7,713)	(1,896)	(1,562)
New share capital subscribed	6,452	-	6,452	-
NET ADDITION TO/(REDUCTION IN) SHAREHOLDERS' FUNDS	3,469	(7,713)	4,556	(1,562)
Opening shareholders' funds	(9,002)	(1,289)	(1,701)	(139)
CLOSING SHAREHOLDERS' FUNDS	(5,533)	(9,002)	2,855	(1,701)

# Speedpart (Group) Limited

## ACCOUNTING POLICIES

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### BASIS OF ACCOUNTING

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

The financial statements have been prepared on the going concern basis, which assumes that the company and group will continue to operate for the foreseeable future, and which the directors believe to be appropriate for the following reasons.

The group and the company meet their day-to-day working capital requirements through facilities provided by the bank. Whilst the final elements of the financial restructuring are still to be completed, the directors have prepared cash flow forecasts which indicate that the group and the company are able to continue to operate within their existing facilities. On the basis of these cash flow forecasts and discussions with the group's bankers, the directors are of the opinion that it is appropriate to prepare the financial statements on the going concern basis.

Without the restructuring of the company's financing, the company will not be able to continue to meet its debts as they fall due. Although a refinancing package has been agreed in principle in July 2002, as yet this financing has not been completed. The bank loans are secured on the company's and the group's assets; if the bank were to appoint a receiver to realise these assets, the company would be unable to continue to operate.

Should the group become no longer able to trade, adjustments would have to be made to reduce the value of the group's assets to their realisable amounts, to provide for any future liabilities that might arise, and to reclassify fixed assets and long term liabilities as current assets and liabilities.

The company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the Speedpart Group (or investees of the group qualifying as related parties).

### BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of Speedpart (Group) Limited and all of its subsidiary undertakings for the year. Subsidiaries acquired during the year are consolidated using the acquisition method. Their results are incorporated from the date that control passes. The difference between the cost of acquisition of shares in subsidiaries and the fair value of the separable net assets acquired is capitalised and written off on a straight line basis over its estimated economic life. Provision is made for impairment. All financial statements are made up to 31 December 2002.

As permitted by Section 230(4) of the Companies Act 1985, the company has not presented its own profit and loss account.

### TANGIBLE FIXED ASSETS

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Freehold buildings	- 2% per annum straight line
Plant and machinery, fixtures and fittings	- 15-33% per annum straight line
Motor vehicles	- 25% per annum straight line

### INVESTMENTS

Fixed asset investments are stated at cost. Provision is made for any impairment in the value of fixed asset investments.

# Speedpart (Group) Limited

## ACCOUNTING POLICIES

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### STOCKS AND WORK IN PROGRESS

Stocks and work in progress are valued at the lower of cost and net realisable value. In determining the cost of materials, consumables and goods purchased for resale the average FIFO purchase price is used. For work in progress and finished goods, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

### FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

### 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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

### LEASED ASSETS AND OBLIGATIONS

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

### RETIREMENT BENEFITS

The company does not operate a pension scheme but makes contributions to employees' personal pension plans. The amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

### TURNOVER

Turnover represents the invoiced value, net of Value Added Tax of goods and services provided to customers. Turnover is derived entirely from the company's principal activities. Revenue is recognised when substantially all of the obligations under a sales contract have been fulfilled.

**Speedpart (Group) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2002

**1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

The analysis of turnover and profit before taxation by class of business and the geographical analysis of turnover have not been given as in the opinion of the directors such disclosure would be severely prejudicial to the interests of the group.

**2 ANALYSIS OF CONTINUING AND DISCONTINUED OPERATIONS**

	2002			2001		
	Continuing £000	Discontinued £000	Total £000	Continuing £000	Discontinued £000	Total £000
<b>TURNOVER</b>	<b>7,233</b>	<b>1,730</b>	<b>8,963</b>	<b>11,474</b>	<b>3,712</b>	<b>15,186</b>
Cost of sales	(5,634)	(1,123)	(6,757)	(8,811)	(2,328)	(11,139)
<b>GROSS PROFIT</b>	<b>1,599</b>	<b>607</b>	<b>2,206</b>	<b>2,663</b>	<b>1,384</b>	<b>4,047</b>
Distribution costs	(680)	-	(680)	(531)	-	(531)
Administrative expenses	(3,846)	(743)	(4,589)	(2,967)	(2,539)	(5,506)
Other operating income	322	-	322	-	-	-
Amounts written off goodwill	632	-	632	(4,800)	-	(4,800)
<b>OPERATING LOSS</b>	<b>(1,973)</b>	<b>(136)</b>	<b>(2,109)</b>	<b>(5,635)</b>	<b>(1,155)</b>	<b>(6,790)</b>

**3 OTHER INTEREST RECEIVABLE**

	2002 £000	2001 £000
Bank interest	9	7
Other loans waived	-	100
	<b>9</b>	<b>107</b>

**4 INTEREST PAYABLE AND SIMILAR CHARGES**

	2002 £000	2001 £000
On bank loans and overdrafts	591	1,046
Finance leases and hire purchase contracts	10	6
	<b>601</b>	<b>1,052</b>

# Speedpart (Group) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2002

5	LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2002 £000	2001 £000
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Loss on ordinary activities before taxation is stated after  
Charging/(crediting):

Depreciation and amounts written off tangible fixed assets:

Charge for the year		
Owned assets	184	234
Loss on disposal of fixed assets	122	-
Amortisation of goodwill	-	405
Amounts written back against goodwill	(632)	-
Goodwill written off due to impairment	-	4,800
Operating lease rentals:		
Plant and machinery	99	247
Other	139	385
Auditors' remuneration:		
Audit	29	42
Other services	-	8

Fees paid by Speedpart (Group) Limited to the auditors for audit services were £1,000 (2001: £5,000) and for other services were £nil (2001: £nil).

6	EMPLOYEES	2002 Number	2001 Number
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The average monthly number of persons (including directors)  
employed by the group during the year was:

Administration and management	23	27
Selling and distribution	80	120
	103	147

2002 £000	2001 £000
--------------	--------------

Staff costs for the above persons:

Wages and salaries	1,491	2,357
Social security costs	112	161
Other pension costs	17	21
	1,620	2,539

**Speedpart (Group) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2002**

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6 EMPLOYEES (continued)

DIRECTORS' REMUNERATION

	2002 £000	2001 £000
Emoluments	156	287
Amounts paid to personal pension plans	24	7
Compensation for loss of office	49	-
Total emoluments	<u>229</u>	<u>294</u>

	Number	Number
The number of directors to whom relevant benefits are accruing under:		
Individual personal pension plans was	<u>2</u>	<u>2</u>

# Speedpart (Group) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2002

7	TAXATION	2002 £000	2001 £000
	Current tax:		
	UK corporation tax on profits of the year	-	-
	Adjustments in respect of previous periods	(3)	(22)
	Total current tax	(3)	(22)
	Deferred tax:		
	Adjustments in respect of previous periods	20	-
	Total deferred tax	20	-
	Tax on profit on ordinary activities	17	(22)

2002  
£000

2001  
£000

Factors affecting tax charge for the year:

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

Loss on ordinary activities before tax	(2,966)	(7,735)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK 30% (2001: 30%)	(890)	(2,321)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	502	180
Capital allowances in excess of depreciation	76	9
Losses brought/carried forward	422	747
Goodwill/investment written off	(190)	1,420
Loss on disposal of subsidiary	80	-
Other timing differences	-	(35)
Adjustment to tax charge in respect of previous periods	(3)	(22)
Current tax charge for the year	(3)	(22)

# Speedpart (Group) Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2002

### 8 TANGIBLE FIXED ASSETS

	Freehold land and buildings	Leasehold improvements	Plant and machinery, fixtures and fittings	Motor vehicles	Total
	£000	£000	£000	£000	£000
<b>GROUP</b>					
<i>Cost</i>					
At beginning of year	2,234	9	843	121	3,207
Additions	74	-	30	-	104
Disposals	-	(9)	(847)	(121)	(977)
Reclassification	47	-	761	-	808
Transfer to current assets	(173)	-	(241)	-	(414)
At end of year	2,182	-	546	-	2,728
<i>Depreciation</i>					
At beginning of year	137	2	176	67	382
Charged in the year	62	-	113	9	184
Disposals	-	(2)	(551)	(76)	(629)
Reclassification	11	-	797	-	808
Transfer to current assets	(87)	-	(74)	-	(161)
At end of year	123	-	461	-	584
<i>Net book value</i>					
<b>At 31 December 2002</b>	<b>2,059</b>	<b>-</b>	<b>85</b>	<b>-</b>	<b>2,144</b>
At 31 December 2001	2,097	7	667	54	2,825

The gross book value of freehold land and buildings includes £1,682,000 (2001: £1,734,000) of depreciable assets.

**Speedpart (Group) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2002

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8 TANGIBLE FIXED ASSETS (continued)

	Plant and machinery, fixtures and fittings £000	Motor vehicles £000	Total £000
<b>COMPANY</b>			
<i>Cost</i>			
At beginning of year	180	76	256
Intercompany transfer	-	44	44
Disposals	-	(120)	(120)
Transfer to current assets	(180)	-	(180)
	<hr/>	<hr/>	<hr/>
At end of year	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At beginning of year	42	49	91
Intercompany transfer	-	27	27
Charged in the year	19	-	19
Disposals	-	(76)	(76)
Transfer to current assets	(61)	-	(61)
	<hr/>	<hr/>	<hr/>
At end of year	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2002	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2001	138	27	165
	<hr/>	<hr/>	<hr/>

# Speedpart (Group) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2002

### 9 FIXED ASSET INVESTMENTS

Shares in  
group  
undertakings  
£000

#### COMPANY

Cost and net book value:

At beginning and end of year

-

The company holds more than 20% of the equity (and no other share or loan capital) of the following undertakings:

Subsidiary undertaking	Country of registration	Principal activity	Class and percentage of shares held	
			Group	Company
Speedpart Limited	United Kingdom	Holding company	100% ordinary	100% ordinary
GP Automotive Limited	United Kingdom	Motor component distributor	100% ordinary	-
Auto-Delta Limited	United Kingdom	Motor component distributor	100% A ordinary	-
Renu Automotive Limited	United Kingdom	Motor component distributor	100% ordinary	-
The Gordon Plunkett Group Limited	United Kingdom	Dormant	100% ordinary	-
Contract Distribution Services Limited	United Kingdom	Dormant	100% ordinary	-
Motatorque Limited	United Kingdom	Dormant	100% ordinary	-
Renu Bus and Truck Limited	United Kingdom	Dormant	100% ordinary	-

On 12 July 2002 the group disposed of its 100% shareholding in Bodybits Holdings Limited and its subsidiaries ("Bodybits") for a cash consideration of £300,000. As part of the disposal the group assumed the overdraft of Bodybits and wrote off all intercompany trading liabilities. The proceeds of the disposal have been retained within the ongoing business.

### 10 STOCKS

	Group		Company	
	2002 £000	2001 £000	2002 £000	2001 £000
Finished goods and goods for resale	1,042	2,348	-	-

**Speedpart (Group) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2002

11	DEBTORS	Group		Company	
		2002 £000	2001 £000	2002 £000	2001 £000
	<i>Due within one year:</i>				
	Assets held for disposal	253	-	119	-
	Trade debtors	1,522	2,690	-	-
	Amounts owed by group undertakings	-	-	-	-
	Other debtors	213	170	123	106
	Prepayments and accrued income	63	547	-	233
	Deferred tax asset	-	20	-	-
		<u>2,051</u>	<u>3,427</u>	<u>242</u>	<u>339</u>
	<i>Due in more than one year:</i>				
	Amounts owed by group undertakings	-	-	16,031	15,794
		<u>2,051</u>	<u>3,427</u>	<u>16,273</u>	<u>16,133</u>

12	CREDITORS: Amounts falling due within one year	Group		Company	
		2002 £000	2001 £000	2002 £000	2001 £000
	Bank loans and overdrafts	8,321	5,485	8,207	4,040
	Obligations under finance leases	18	88	-	35
	Trade creditors	1,715	3,470	-	-
	Amounts owed to group undertakings	500	-	4,894	4,255
	Corporation tax	-	2	-	-
	Other taxation and social security costs	95	401	-	-
	Accruals and deferred income	153	1,603	99	836
	Other creditors	1,235	-	-	-
		<u>12,037</u>	<u>11,049</u>	<u>13,200</u>	<u>9,166</u>

**Speedpart (Group) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2002

13 CREDITORS: Amounts falling due in more than one year

	Group		Company	
	2002	2001	2002	2001
	£000	£000	£000	£000
Bank loans and overdrafts	-	8,833	-	8,833
Obligations under finance leases	29	19	-	-
	<u>29</u>	<u>8,852</u>	<u>-</u>	<u>8,833</u>

The bank loans and overdrafts from the Bank of Scotland are secured as follows:

- A first legal charge over the land and buildings.
- A debenture from each group company.
- Guarantees (incorporating set off arrangements) by each group company in favour of Bank of Scotland on account of each other.
- A first legal charge over cash deposit executed by the purchaser in favour of Bank of Scotland.
- A counter-indemnity executed by the purchaser in favour of Bank of Scotland counter-indemnifying Bank of Scotland for any amount outstanding under the guarantee facility.

**ANALYSIS OF DEBT MATURITY**

	Group		Company	
	2002	2001	2002	2001
	£000	£000	£000	£000
Amounts payable:				
In one year of less or on demand	8,321	5,523	8,207	4,079
In more than one year but not more than two years	-	-	-	-
In more than two years but not more than five years	-	6,654	-	6,654
In five years or more	-	2,331	-	2,331
	<u>8,321</u>	<u>14,508</u>	<u>8,207</u>	<u>13,064</u>
Less future finance charges	-	(190)	-	(191)
	<u>8,321</u>	<u>14,318</u>	<u>8,207</u>	<u>12,873</u>

The final stage of the financial restructuring of the business will be completed following completion of the mandatory share transfers from "old" management. This will result in £3.7 million of the bank debt being converted into equity.

**Speedpart (Group) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2002**

**13 CREDITORS: Amounts falling due in more than one year (continued)**

Obligations under finance leases and hire purchase contracts:

	Group		Company	
	2002	2001	2002	2001
	£000	£000	£000	£000
Amounts payable:				
Within one year	21	59	-	38
Within two to five years	35	63	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	56	122	-	38
Less future finance charges	(9)	(15)	-	(3)
	<hr/>	<hr/>	<hr/>	<hr/>
	47	107	-	35
	<hr/>	<hr/>	<hr/>	<hr/>

**14 PROVISIONS FOR LIABILITIES AND CHARGES**

	Other provisions £000	Property provision £000	Total £000
<b>GROUP</b>			
At beginning of year	-	48	48
Transfer from profit and loss account	105	405	510
	<hr/>	<hr/>	<hr/>
At end of year	105	453	558
	<hr/>	<hr/>	<hr/>
			Property provision £000
<b>COMPANY</b>			
At beginning of year			-
Transfer from profit and loss account			218
			<hr/>
At end of year			218
			<hr/>

# Speedpart (Group) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2002

15	SHARE CAPITAL	2002	2001
		£000	£000
	Authorised:		
	Equity: 256,140 ordinary shares of £1 each	256	256
	445,614 'A' ordinary shares of £1 each	446	446
	220,545 'B' ordinary shares of £1 each	220	-
		<u>922</u>	<u>702</u>
	Allotted, issued and fully paid:		
	Equity: 221,053 ordinary shares of £1 each	221	221
	445,614 'A' ordinary shares of £1 each	446	446
	220,545 'B' ordinary shares of £1 each	220	-
		<u>887</u>	<u>667</u>

The following share movements occurred during the year:

- On 31 July 2002 the authorised share capital of the company was increased by £220,545;
- On 31 July 2002 220,545 'B' ordinary shares of £1 each were issued in return for the capitalisation of £6,452,000 of third party loan balances. The share issue generated share premium of £6,232,000.

### 'A' ORDINARY SHARES AND 'B' ORDINARY SHARES

The shares carry the following dividend rights:

- a participating dividend equal to 15% of net profit for each financial year, where net profit is the consolidated profit on ordinary activities before taxation adjusted by adding back amortisation of goodwill and amounts in excess of £250,000 in aggregate in respect of benefits payable to directors. This accrues from the date of subscription;
- a compensatory dividend equal to excess directors benefits (described above) divided by the number of ordinary shares held by the relevant directors on the last day of the financial period;
- a share of the remaining profits following the payment of all other dividends where 'A' ordinary shares rank pari passu with ordinary shares. This dividend can only be distributed if agreed to by 75% of 'A' ordinary shareholders.

On a return of assets on liquidation or capital reduction or otherwise, the assets remaining following the payment of all liabilities shall be applied firstly in paying 'A' ordinary shareholders £1 per share together with a sum equal to any arrears or accruals of dividends calculated to the return of capital.

The balance of assets after this and the payment of £1 per share to ordinary shareholders will be distributed to 'A' ordinary shareholders and ordinary shareholders, ranking pari passu, in proportion to the amounts paid up.

The holders of 'A' ordinary shares may at any time convert the whole of their 'A' ordinary shares into a like number of ordinary shares.

# Speedpart (Group) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2002

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### 15 SHARE CAPITAL (continued)

'A' ordinary shares and ordinary shares carry one vote per share.

The 'B' ordinary shares rank pari-pasu, in all respects, with the 'A' ordinary shares.

#### ORDINARY SHARES

The shares carry the following dividend rights, after December 2003 subject to there being no arrears on capital or interest on loans and no dividend arrears:

- an amount up to the level of the participating dividend paid on each 'A' ordinary share, as determined by the directors
- a share of the remaining profits following the payment of all other dividends where 'A' ordinary shares rank pari passu with ordinary shares. This dividend can only be distributed if agreed to by 75% of 'A' ordinary shareholders.

On a return of assets on liquidation or capital reduction or otherwise the assets remaining following the payments to 'A' ordinary shareholders described above should be paid to ordinary shareholders up to £1 per share.

The balance of assets after this and the payment of £1 per share to 'A' ordinary shareholders plus dividend arrears will be distributed to 'A' ordinary shareholders and ordinary shareholders, ranking pari passu, in proportion to the amounts paid up.

Ordinary shares and 'A' ordinary shares carry one vote per share.

### 16 RESERVES

Share  
premium  
account  
£000

#### GROUP

At beginning of year

-

Premium on allotment during the year

6,232

At end of year

6,232

#### COMPANY

At beginning of year

-

Premium on allotment during the year

6,232

At end of year

6,232

**Speedpart (Group) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2002

17	PROFIT AND LOSS ACCOUNT	Group £000	Company £000
	At beginning of year	(9,669)	(2,368)
	Loss for the financial year	(2,983)	(1,896)
	<b>At end of year</b>	<b>(12,652)</b>	<b>(4,264)</b>

18 RECONCILIATION OF OPERATING PROFIT TO NET CASH  
INFLOW FROM OPERATING ACTIVITIES

	Continuing £000	2002 Discontinued £000	Total £000	2001 Total £000
Operating loss	(1,973)	(136)	(2,109)	(6,790)
Depreciation	171	13	184	234
Amortisation and impairment of goodwill	-	-	-	5,289
Loss on sale of fixed assets	122	-	122	5
(Increase)/decrease in stocks	413	(76)	337	1,062
(Increase)/decrease in debtors	848	(73)	775	906
Increase/(decrease) in creditors	307	32	339	(472)
Increase/(decrease) in provisions	549	(20)	529	(63)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>437</b>	<b>(260)</b>	<b>177</b>	<b>171</b>

**Speedpart (Group) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2002

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19	RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT	£000
	Increase in cash in the year	76
	Cash inflow from increase in debt and lease financing	5,488
		<hr/>
	MOVEMENT IN NET DEBT IN THE YEAR	5,564
	NET DEBT AT 31 DECEMBER 2001	(12,078)
		<hr/>
	<b>NET DEBT AT 31 DECEMBER 2002</b>	<b>(6,514)</b>
		<hr/> <hr/>

20	ANALYSIS OF NET DEBT	At 31 December 2001 £000	Cash flow £000	At 31 December 2002 £000
	Cash in hand and at bank	2,347	(493)	1,854
	Overdrafts	(3,123)	569	(2,554)
			<hr/>	
			76	
	Debt due within one year	(2,362)	(3,405)	(5,767)
	Debt due after one year	(8,833)	8,833	-
	Finance leases	(107)	60	(47)
		<hr/>	<hr/>	<hr/>
	Total	(12,078)	5,564	(6,514)
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Speedpart (Group) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2002

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21	SALE OF BUSINESS	2002 £000
	<i>Net assets disposed of:</i>	
	Tangible fixed assets	120
	Stocks	969
	Debtors	565
	Cash at bank and in hand	2
	Creditors	(1,091)
		<hr/>
	Loss on disposal	565 (265)
		<hr/>
		300
		<hr/>
	Discharged by:	
	Cash	300
		<hr/>

The business sold during the year utilised £260,000 of the group's net operating cash flows, paid £nil in respect of net returns on investments and servicing of finance, paid £nil in respect of taxation and utilised £22,000 for capital expenditure.

22 CAPITAL COMMITMENTS

There were no capital commitments at the end of the financial year (2001:£nil).

**Speedpart (Group) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2002

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**23 COMMITMENTS UNDER OPERATING LEASES**

	Group		Company	
	2002	2001	2002	2001
	£000	£000	£000	£000
At 31 December 2002 the group had annual commitments under non-cancellable operating leases as follows:				
Plant and machinery				
Expiring within one year	-	45	-	-
Expiring between two and five years	97	77	-	-
Land and buildings				
Expiring between two and five years	-	137	-	-
Expiring after five years	139	139	-	-
	<u>236</u>	<u>398</u>	<u>-</u>	<u>-</u>

**24 CONTINGENT LIABILITIES**

A cross corporate guarantee is in place covering all group loans and overdrafts with the Bank of Scotland. At the balance sheet date the loans and overdrafts outstanding amounted to £9,610,000 (2001: £9,203,000).

There is a guarantee of £20,000 (2001: £nil) in favour of HM Customs & Excise.

**25 PENSION COMMITMENTS**

The group does not operate a pension scheme but makes contributions to employees' personal pension plans, whose assets are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the group and amounted to £17,000 (2001: £21,000). Contributions totalling £6,000 (2001: £nil) were payable to the plans at the year end and are included in creditors.

# Speedpart (Group) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2002

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### 26 RELATED PARTY TRANSACTIONS

During the financial year the company had the following transactions with related parties as defined by Financial Reporting Standard 8:

<i>Name of related party</i>	<i>Description of relationship</i>	<i>Description of transactions</i>	<i>Aggregate value for financial year</i>	<i>Net amount owed to/(by) Speedpart (Group) Limited</i>
			£000	£000
PH Giles & Co Ltd	Ultimate parent	Management services and financing	215	(515)

All of the above transactions were entered into at arm's length and with normal terms and conditions applying.

### 27 ULTIMATE PARENT COMPANY

The ultimate parent company of Speedpart (Group) Limited is PH Giles & Co Limited, a company incorporated and registered in the United Kingdom.

Copies of the company's financial statements may be obtained from:

Arden House  
Lamb Lane  
Ashley  
Cheshire  
WA14 3QG