

463572

Whitnash plc

Report and Accounts

31 December 2000



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Chairman's Statement

As previously reported, Whitnash plc disposed of the operating assets and liabilities of all of its businesses and UK subsidiary undertakings in November 1999 to a fellow subsidiary of Automotive Products Group Limited. The investment in AP Japan was also sold to a fellow subsidiary of Automotive Products Group Limited.

Consequently, the ongoing results of Whitnash plc comprise interest receivable from amounts owed by group undertakings and other income offset by interest payable on debt and dividends to shareholders.

The remaining assets and liabilities generated an operating profit of £1.1 million in 2000 compared with a loss of £1.6 million in 1999. This follows the sale of the trading businesses in November 1999. An exceptional profit of £4.0 million was realised from the disposal of certain trademarks.

Following the termination of receivables securitisation arrangements and the repayment of £10.0 million of long term debt, net interest received was £1.2 million compared to a charge of £2.4 million in 1999.

As the income of Whitnash plc is generated entirely from fellow group companies, its prospects depend upon the performance of Automotive Products Group Limited and its subsidiaries.



D Hargreaves
28 June 2001

Report of the Directors

The directors have pleasure in presenting their report together with the audited accounts of the Company and of the Group for the year ended 31 December 2000.

Principal activity, review of the business and future developments

The principal activity of the Company and Group in the year under review was the provision of management services to other members of Automotive Products Group Limited. A review of the business and the state of the Group's affairs appears in the Chairman's Statement on page 2 which is deemed to form part of this report.

Group results and dividends

The consolidated profit for the year after taxation amounted to £6.3m. Details of the equity and non-equity dividends are shown in note 8 to the accounts.

Board of directors

The membership of the Board at 31 December 2000 is set out below. All of the directors served on the Board throughout the year.

None of the directors has any interest in any class of shares of the Company.

The directors and their beneficial interest in the share capital of the parent undertaking, Automotive Products Group Limited, were as follows:-

	<i>At 31 December 2000</i>			<i>At 31 December 1999</i>		
	<i>Ord.</i>	<i>'B'Ord.</i>	<i>Pref.</i>	<i>Ord.</i>	<i>'B'Ord.</i>	<i>Pref.</i>
D Hargreaves	2,767	769	70,274	2,767	769	70,274
A C Buckmaster	11,070	1,000	158,630	11,070	1,000	158,630
K B Connolly	8,304	-	74,736	8,304	-	74,736

Messrs T J Smith and M Wingrove resigned as directors on 10 January 2000.

The interests of the current directors are unchanged at 28 June 2001.

Substantial shareholding

The entire issued ordinary and deferred share capital of the Company is owned by Automotive Products Group Limited and its subsidiary undertakings.

Charitable contributions

During the year the Group made charitable contributions of £15,000 (1999: £12,000).

Payment policy

It is the policy of the Company to pay its suppliers in accordance with agreed terms. At 31 December 2000 trade purchases outstanding for the Company and Group were both equivalent to nil days (1999: nil).

Report of the Directors

Directors' responsibilities for the accounts

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that year. In preparing those accounts, 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 accounts; and
- prepare accounts on the going concern basis unless 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 Group and to enable them to ensure that the accounts comply with 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.

Going concern

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

Auditors

Ernst & Young has stated that it is intending to transfer its business to a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000, to be called Ernst & Young LLP, on 28 June 2001. The directors have consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

By order of the Board



L D Goodwin

Secretary

28 June 2001

Registered Office

PO Box 2085
Tachbrook Road
Leamington Spa
Warwickshire
CV31 3ZL

Company Number

463572

Report of the Auditors to the shareholders of Whitnash plc

We have audited the accounts on pages 6 to 24 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 4, this includes responsibility for preparing the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibility, as independent auditors, are established in the United Kingdom by statute, The Auditing Practices Board, the Listing Rules of the Financial Services Authority and by our profession's ethical guidance.

We report to you our opinion as to whether the accounts 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' report is not consistent with the accounts, 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 the information specified by law or the Listing Rules regarding directors' remuneration and transactions with the Group is not disclosed.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited accounts. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts.

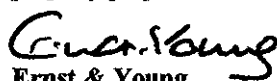
Basis of audit opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Group'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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company and of the Group at 31 December 2000 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
Registered Auditor
Birmingham

28 June 2001

Accounting Policies

Basis of preparation

The accounts have been prepared in accordance with applicable Accounting Standards and under the historical cost convention. The accounts for 1999 were prepared on the basis that the operating assets and liabilities of subsidiary companies and of the Company were sold to fellow subsidiary undertakings of Automotive Products Group Limited. The principal accounting policies of the Group are set out below.

Basis of consolidation

The consolidated profit and loss account, balance sheet and cash flow statement incorporate the audited accounts of all subsidiary undertakings for the year ended 31 December 2000. No profit and loss account is presented for Whitnash plc as permitted by section 230 of the Companies Act 1985.

The consolidated profit and loss account includes the results of businesses acquired during the year from their effective dates of acquisition and the results of businesses sold up to the dates of disposal.

Goodwill

Goodwill on acquisitions prior to 31 December 1997 has been taken to reserves. This goodwill has not been reinstated on the implementation of FRS10.

If a subsidiary, associate or business is subsequently sold or closed, any goodwill arising on acquisition that was written off directly to reserves is taken into account in determining the profit or loss on sale or closure.

Investments

Investments are stated at cost less amounts provided.

Foreign currencies

The trading results of overseas subsidiary companies were translated into sterling at average rates of exchange for the year and assets and liabilities at the exchange rates ruling at the end of the year unless matched by forward contracts. Exchange differences arising on the translation of overseas subsidiaries were taken directly to reserves. Other exchange differences on transactions were dealt with in the profit and loss account.

Turnover

Turnover, all of which was attributable to discontinued activities, comprised the invoiced value of goods supplied by the Group excluding inter-company transactions and sales taxes. The discontinued activities comprised one business segment, the manufacture and distribution of automotive components.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences, including those relating to pensions, which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Accounting Policies

Pension funds

The majority of the Company's employees were members of the Automotive Products Pension Scheme 1995 and the Automotive Products Executive Pension Scheme. These schemes are operated by the ultimate parent undertaking, Automotive Products Group Limited. Contributions to these pension schemes were charged to the profit and loss account so as to spread the cost of pensions over employees' working lives. The contribution levels are determined by valuations undertaken by independent qualified actuaries.

Tangible fixed assets

Tangible fixed assets were stated in the balance sheet at cost less accumulated depreciation. Depreciation was provided on the cost of tangible fixed assets less estimated residual value and was calculated on a straight line basis over the following estimated useful lives of the assets.

Land	not depreciated
Freehold property	40 years maximum
Leasehold property	over the term of the lease
Plant and equipment	8-15 years
Tooling, vehicles, computer and office equipment	3-5 years

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

Leases

Where assets are financed by leasing agreements (finance leases) that give rights similar to ownership, the assets are treated as if they had been purchased and the leasing commitments are shown as obligations to the lessor. The capitalised values of the assets are written off on a straight line basis over the shorter of the periods of the leases or the useful lives of the assets concerned. Lease payments are treated as consisting of capital and interest elements. Interest is allocated so as to produce a constant periodic rate of charge to the profit and loss account.

For all other leases (operating leases) the rental payments are charged to the profit and loss account on a straight line basis over the terms of the leases.

Whitnash plc

Consolidated Profit and Loss Account For the year ended 31 December 2000

	Notes	2000 £m	1999 £m
Turnover - discontinued activities	1	-	131.7
Net operating costs	2	(0.5)	(124.2)
Other operating income		1.6	-
		<hr/>	<hr/>
Group operating profit/(loss) - continuing activities	3	1.1	(1.6)
- discontinued activities		-	9.1
		<hr/>	<hr/>
		1.1	7.5
Exceptional items - discontinued activities			
Profit on disposal of business undertakings	17	-	54.5
Profit on disposal of trademarks	3	4.0	-
Fundamental restructuring costs	3	-	(2.1)
		<hr/>	<hr/>
Profit on ordinary activities before interest		5.1	59.9
Interest receivable from group undertakings		1.6	-
Interest payable and similar charges	4	(0.4)	(2.4)
		<hr/>	<hr/>
		1.2	(2.4)
		<hr/>	<hr/>
Profit on ordinary activities before and after tax	1	6.3	57.5
Dividends on equity shares	8	-	(56.8)
Dividends on non-equity shares	8	(0.9)	(0.9)
		<hr/>	<hr/>
Transferred to/(from) reserves	14	5.4	(0.2)
		<hr/>	<hr/>

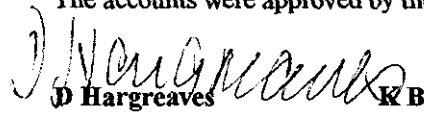
There were no recognised gains or losses other than the profit for the financial year.

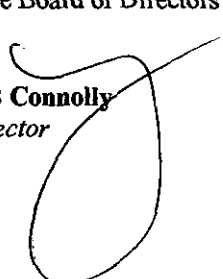
Whitnash plc

Consolidated Balance Sheet At 31 December 2000

	Notes	2000 £m	2000 £m	1999 £m
Current assets				
Debtors: amounts falling due after more than one year	11		50.1	65.7
Debtors: amounts falling due within one year	11			
Gross debtors		15.6		17.3
Less non-refundable amounts received		-		(9.0)
			15.6	8.3
			65.7	74.0
Creditors: amounts falling due within one year	12		8.1	12.9
Net current assets			57.6	61.1
Total assets less current liabilities			57.6	61.1
Creditors: amounts falling due after more than one year	12		2.0	10.9
			55.6	50.2
Capital and reserves	14			
Called up share capital			46.2	46.2
Share premium account			3.6	3.6
Profit and loss account			5.8	0.4
Equity shareholders' funds			29.4	24.0
Non-equity deferred and preference shares			26.2	26.2
Shareholders' funds	15		55.6	50.2

The accounts were approved by the Board of Directors on 28 June 2001 and signed on its behalf by:


D Hargreaves
 Director


K B Connolly
 Director

Consolidated Statement of Cash Flows
For the year ended 31 December 2000

	<i>Notes</i>	2000 £m	1999 £m
Net cash inflow from operating activities	16	8.4	3.8
Returns on investment and servicing of finance			
Interest received		1.6	-
Interest paid		(0.2)	(2.3)
Preference dividends paid to non-equity shareholders		(0.9)	(0.9)
		<u>0.5</u>	<u>(3.2)</u>
Taxation			
Corporation tax paid		-	(0.1)
		<u>-</u>	<u>(0.1)</u>
Capital expenditure and disposals			
Purchase of tangible fixed assets		-	(2.7)
Sale of tangible fixed assets		-	0.1
Sale of trademark		4.0	-
		<u>4.0</u>	<u>(2.6)</u>
Disposals			
Sale of business undertakings	17	-	38.0
Net cash disposed of with business undertakings	17	-	(0.3)
		<u>-</u>	<u>37.7</u>
Equity dividends paid		-	(62.2)
Net cash inflow/(outflow) before use of financing		<u>12.9</u>	<u>(26.6)</u>
Financing			
New long term debt		-	10.0
Repayment of long term debt		(10.0)	(0.7)
Net cash (outflow)/inflow from financing		<u>(10.0)</u>	<u>9.3</u>
Increase/(decrease) in cash in the year		<u>2.9</u>	<u>(17.3)</u>

Consolidated Statement of Cash Flows
For the year ended 31 December 2000

	<i>Notes</i>	2000 £m	1999 £m
Reconciliation of net cash flow to movement in net (debt)/funds			
Increase/(decrease) in cash in the year		2.9	(17.3)
Cash outflow/(inflow) from decrease/(increase) in debt		10.0	(9.3)
		<hr/>	<hr/>
Change in net debt resulting from cash flows		12.9	(26.6)
Finance lease movements		-	0.2
		<hr/>	<hr/>
Movement in net funds/(debt) in the year		12.9	(26.4)
Net (debt)/funds at 1 January	17	(19.4)	7.0
		<hr/>	<hr/>
Net debt at 31 December	17	(6.5)	(19.4)
		<hr/>	<hr/>

Notes to the Accounts

1. Segmental information

	2000		1999	
	Turnover	Profit	Turnover	Profit
	£m	£m	£m	£m
Geographical markets supplied				
United Kingdom	-	-	88.2	5.4
Mainland Europe	-	-	19.0	0.6
Rest of World	-	-	24.5	1.5
	<u>-</u>	<u>-</u>	<u>131.7</u>	<u>7.5</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other operating income, net of expenses		1.1		-
		<u>1.1</u>		<u>7.5</u>
Exceptional items		4.0		52.4
Net interest		1.2		(2.4)
		<u>6.3</u>		<u>57.5</u>
Profit on ordinary activities before taxation		<u>6.3</u>		<u>57.5</u>
Geographical markets of origin				
United Kingdom	-	-	128.7	7.4
Rest of World	-	-	3.0	0.1
	<u>-</u>	<u>-</u>	<u>131.7</u>	<u>7.5</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other operating income, net of expenses		1.1		-
		<u>1.1</u>		<u>7.5</u>
Exceptional items		4.0		52.4
Net interest		1.2		(2.4)
		<u>6.3</u>		<u>57.5</u>
Profit on ordinary activities before taxation		<u>6.3</u>		<u>57.5</u>

In 1999 turnover, profit and exceptional items related to discontinued activities, apart from £1.6m of continuing operating costs which arose in the United Kingdom.

	2000	1999
	£m	£m
Net assets by geographical segments		
United Kingdom	62.1	69.6
Net borrowings	(6.5)	(19.4)
	<u>55.6</u>	<u>50.2</u>

Notes to the Accounts

2. Net operating costs

	2000 £m	1999 £m
Cost of sales	-	98.5
Distribution costs	-	12.9
Administration expenses	0.5	12.8
Net operating costs	0.5	124.2

In 1999 all of the above related to discontinued activities apart from £1.6m of continuing administration expenses.

3. Operating profit and exceptional items

Operating profit is arrived at after charging:

	2000 £m	1999 £m
Audit fees	-	0.1
Operating leases:		
Hire of machinery	-	0.2
Property rentals	1.3	1.4
Depreciation of tangible fixed assets:		
Owned	-	4.8
Leased	-	0.1

The exceptional item of £4.0m arose on the disposal of certain trademarks. Exceptional items in 1999 were in respect of fundamental restructuring costs of discontinued operations and comprised £2.1m of business reorganisation costs.

4. Interest payable and similar charges

	2000 £m	1999 £m
Discounting of debtors	0.2	1.1
Loans from Group undertakings	-	0.5
Bank loans and overdrafts	0.2	0.6
Other borrowings	-	0.2
	0.4	2.4

5. Pensions

The Company is a member of a larger group which operates a number of pension schemes world-wide. The United Kingdom plans cover the majority of the United Kingdom employees of this Group and are of the funded defined benefit type. The total pension cost for the Group is shown in note 6. The pension costs are assessed in accordance with the advice of independent qualified actuaries using a variety of methods and assumptions and are based on Automotive Products Group Limited as a whole. The schemes were the subject of a full actuarial valuation at 31 March 1999. Particulars of the actuarial valuations are included in the accounts of Automotive Products Group Limited.

Notes to the Accounts

6. Employees and directors' emoluments

Employment costs:

	2000 £m	1999 £m
Wages and salaries	-	31.6
Social security costs	-	2.2
Pension costs	-	2.3
	<u>-</u>	<u>36.1</u>

Average number of employees (excluding directors):

	Number	Number
United Kingdom	-	1,538
Rest of World	-	15
	<u>-</u>	<u>1,553</u>

Directors' emoluments comprise:

	2000 £000	1999 £000
Management remuneration	-	244

Highest paid director:

Management remuneration	-	131
Accrued pension entitlements	-	20

The emoluments for Mr D Hargreaves, Mr A C Buckmaster and Mr K B Connolly who were also directors of the ultimate parent undertaking, Automotive Products Group Limited, are disclosed in that company's accounts. These directors received total remuneration for the year of £687,000 (1999: £439,000), all of which was paid by Automotive Products Group Limited. The directors do not believe that it is practicable to apportion these amounts between their services as directors of the Company and other Group undertakings.

One (1999: three) of the directors is a member of the Automotive Products Group Limited's defined benefit pension scheme. In addition this director is also accruing pension benefits under money purchase schemes. The total amount paid into these schemes was £22,000 (1999: £21,000).

7. Taxation

There was no tax effect from the exceptional items. There is no liability for corporation or deferred tax.

Whitnash plc

Notes to the Accounts

8. Dividends

	2000 £000	1999 £000
Equity dividends paid on ordinary shares	-	56,847
Non-equity dividends:		
5.0% £1 Cumulative preference shares	25	22
6.5% £1 Cumulative second preference shares	203	188
9.0% £1 Cumulative preference shares	675	675
	<u>903</u>	<u>885</u>
	<u>903</u>	<u>57,732</u>

Annual dividend payments on non-equity shares are, subject to the conditions included in note 14, payable in respect of the six months ending 31 March and 30 September.

9. Profit of parent company

The profit of the parent Company, Whitnash plc, for the year before dividends paid was £6.3m (1999: £57.1m).

10. Fixed asset investments

Investments in subsidiary undertakings comprise:

	Cost £m	Provision £m	Net book amount £m
At 1 January 2000 and 31 December 2000	0.7	(0.7)	-

All of the Company's wholly owned subsidiary undertakings are registered in England and Wales and are dormant. These companies comprise Automotive Products (Exports) Limited, Blockcam Limited, Clausecomput Limited, Forcedual Limited, Pointburst Limited and Pointdual Limited.

Notes to the Accounts

11. Debtors

Amounts falling due after more than one year

	Group		Company	
	2000 £m	1999 £m	2000 £m	1999 £m
Unpaid share capital	-	15.0	-	15.0
Amounts owed by Group undertakings	50.1	50.7	50.1	50.7
	<u>50.1</u>	<u>65.7</u>	<u>50.1</u>	<u>65.7</u>

Amounts falling due within one year

	Group		Company	
	2000 £m	1999 £m	2000 £m	1999 £m
Unpaid share capital	15.0	-	15.0	-
Trade debtors subject to securitisation	-	12.1	-	12.1
Less non refundable amounts received	-	(9.0)	-	(9.0)
	<u>15.0</u>	<u>3.1</u>	<u>15.0</u>	<u>3.1</u>
Amounts owed by group undertakings	0.6	4.8	0.6	6.5
Prepayments and accrued income	-	0.4	-	0.4
	<u>15.6</u>	<u>8.3</u>	<u>15.6</u>	<u>10.0</u>

The securitisation arrangements were fully discharged in April 2000.

12. Creditors

Amounts falling due within one year

	Group		Company	
	2000 £m	1999 £m	2000 £m	1999 £m
Loans (note 13)	-	2.1	-	2.1
Bank overdrafts (note 13)	6.5	9.4	6.5	11.1
Other creditors	1.0	0.9	1.0	0.9
Accruals	0.4	0.3	0.4	0.3
Dividends due to non-equity shareholders	0.2	0.2	0.2	0.2
	<u>8.1</u>	<u>12.9</u>	<u>8.1</u>	<u>14.6</u>

Notes to the Accounts

12. Creditors (*continued*)

Amounts falling due after more than one year

	Group		Company	
	2000	1999	2000	1999
	£m	£m	£m	£m
Loans (note 13)	-	7.9	-	7.9
Other creditors	2.0	3.0	2.0	3.0
	<u>2.0</u>	<u>10.9</u>	<u>2.0</u>	<u>10.9</u>

Other creditors are payable in equal annual amounts in 2002 and 2003.

13. Loans and overdrafts

	Group		Company	
	2000	1999	2000	1999
	£m	£m	£m	£m
Term loans				
Repayable by instalments:				
Within one year	-	2.1	-	2.1
Between one and two years	-	7.9	-	7.9
Total term loans (secured)	<u>-</u>	<u>10.0</u>	<u>-</u>	<u>10.0</u>

Financial instruments

The Group's financial instruments comprise borrowings and various items such as debtors, other creditors etc, that arise directly from its operations. The main purpose of these financial instruments is to fund the operations of the Group.

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below, including any changes arising from the disposal of operating businesses in the year. These policies have remained unchanged since the beginning of the year.

Interest rate risk

The Group previously financed its operations through a mixture of retained profits and bank borrowings. The Group borrowed and continues to borrow in sterling at floating rates of interest.

Liquidity risk

As regards liquidity, the Group's policy has throughout the year been to ensure continuity of funding. Short term flexibility is achieved by overdraft facilities. At 31 December 2000 the Group had undrawn overdraft facilities of £19.0m.

Currency risk

The businesses were mainly based in the United Kingdom and the exposure to currency risk was not material. At 31 December 2000 and 31 December 1999 the Group and Company held no assets or liabilities in foreign currencies.

Notes to the Accounts

13. Loans and overdrafts (continued)

Financial assets

The Group has no financial assets other than long-term debtors and, in 1999, unpaid share capital. These financial assets are denominated in sterling. Long term debtors are interest bearing at base plus a margin.

Financial liabilities

The bank term loan was at a variable interest rate linked to sterling LIBOR plus margins set by the loan agreement. The bank term loan was secured by a multi-party debenture covering certain subsidiary undertakings within the Automotive Products Group and is part of this facility. Within this debenture, security was provided by:

- a) Charges on shares
- b) First fixed charge on various assets of the Company and its subsidiary undertakings
- c) First floating charge on all its undertakings and assets subject to a) and b).

The bank overdraft is at a variable rate of interest linked to sterling LIBOR and is secured against various assets of the Group.

Other creditors are denominated in sterling and are non interest bearing.

The non-equity shares are at fixed interest rates (see note 14) and are denominated in sterling. The average rate of interest of these shares was 8.1% (1999: 7.9%).

Summary of financial instruments

At 31 December 2000 the Group held the following financial instruments:

	2000 £m	1999 £m
Assets/(liabilities)		
Unpaid share capital	-	15.0
Amounts owed by Group undertakings	50.1	50.7
Bank overdrafts	(6.5)	(9.4)
Bank loans	-	(10.0)
Other creditors	(2.0)	(3.0)
Non-equity preference shares	(11.1)	(11.1)
	30.5	32.2

The book amounts are equivalent to their fair values except that the market value of the non-equity preference shares was £11.5m (1999: £11.5m). The numerical disclosures exclude short term debtors and creditors.

14. Capital and reserves

Share capital

Authorised

The authorised share capital comprises three classes of equity and non-equity shares:

- (i) Ordinary shares of 25p each - 131.7m.
- (ii) Ordinary shares of US\$0.10 each - 10.
These shares have the same rights as ordinary shares.

Notes to the Accounts

14. Capital and reserves (*continued*)

(iii) Deferred shares of 25p each - 60.3m.

Following reorganisation of the Company's share capital in April 1995 the issued ordinary shares that existed at that time were converted into deferred shares. No additional consideration was generated on the restructuring and there is no finance costs attached to these deferred shares. Consequently they have been classified as non-equity shares. The deferred shares have the following rights:

- (a) No entitlement to a share in the profits or assets of the Company unless holders of all other classes of shares in the Company have received £100m in respect of each share held.
- (b) No right to receive notice, attend, or vote at any general meeting of the Company.

The authorised share capital is summarised as follows:

	2000 and 1999 Number	2000 £m	1999 £m
Equity			
Ordinary shares of 25p each	131.7m	32.9	32.9
Ordinary shares of US\$0.10 each	10	-	-
		<u>32.9</u>	<u>32.9</u>
Non-equity			
Deferred shares of 25p each	60.3m	15.1	15.1
5.0% £1 Cumulative preference shares	1.0m	1.0	1.0
6.5% £1 Cumulative second preference shares	3.5m	3.5	3.5
9.0% £1 Cumulative preference shares	7.5m	7.5	7.5
		<u>27.1</u>	<u>27.1</u>
		<u>60.0</u>	<u>60.0</u>

Issued

The issued share capital is analysed as follows:

	2000 and 1999 Number	2000 £m	1999 £m
Equity			
Ordinary shares of 25p each	80m	20.0	20.0
Ordinary shares of US\$0.10 each	10	-	-
		<u>20.0</u>	<u>20.0</u>

Notes to the Accounts

14. Capital and reserves (*continued*)

	2000 and 1999 Number	2000 £m	1999 £m
Non-equity			
Deferred shares of 25p each	60.25m	15.1	15.1
5.0% £1 Cumulative preference shares	0.5m	0.5	0.5
6.5% £1 Cumulative second preference shares	3.125m	3.1	3.1
9.0% £1 Cumulative preference shares	7.5m	7.5	7.5
		<hr/> 26.2	<hr/> 26.2
		<hr/> 46.2	<hr/> 46.2

Rights of non-equity shareholders

5.0% Cumulative preference shares of £1 each

- (a) Entitle holders, in priority to holders of all other classes of share but only if and insofar as the directors are of the opinion that the profits of the Company justify the payment, to a fixed cumulative preferential dividend at a rate of 5.0% per annum per share payable half yearly in equal amounts on 31 March and 30 September.
- (b) On a return of capital on a winding up or otherwise, entitle holders, in priority to holders of all other classes of share, to be repaid paid-up capital together with a premium of 15p per share and a sum equal to any arrears or deficiency of dividend.
- (c) Entitle holders to receive notice of and to attend and vote at a general meeting of the Company only if, at the date of the notice convening the meeting, payment of the dividend to which they are entitled is at least six months in arrears, or if a resolution is to be considered at the meeting for the winding up of the Company or for the reduction of its capital or for the variation or abrogation of the holders' special rights.

6.5% Cumulative second preference shares of £1 each

- (a) Entitle holders, subject to the prior rights of the 5.0% cumulative preference shares of £1 each and only if and insofar as the directors are of the opinion that the profits of the Company justify the payment, to a fixed cumulative preferential dividend at a rate of 6.5% per annum per share payable half yearly in equal amounts on 31 March and 30 September.
- (b) On a return of capital on a winding up or otherwise, entitle holders, subject to the prior rights of the 5.0% cumulative preference shares of £1 each, to be repaid paid-up capital together with a sum equal to any arrears or deficiency of dividend.
- (c) Entitle holders to receive notice of and to attend and vote at a general meeting of the Company only if, at the date of the notice convening the meeting, payment of the dividend to which they are entitled is at least six months in arrears, or if a resolution is to be considered at the meeting for the winding up of the Company or for the reduction of its capital or for the variation or abrogation of the holders' special rights.

9.0% Cumulative preference shares of £1 each

- (a) Entitle holders, subject to the prior rights of each of the 5.0% cumulative preference shares of £1 each and the 6.5% second cumulative preference shares of £1 each and only if and insofar as the directors are of the opinion that the profits of the Company justify the payment, to a fixed cumulative preferential dividend at a rate of 9% per annum per share payable half yearly in equal amounts on 31 March and 30 September.

Notes to the Accounts

14. Capital and reserves (*continued*)

- (b) On a return of capital on a winding up or otherwise, entitle holders, subject to the prior rights of each of the 5.0% cumulative preference shares of £1 each and the 6.5% second cumulative preference shares of £1 each, to be repaid paid-up capital together with a premium (representing the excess over par of the average market value of the shares, in the six months preceding presentation of the petition of the Company's winding up or, as the case may be, that date which itself precedes by thirty days despatch of the notice convening a general meeting at which the Company's winding up or other giving rise to a return of capital is to be proposed) and a sum equal to any arrears or deficiency dividend.
- (c) Entitle holders to receive notice of and to attend and vote at a general meeting of the Company only if, at the date of the notice convening the meeting, payment of the dividend to which they are entitled is at least six months in arrears, or if a resolution is to be considered at the meeting for the winding up of the Company or for the reduction of its capital or for the variation or abrogation of the holders' special rights.

Profit and loss account

	<i>Group £m</i>	<i>Company £m</i>
At 1 January 2000	0.4	0.4
Profit for the year	5.4	5.4
At 31 December 2000	<u>5.8</u>	<u>5.8</u>

15. Reconciliation of movements in shareholders' funds

	<i>2000 £m</i>	<i>1999 £m</i>
Total recognised gains and losses	6.3	57.5
Dividends paid to equity shareholders	-	(56.8)
Dividends paid to non-equity shareholders	(0.9)	(0.9)
Total movements during the year	<u>5.4</u>	<u>(0.2)</u>
Shareholders' funds at 1 January 2000	50.2	50.4
Shareholders' funds at 31 December 2000	<u>55.6</u>	<u>50.2</u>

Notes to the Accounts

16. Cash flow from operating activities and exceptional items

Reconciliation of operating profit to net cash inflow:

	2000 £m	1999 £m
Operating profit	1.1	7.5
Exceptional items	-	(2.1)
Depreciation	-	3.8
Increase in stocks	-	(0.4)
Decrease/(increase) in debtors	8.2	(4.4)
Decrease in creditors	(0.9)	(0.6)
Net cash inflow from operating activities	8.4	3.8

Exceptional items

Exceptional items comprise business restructuring costs.

17. Notes to the cash flow statement

(a) Analysis of net (debt)/funds

	At 1 January 2000 £m	Cash flow £m	At 31 December 2000 £m
Bank overdrafts	(9.4)	2.9	(6.5)
Debt due within one year	(2.1)	2.1	-
Debt due after one year	(7.9)	7.9	-
Net debt	(19.4)	12.9	(6.5)

(b) Net cash inflow on disposal of business undertakings

On 24 November 1999 the Company disposed of its interest in AP Japan Limited to a fellow wholly owned subsidiary of Automotive Products Group Limited. On 26 November 1999 the Group disposed of the trade and net operating assets and liabilities of all its remaining businesses and subsidiary undertakings to Clarkdale Limited, a fellow wholly owned subsidiary of Automotive Products Group Limited.

These disposals realised a profit of £54.5m and comprised:

	£m
<i>Businesses</i>	
Whitnash plc	31.7
AP Borg & Beck Limited (now Forcedual Limited)	2.6
AP Hydraulics Limited (now Clausecomput Limited)	0.7
AP Lockheed Automotive Limited (now Pointdual Limited)	15.3
AP TMF Limited (now Pointburst Limited)	4.4
AP Japan	(0.2)
	54.5

Notes to the Accounts

17. Notes to the cash flow statement (continued)

In 1999 Group operating profits included £9.1m earned by these businesses up to their disposal date. Net assets disposed of comprised:

Tangible fixed assets	30.6
Stocks	23.8
Debtors	5.9
Creditors	(26.5)
Cash at bank	0.3
	<hr/>
	34.1
Profit on disposal	54.5
	<hr/>
Consideration	88.6
	<hr/>
Satisfied by:	
Cash	38.0
Amounts owed by Group undertaking	50.6
	<hr/>
	88.6
	<hr/>

18. Contingent liabilities

The Company has given guarantees under loan agreements relating to the borrowings of Group companies of £49.1m (1999: £30.8m).

19. Operating leases

	Group		Company	
	2000	1999	2000	1999
	£m	£m	£m	£m
Annual commitments for land and buildings expiring:				
Within one year	0.1	0.3	0.1	0.3
Over five years	1.0	1.0	1.0	1.0
	<hr/>	<hr/>	<hr/>	<hr/>
	1.1	1.3	1.1	1.3
	<hr/>	<hr/>	<hr/>	<hr/>

20. Related party transactions

The Company has taken advantage of the exemption from disclosure of transactions with other Group companies or investees of the Group which is available to more than 90% owned subsidiary undertakings under FRS8.

21. Ultimate parent undertaking and controlling party

The ultimate parent undertaking and controlling party is Automotive Products Group Limited which is a company registered in England and Wales. Automotive Products Group Limited is the largest and only company which prepares Group accounts incorporating the accounts of the Company.

Copies of the accounts of Automotive Products Group Limited are available from the Company Secretary at Tachbrook Road, Leamington Spa, Warwickshire.

Whitnash plc

Company Balance Sheet At 31 December 2000

	Notes	2000 £m	2000 £m	1999 £m
Fixed assets				
Investments	10	-	-	-
			-	-
Current assets				
Debtors: amounts falling due after more than one year	11	50.1	65.7	
Debtors: amounts falling due within one year	11			
Gross debtors		15.6	19.0	
Less non-refundable amounts received		-	(9.0)	
			15.6	10.0
			65.7	75.7
Creditors: amounts falling due within one year	12	8.1	14.6	
Net current assets			57.6	61.1
Total assets less current liabilities			57.6	61.1
Creditors : amounts falling due after more than one year	12	2.0	10.9	
			55.6	50.2
Capital and reserves	14			
Called up share capital		46.2	46.2	
Share premium account		3.6	3.6	
Profit and loss account		5.8	0.4	
Equity shareholders' funds		29.4	24.0	
Non-equity deferred and preference shares		26.2	26.2	
Shareholders' funds	15	55.6	50.2	

The accounts were approved by the Board of Directors on 28 June 2001 and signed on its behalf by:


D Hargreaves
Director


K B Connolly
Director