

**Mar Parts Limited**  
(Company Number: 827692)

**Annual Report and accounts**

**for the year ended 31 December 2003**



# Mar Parts Limited

## Directors' Report

The Directors submit their report and the financial statements for the year ended 31 December 2003.

### Principal activities and business review

The principal activity of the Company is the supply of components for classic vehicles. There were no discontinued activities during the year. Both the level of business and the year end position were satisfactory and the Directors expect that the present level of activity will be sustained for the foreseeable future.

### Results and dividends

The results are disclosed in the profit and loss account on page 6. During the year the company paid no dividends (2002: £nil).

### Directors and their interests

The Directors who held office during the year are given below:

P A Roberts	
R D Mackay	(resigned 5 September 2003)
A Brooks	(resigned 1 November 2003)
R Hazelwood	(appointed 7 April 2003)
G J Potts	(appointed 1 November 2003)
M P Wheatley	(appointed 9 August 2004)

No Director had any interest in the shares of the Company (or any of its subsidiary undertakings) at either 1 January 2003 or 31 December 2003.

Mr G J Potts is a Director of the ultimate parent undertaking, Inchcape plc. His interests in the ordinary shares of 150p each of Inchcape plc are disclosed in the accounts of that company.

The table below shows the beneficial interests, other than share options, including family interests, on the dates indicated, in the ordinary shares of 150.0p each of Inchcape plc, the ultimate parent undertaking, of the other persons who were Directors at 31 December 2003.

	Ordinary shares of 150.0p each	
	31 December 2003	1 January 2003 (or date of appointment, if later)
P A Roberts	Nil	Nil
R Hazelwood	2,429	1,035

## Mar Parts Limited

### Directors' Report (Continued)

#### Directors' share options

Details of share options held by Directors, including options under the Inchcape 1999 Share Option Plan and the Inchcape SAYE Share Option Scheme, are shown below.

	Held At 31.12.03	Granted during the year	Exercised/ lapsed during the year	Held at 1.1.03 (or, date of appointment, if later)	Exercise Price (c)	Exercisable Between
P A Roberts	-	-	1,760 (a)	1,760 (a)	284.0p	Aug 2003 - Aug 2010
	5,208 (a)	-	-	5,208 (a)	384.0p	Mar 2004 - Mar 2011
	2,919 (a)	-	-	2,919 (a)	685.0p	Mar 2005 - Mar 2012
	1,714 (b)	-	-	1,714 (b)	554.0p	Jun 2005 - Nov 2005
	2,107 (a)	2,107 (a)	-	-	762.0p	Mar 2006 - Mar 2013
R Hazelwood	-	-	7,042 (a)	7,042 (a)	284.0p	Aug 2003 - Aug 2010
	-	-	3,256 (b)	3,256 (b)	238.0p	Nov 2003 - May 2004
	6,510 (a)	-	-	6,510 (a)	384.0p	Mar 2004 - Mar 2011
	12,262 (a)	-	-	12,262 (a)	685.0p	Mar 2005 - Mar 2012
	342 (b)	-	-	342 (b)	554.0p	Jun 2005 - Nov 2005
	11,023 (a)	-	-	11,023 (a)	762.0p	Mar 2006 - Mar 2013

(a) Under the Inchcape 1999 Share Option Plan.

(b) Under the Inchcape SAYE Share Option Scheme.

(c) Exercise prices are determined in accordance with the Rules of the relevant share option scheme.

#### Notes on share options

(i) All options were granted for nil consideration.

(ii) The table shows Directors' options over ordinary shares of 150.0p of Inchcape plc at 1 January 2003 (or date of appointment if later) and 31 December 2003. The mid-market price of the shares at 31 December 2003 was 1302.0p. The price range during 2003 was 665.0p to 1386.0p.

(iii) Options under the Inchcape 1999 Share Option Plan are granted on a discretionary basis to full time certain other senior executives based within and outside the UK including the Executive Directors of Inchcape plc. Such options are normally exercisable between three and ten years of grant.

(iv) Options may normally be exercised only if the performance target has been met. For all options granted under the Inchcape 1999 Share Option Plan, growth in Inchcape plc's, the ultimate parent undertaking, earnings per share over a three year period must exceed the increase on the UK Retail Prices Index over the same period by 3% per annum.

# Mar Parts Limited

## Directors' Report (Continued)

v) The Inchcape SAYE Share Option Scheme is open to employees in the UK with at least three months service. Participants make monthly savings for a three-year period. At the end of the savings period options become exercisable within a six-month period.

(vi) No options were cancelled or waived during the year.

## Deferred Bonus Plan

The number of ordinary shares of 150p each of Inchcape plc awarded to Directors under the Inchcape Deferred Bonus Plan are:

	Awarded ordinary shares 31.12.03	Awarded ordinary shares exercised during the year	Ordinary shares awarded during the year	Awarded ordinary shares 1.1.03 (or, date of appointment, if later)	Market value of shares awarded	Exercise Period
R Hazelwood	1,726	-	-	1,726	724.0p	Apr 2005 - Oct 2005
	2,340	-	2,340	-	748.0p	Apr 2006 - Oct 2006

- (i) Awards granted in September 2000 vested and became exercisable during the year (2002: none).
- (ii) The executive will become entitled to the awarded ordinary shares if he remains employed by the Inchcape Group for three years and retains the ordinary shares purchased with his bonus throughout that period. The awards made will normally vest within three years of award. Special rules apply on termination of employment and on a change of control.

## Transactions with directors

No transaction, arrangement or agreement required to be disclosed in terms of the Companies Act 1985 was outstanding at 31 December 2003, or occurred during the year for any director (2002: £nil).

## Fixed asset investments

Movements in fixed assets are shown in note 5 to the accounts.

## Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

## By Order of the Board

Inchcape UK Corporate Management Ltd  
Secretary

For INCHCAPE UK CORPORATE  
MANAGEMENT LIMITED  
  
Secretaries

## **Mar Parts Limited**

### **Statement of Directors' Responsibilities**

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 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 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.

# Mar Parts Limited

## Independent auditors' report to the members of Mar Parts Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, and the related notes.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and 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 issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the report of the directors and the statement of directors' responsibilities.

### Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2003 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers LLP*  
PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London

*29 October 2004*

## Mar Parts Limited

### Profit and Loss Account for the Year Ended 31 December 2003

	<i>Note</i>	<b>2003</b> <b>£'000</b>	<b>2002</b> <b>£'000</b>
Turnover – continuing activities	2	241	263
Cost of sales		(194)	(227)
Gross profit		47	36
Administrative expenses		(46)	(35)
Operating profit – continuing activities	3	1	1
Interest payable		(1)	(1)
Profit on ordinary activities before taxation		-	-
Taxation		-	-
Profit on ordinary activities after taxation		-	-
Balance brought forward at 1 January		1	1
Balance carried forward at 31 December		1	1

The Company has no recognised gains or losses other than as presented in the Profit and Loss Account and thus a Statement of Total Recognised Gains and Losses is not required.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the financial year stated above and their historical cost equivalents.

The notes on pages 8 to 11 form part of these financial statements.

# Mar Parts Limited

## Balance Sheet as at 31 December 2003

	Note	2003 £'000	2002 £'000
<b>Fixed assets</b>			
Investments	5	9	9
<b>Current assets</b>			
Stock	6	28	24
Debtors	7	1	3
		29	27
<b>Creditors - amounts falling due within one year</b>	8	(32)	(30)
<b>Net current liabilities</b>		(3)	(3)
<b>Net assets</b>		6	6
<b>Capital and reserves</b>			
Called up share capital	9	5	5
Profit and loss account		1	1
<b>Equity shareholders' funds</b>	10	6	6

The financial statements on pages 6 to 11 were approved by the Board on <sup>28 October</sup> 2004 and were signed on its behalf by:



P A Roberts  
Director



# Mar Parts Limited

## Notes to the Accounts – 31 December 2003

### 1 Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom.

The principal accounting policies of the Company are as follows:

#### (1) Accounting convention

The Company prepares its financial statements under the historical cost basis in accordance with the Companies Act 1995.

#### (2) Turnover

Turnover represents the amount receivable in the ordinary course of business for goods sold and services provided after deducting trade discounts and value added tax.

#### (3) Fixed asset investments

Fixed asset investments are stated at historical cost less any provision for impairment.

#### (4) Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value, due allowance being made for obsolete and slow moving stocks. Cost in the case of work in progress includes raw materials, labour and overhead recovery.

#### (5) Overseas currencies

Assets and liabilities in overseas currencies are translated into sterling at the rates ruling at 31 December. Exchange differences arising are taken to the profit and loss account.

### 2 Turnover

Turnover represents net invoiced sales of goods and supply of services excluding value added tax.

	2003 £'000	2002 £'000
Automotive and related services in the United Kingdom	241	263

### 3 Operating Profit

All audit fees have been borne by a fellow subsidiary.

## Mar Parts Limited

### Notes to the Accounts – 31 December 2003

#### 4 Directors emoluments

No directors' emoluments were paid during the year (2002: £nil).

#### 5 Fixed asset investments

	Investment in subsidiary £'000
Cost of investment at beginning and end of year	9
Net book value at beginning and end of year	9

In the opinion of the Directors, the value of the Company's interests in its subsidiaries is not less than the amount at which they are included in the balance sheet.

The Company's wholly owned subsidiary undertaking at 31 December 2003 was Mar Parts S.r.l., a company incorporated in Italy and engaged in the sourcing and distribution of components for classic vehicles.

#### 6 Stocks

	2003 £'000	2002 £'000
Work in progress	11	14
Finished goods	17	10
	28	24

#### 7 Debtors – amounts falling due within one year

	2003 £'000	2002 £'000
Amounts owed by fellow subsidiaries	-	1
Other debtors including taxation and social security	1	2
	1	3

# Mar Parts Limited

## Notes to the Accounts – 31 December 2003

### 8 Creditors – amounts falling due within one year

	2003 £'000	2002 £'000
Bank loans and overdrafts	21	11
Trade creditors	9	19
Amounts due to fellow subsidiaries	1	-
Accruals	1	-
	<u>32</u>	<u>30</u>

### 9 Called up share capital

	Authorised 2003 £	2002 £	Allotted and fully paid 2003 £	2002 £
Ordinary shares of £1 each	5,000	5,000	5,000	5,000

### 10 Reconciliation of movements in shareholders' funds

	2003 £'000	2002 £'000
Profit on ordinary activities after taxation	-	-
Net increase in shareholders' funds	-	-
Opening shareholders' funds	6	6
Closing shareholders' funds	<u>6</u>	<u>6</u>

### 11 Contingent liability

The company is party to composite cross guarantees between banks, its ultimate parent undertaking and fellow subsidiaries. The Company's contingent liability under these guarantees at the year end was £(17,105) (2002: £(7,897)).

### 12 Cash flow statement

A cash flow statement is not required as Inchcape plc, the Company's ultimate parent undertaking, has complied with Financial Reporting Standard 1 (Revised) by including a consolidated cash flow statement in its Report and Accounts for the year ended 31 December 2003.

## **Mar Parts Limited**

### **Notes to the Accounts – 31 December 2003**

#### **13 Ultimate parent undertaking**

The immediate parent undertaking is Maranello Holdings Limited.

The ultimate parent undertaking is Inchcape plc which is incorporated in Great Britain.

The largest group of which the Company is a member and for which consolidated financial statements are drawn up is that of Inchcape plc which is registered in England. Copies of the Report and Financial Statements are available from:

The Company Secretary  
Inchcape plc  
22A St. James's Square  
London  
SW1Y 5LP

The Company is a wholly-owned subsidiary of Inchcape plc and as such, the Company is not required to disclose details of transactions and balances with other 90 percent owned subsidiaries of the Inchcape plc group. The Directors consider that there are no other relationships, transactions or balances which are required to be disclosed by Financial Reporting Standard 8.