

Multipart (Holdings) Limited

**Directors' report and consolidated
financial statements**

31 December 2003

Registered number 2822392



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Contents

Directors' report	1
Statement of directors' responsibilities	3
Independent auditor's report to the members of Multipart (Holdings) Limited	4
Profit and loss account	5
Balance Sheet	6
Notes	7

Directors' report

The directors have pleasure in submitting their report together with the audited financial statements for the company for the year ended 31 December 2003.

Principal activities and business review

The principal activity of the company is that of a holding company.

Interim dividends totalling £47,000,000 (2002:£nil) have been paid during the year. The directors do not recommend the payment of a final dividend (2002:£nil).

Directors and directors' interests

The directors who held office during the year were as follows:

PR Harris
A Harrison
M Eburne

None of the persons who were directors at 31 December 2003 had any interest in the shares of the company or any subsidiary undertaking.

A Harrison and PR Harris are also directors of RAC plc, of which the company is a wholly-owned subsidiary and their interests in the shares and debentures of the group undertakings, together with particulars of interests in share options, are stated in the remuneration report of that company.

The interests of directors holding office on 31 December 2003 in options to subscribe for ordinary shares of 25p each in RAC plc, granted under the Executive Share Option Scheme (2001) were as shown below.

Name	1 January 2003	Granted	Lapsed	Exercised during year	31 December 2003	Date of grant	Date from which exercisable	Expiry date	Exercise price £
M Eburne	8,175	-	-	-	8,175	21.06.01	21.06.04	21.06.08	5.81
	19,493	-	-	-	19,493	07.03.02	07.03.05	07.03.09	5.13
	-	72,776	-	-	72,776	11.03.03	11.03.06	11.03.10	3.71

The interests of directors holding office on 31 December 2003 in options to subscribe for ordinary shares of 25p each in RAC plc, granted under the Sharesave Scheme, were as shown below.

	Number of shares under option at 1 January 2003	Number of shares under option at 31 December 2003	Exercise price (£)	Date of grant	Date from which normally exercisable	Expiry date
M Eburne	901	901	4.30	07.09.01	01.11.04	01.05.05
	-	800	4.61	10.09.03	01.11.06	01.05.07

Directors' Report *(continued)*

Directors and director's interests (continued)

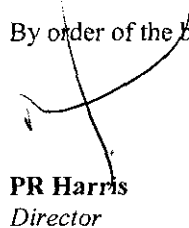
Full details of the Sharesave Scheme and Executive Share Option Scheme (2001) are disclosed in the 2003 report and accounts of RAC plc.

The middle market price of an RAC plc ordinary share at 31 December 2003, was 615p and the range during the year was 330.5p – 616p.

Auditor

In accordance with section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at a forthcoming Annual General Meeting.

By order of the board

A handwritten signature in black ink, appearing to read 'PR Harris', is written over the text 'By order of the board'.

PR Harris
Director

Pilling Lane
Chorley
Lancashire
PR7 3EL

20 February 2004

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 the group and of the profit or loss 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.



KPMG Audit Plc

St James' Square
Manchester M2 6DS

Independent auditor's report to the members of Multipart (Holdings) Limited

We have audited the financial statements on pages 5 to 9.

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 are responsible for preparing the directors' report and, as disclosed on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you on 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 the audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit opinion

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

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

Opinion

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

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

5 March 2004

Profit and loss account
for the year ended 31 December 2003

	<i>Note</i>	2003 £000	2002 £000
Operating profit		-	-
Dividends receivable		47,000	-
Profit on ordinary activities before taxation		<u>47,000</u>	<u>-</u>
Tax on profit on ordinary activities		-	-
Profit after Tax		47,000	-
Dividends	<i>4</i>	(47,000)	-
Retained profit for the year		<u>-</u>	<u>-</u>

Balance Sheet

for the year ended 31 December 2003

	<i>Note</i>	2003	2002
		£000	£000
Fixed assets			
Investments	5	137	137
		<u>137</u>	<u>137</u>
Current assets			
Debtors	6	17,640	17,460
		<u>17,640</u>	<u>17,460</u>
Net current assets		17,640	17,460
Net assets		17,777	17,777
Capital and reserves			
Called up share capital	7	12,913	12,913
Share premium account	8	27	27
Capital redemption reserve	8	3,750	3,750
Profit and loss account	8	1,087	1,087
		<u>17,777</u>	<u>17,777</u>
Equity shareholders' funds		17,777	17,777

These financial statements were approved by the board of directors on 20th February 2004 and were signed on its behalf by:


PR Harris
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention. Consolidated financial statements have not been prepared as the company's results are included in the consolidated accounts of RAC plc, a company registered in England and Wales.

The company has taken advantage of the exemption in Financial Reporting Standard No 8 to not disclose related party transactions with RAC plc and its subsidiaries.

The company has also taken advantage of the exemption in Financial Reporting Standard No 1 (Revised) to not disclose a cash flow statement on the grounds of being a wholly owned subsidiary of an EU company.

2 Remuneration of directors

The directors received no remuneration from the company during the year.

3 Staff numbers and cost

The company employed no staff during the year (2002: nil).

4 Dividends

	2003	2002
	£000	£000
Equity shares:		
Interim dividend paid	47,000	-
	<u> </u>	<u> </u>

Notes (continued)

5 Fixed asset investments

	Interest in subsidiary undertaking £000
<i>Net book value</i>	
At 31 December 2002 and 31 December 2003	137

The companies in which the company's interest is more than 10% are as follows:

	Country of registration or incorporation	Principal activity	Class and percentage of shares held
<i>Subsidiary undertakings</i>			
Lex Multipart Limited	England and Wales	Sale and distribution of vehicle parts	100% Ordinary £1 shares

6 Debtors

	2003 £000	2002 £000
Amounts owed by group undertakings	17,640	17,640

7 Called up share capital

	2003 £000	2002 £000
<i>Authorised and allotted</i>		
Ordinary shares of £1 each	12,913	12,913

8 Share premium and reserves

	Share Premium Account £000	Capital redemption reserve £000	Profit And loss Account £000
At beginning and end of year	27	3,750	1,087

Notes *(continued)*

9 Reconciliations of movements in shareholders' funds

	2003	2002
	£000	£000
Loss for the financial year	-	-
	<hr/>	<hr/>
Net decrease to shareholders' funds	-	-
Opening shareholders' funds	17,777	17,777
	<hr/>	<hr/>
Closing shareholders' funds	17,777	17,777
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10 Contingent liabilities

The company and its fellow subsidiary undertaking Lex Multipart Limited, has given a guarantee in respect of certain bank overdrafts granted to and drawn on RAC plc and/or its subsidiaries, the relevant amounts outstanding at 31 December 2003 being £nil (2002: £nil).

11 Ultimate parent company and parent undertaking of larger group

The company's ultimate parent company is RAC plc, a company registered in England and Wales.

The accounts of RAC plc which consolidate the results of Multipart (Holdings) Limited and its subsidiaries are available to the public and may be obtained from:

RAC plc
17 Connaught Place
London
W2 2EL