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Unipart Group of Companies Limited
Annual Report 2008

UNIPART GROUP

This publication comprises the full Annual Report and Accounts of Unipart Group of Companies Limited for 2008, prepared in accordance with the Companies Act 1985 and United Kingdom Accounting Standards, and includes the Chairman's statement, the Chief Executive's review, the Financial review, the Directors' report, the Financial statements and the Independent Auditors' report for the year ended 31 December 2008.

Chairman's Statement

2008 has seen difficult economic times with stresses in the global economy as a whole and the automotive market in particular. The Group has risen to the challenge and has continued to successfully provide an extensive range of logistics solutions across diverse industry sectors, both deepening existing customer relationships and forming new partnerships.

The Group reports a profit before goodwill and exceptional items for continuing operations of £3.4m in 2008 compared with £9.8m profits for 2007. The reported profitability for continuing operations reflects the current difficult economic environment and the Group's continuing diversification and widening of its capabilities and business base, with significant investments in new clients being made to position the Group for future growth. Including discontinued operations, the Group has made a profit before goodwill and exceptionals of £1.4m for the year ended 31 December 2008 (2007 - £6.4m).

Despite the global challenges I am pleased to report that overall the Group has made a profit after tax on continuing operations of £1.2m (2007 - £18.1m), reflecting the above operating performance and the benefit in 2007 of certain exceptional items and other income that have not recurred in 2008. Including discontinued operations, the Group reports an overall loss on ordinary activities of £3.0m (2007 - £9.8m profit).

The Group has continued to win new customers and has provided an expanding number of services to existing customers, both in the UK and overseas, as we continue to widen our global reach. This year has seen major business wins in growing sectors including retail, health and utilities, demonstrating the strong commitment of the Group to developing new business relationships and the adaptability of The Unipart Way. Going forward into 2009, the Group will continue to diversify operations into new markets, broadening the client base and applying The Unipart Way philosophy. Further investment will be made in the reorganisation of the UK branch network to continue the improved performance and generate the sales growth that has been seen in the latter half of 2008. 2008 saw the completion of the sale of its paint distribution operations and has also included the disposal of the crash panel repair and glass distribution operations. The impact of these disposals has been reflected in these financial statements as discontinued operations for both the current year and the prior year which has been restated to include these operations as discontinued.

During the year, investments have been made to enable future growth potential to be fulfilled and as a result borrowings have moved to a level of £32.3m at the year end (2007 - £8.4m). The Group has maintained strong control over working capital and together with the long term banking facilities that are secured until 2011 and 2013, continues to maintain significant borrowing headroom for future investments. In light of the current economic pressures, the Board are not proposing a dividend for the year.

The Group has continued to embed The Unipart Way in all aspects of our work to obtain the operational excellence and continuous improvement benefits delivered by this philosophy and set of tools and techniques. Significant competitive advantage has been achieved by the Group harnessing the expertise and talents of our people in this way.

The Group could not have built our brand, our deep customer focus and high level of service without the efforts of all our people, past and present. The Board are extremely grateful for their dedication and hard work during these difficult times and in continuing to demonstrate their unwavering enthusiasm for the Unipart spirit and philosophy.

Chief Executive's Review

2008 has been a year of sustained progress in spite of an unsettling economic climate. The Group has worked tirelessly to maximise operational excellence, customer intimacy and continuous improvement on the journey to become the "Ultimate Logistics Partner".

The Group works in partnership with its customers to design, develop, implement and operate supply chain solutions in the distribution and logistics market across the whole spectrum of the supply chain. Services include initial procurement, inventory warehousing and management, deliveries to business and retail customers, complex reverse logistics support as well as full financial control and reporting. The products and services are supplied either through the management of customers' supply chains or the distribution of products in the UK based branch network and worldwide warehousing structure. At all times the Group's objective is to offer an unrivalled level of operational excellence driven by a deep and individual understanding of its customers.

The Unipart Way is a comprehensive operational architecture underpinning the Group's philosophy of working and provides a set of tools and techniques that form the basis of its knowledge management system. This common platform and consistent way of working provides the fundamental building block for all the Group's functions across all supply chain activities, all customer market sectors and within internal support functions, facilitating the optimal deployment and development of the Group's employees. The Unipart Way enables the Group to improve faster and more efficiently than its competitors, and is the cornerstone of Unipart's long term competitive advantage. It has been embraced throughout the Group and its benefits are being increasingly recognised by major global companies in the external business environment.

During the year the Group has invested in major programmes to support its customer intimacy strategy. An exceptional body of knowledge has been developed and rolled out to key employees as part of this strategy in order to help them to understand the real and perceived needs of our customers better than anyone else and to serve them better than anyone else. A Group wide product map has also been developed in order to connect the wide variety of solutions that the Group can provide or create in order to serve our customers better.

Nurturing the talent of all employees is crucial to the success of the Group which continues to invest heavily in developing and training its people in the full suite of The Unipart Way. In 2008, the 'Gate to Great' development framework, which was launched in 2007, has become a core aspect of The Unipart Way and has helped us to develop the skills and talents of all employees and harness their potential in the day-to-day operations of the Group. The Group continues to recognise the contribution of its employees in delivering outstanding personal customer service through its Mark In Action award scheme, which in 2008 celebrated its 20th anniversary. The Mark In Action award is only presented after a thorough nomination and review process by a select panel of external judges. In 2008, 21 awards were granted, bringing the total number of awards presented since the programme began in 1988 to 2,389 at 31 December 2008.

The success of the Group is due to the calibre and commitment of people at every level. I want to take this opportunity to thank all of our people for their hard work and dedication.

Operating review

The financial results for the year ended 31 December 2008 reflect the disposal of the Group's crash panel repair and glass distribution operations during the year. As a result, the Group's Profit and Loss Account has been split between continuing and discontinued operations and the 2007 result has been restated to show the prior year impact of operations sold during 2008 as discontinued.

In relation to the continuing operations, the operating profit (before goodwill amortisation and exceptionals) was £3.4m (2007 - £9.8m). This result reflects the impact of the current economic environment and the significant ongoing investment the Group is making for new logistics contracts. The operating loss before goodwill and exceptionals relating to the trading and costs of disposal of the discontinued operations amounted to £2.0m (2007 - £3.4m), resulting in total profit before goodwill and exceptionals for the Group of £1.4m (2007 - £6.4m).

The Group has delivered a profit after tax on continuing operations of £1.2m (2007 - £18.1m). After the impact of the discontinued operations the Group reports an overall loss on ordinary activities after tax of £3.0m (2007 - profit of £9.8m). The Group ended the year with a net borrowings position of £32.3m compared with £8.4m at the end of 2007.

The Group operates primarily in the distribution and logistics market, either managing customers' supply chains or selling products directly to the customer through its warehouses and branch networks. The

Group supplies its services to a diverse range of sectors including Automotive, Technology, Retail, Rail, Defence, Health, Utilities, Leisure and Manufacturing which require solutions in the supply chain and logistics market. The nature of these customer market sectors does not significantly affect the type and breadth of the Group's services provided. The main market sectors of the Group's customers are considered in more detail below.

Automotive
The automotive industry has faced significant challenges in 2008 as a result of the economic downturn, however, the Group has demonstrated resilience to this trend and has seen some exciting developments. Despite the global economic problems, Jaguar's own vehicle sales volumes increased from 2007, buoyed by the launch in 2008 of the new XF model. The Group's involvement in this launch was highly successful, earning the accolade from Jaguar of the "best ever product launch" in support of this new model. Recent industry experts in a feature on performance-based outsourcing in logistics (the Logistics Viewpoints website) have quoted Unipart's working relationship with Jaguar as an example of global best practice. The reach of services provided by the Group in aftermarket logistics has expanded to provide services to Jaguar and Land Rover in new regions including South Africa, China and Russia. During the year the Group was appointed by Mobis as the parts logistics provider for Hyundai and Kia in the UK which are being serviced through a new site opened in Tamworth. These successes, and investments made in 2008, further consolidate the Group's comprehensive range of automotive business services, systems and products.

Through the UK based branch network and the European distribution operations, the Group provides focused expertise and knowledge of logistics parts distribution and supply chain solutions to the independent motor trade, national fast fit, roadside assistance, garage forecourt retail and commercial vehicle markets. The Group represents the only business genuinely capable of providing a national proposition to all of these markets through its network of branches. The UK branch network has had renewed focus on the basics of product, range and availability in the business which has resulted in positive like-for-like sales growth in the key workshop and commercial vehicle sectors.

Several key programmes have been implemented during the year to further improve the UK branch network. The branch optimisation programme has continued resulting in improved locations and inventory availability to better serve the growing customer base. The benefits of restructuring are now being clearly shown with year on year sales growth and several major customer wins in both the independent and major account areas by the end of 2008. The supply chain restructuring has resulted in a new IT system in the warehouses and a leaner distribution channel to the branch network reducing ongoing running costs and improving product availability. Investment in continuous improvement of processes using The Unipart Way has resulted in efficiency improvements and cost savings in the branch network which will be extended in 2009 by the introduction of a new branch and back office IT system to reduce non-value added activity and further improve service levels in the branches.

During the year the Group completed the sale of its paint distribution proposition and exited both the crash panel repair market and its glass distribution operations in order to increase focus on growing the profitability of the core parts proposition. Costs associated with the sale of these operations of £2.8m have been included as exceptional items after operating profit.

Technology
The Group has continued to grow and win new customers in the Technology sector, despite the turbulent economic backdrop. The partnership with Vodafone has gone from strength to strength in 2008 with Unipart acting in a key role for Vodafone's most successful product launch in 2008. The Nuneaton repair centre has used creativity and deployment of The Unipart Way to double the volume of repairs handled and expanded the technology services provided into device customisation for handset manufacturers. The Group's relationship with BSkyB has also evolved significantly with Unipart providing an increased range of services including support for BSkyB's rapidly growing broadband offering. 2008 saw continued volume growth in many clients including Hutchison 3G and Play.com and the addition of new business streams with a new contract signed to perform repair and customisation services for a major manufacturer of data devices.

Retail
2008 has been a year of significant contract wins in retail with the long term contract with Waterstone's being a key focus of this area of the business. The complex implementation of the highly mechanised sortation system at the new distribution centre in Burton-on-Trent has resulted in a full internet service and the stores will come on line during 2009. A strong relationship has been established with Habitat during the year. Towards the end of 2008, two further well known names were added to the growing client list of retail operations. Firstly, the charity RSPB engaged Unipart to provide logistics services for its extensive range of bird care and bird-related products over a five year contract beginning March 2009. The Group was also successful in its bid to run the home and lifestyle product ranges for Sainsburys from the new distribution centre in Tamworth. This contract is expected to be fully

operational in 2009. Existing relationships continued to strengthen with the range of services provided to Homebase, Halfords and ASOS being extended and significant year on year sales growth successfully delivered for ASOS over the key Christmas trading period.

Expert Practitioners
With leverage of The Unipart Way skills and knowledge, the Group has continued to provide supply chain and Lean consultancy solutions to both new and existing customers on a global basis. 2008 has been a year of building on the success of programmes developed in 2007, particularly with HMRC, and of securing business in new sectors, most notably health, utilities and banking. In the health sector, a considerable amount of work has been undertaken with the NHS and there are numerous opportunities in the pipeline for 2009, demonstrating the positive impact and reputation the Group has developed in this area. In utilities, a major contract has been undertaken with Severn Trent to deliver full Lean implementation and strong growth has also been seen in key banking and finance clients including Zurich, Legal and General and UBS.

Rail
The Group has continued to provide full spectrum logistics and distribution services across a significant proportion of the UK rail market and has a growing presence abroad. A strong track record has been maintained in retaining and building contractual relationships in spite of the continual changes in the traction and rolling stock market as a result of franchises moving between the Train Operating Companies. In support of these customers, the bogie refurbishment facility in Doncaster has established a significant customer base and provides a much needed high quality service to the industry. In addition to rolling stock logistics, Unipart continues to provide a broad range of logistics services to Network Rail and its contractors in the infrastructure maintenance and project market. This year has seen the completion of the West Coast Route Modernisation project for which the Group was a major supplier of materials.

A number of new products have been introduced into both the rail and road markets and sales in overseas markets are starting to build, which is testament to the investment in permanent representation in Australasia, Western Europe and North America in recent years.

Manufacturing
The Group has manufacturing interests through its heat exchange proposition and through its joint ventures of UEES (with Eberspächer) and KUL (with Kautex Textron). The heat exchange operations remain the premier provider of heat exchangers to the UK motorsport market with the production of bespoke products and enhanced services to Grand Prix teams Maclaren, Renault and Red Bull.

UEES continued the successful supply of exhausts, catalysts and manifold for Land Rover, steel fuel tanks for Aston Martin, Jaguar and Bentley, filler pipes to Jaguar and Land Rover and engine components to Ford, Bentley and Isuzu. During the year, UEES also acquired the assets of an exhaust manufacturer, securing the supply to Aston Martin and Lotus Cars. This new business was transferred late in 2008 and further demonstrated UEES abilities in not only fabrication and assembly, but also in the key skills of project management and The Unipart Way. UEES will commence supply in 2009 and will seek to grow this business further using the new technology acquired with the company.

During 2008, KUL has undertaken a significant capital investment programme, incorporating a new extension and additional blow moulding facilities whilst maintaining world class quality levels on current supply. One new product has been introduced during the year with a further four products developed for introduction in 2009. Further new business relationships are being developed that will maximise the use of capacity within the Coventry site.

Corporate Social Responsibility
In 2008, the Group was awarded Gold status in Business in the Community's (BiTC) corporate responsibility index, the UK's leading benchmark for responsible businesses, for the second consecutive year. This award recognises the commitment shown by the Group to achieving improvements in all aspects of Corporate Responsibility, but some of the most recognised achievements come from the work supporting the community. The Group also continued with its support for the InspirEd project providing educational and vocational training to permanently excluded pupils from the local area. Key environmental achievements in 2008 include using only renewable energy sources, a widespread recycling culture, the use of visual management tools to monitor and control energy usage and an industry-leading project to reduce the carbon footprint of the supply chain for rail products. This innovative piece of research will identify the carbon intensive steps in the supply chain and take steps to reduce elements of production, distribution or use that have high environmental impact. A website has been developed during the year to focus employees on the environment and to spread best practice throughout the Group. In recognition of the environment initiatives undertaken by the Group, BiTC has also awarded the Group a platinum rating, the highest rating available.

Dividends
The Board are not proposing a dividend for the year, with further investments being made to consolidate the Group's position and to enable the Group to continue to develop and grow the business as opportunities arise in the forthcoming year.

Principal risks and uncertainties
The management of the business and the execution of the Group's strategy are subject to a number of risks. Risks are formally reviewed by the Board and appropriate processes put in place to monitor and mitigate them. A summary of the key business risks affecting the Group is set out below:

(a) Competition
Across the various areas of its logistics services, the Group operates in a highly competitive market which applies pressure to the sales and margins that can be achieved. Through the thorough application of The Unipart Way, the Group seeks to differentiate itself from its competitors by offering superior levels of quality, service and availability to its customers. The Group also differentiates itself through the broad spectrum of supply chain solutions it can provide and tailor for its customers.

(b) Customer contracts
Over a number of years, the Group has developed a significant number of long term partnerships with its clients, with both sides investing in the relationship for mutual benefit. As a result, the loss of any major clients would represent a risk to the Group however this risk is mitigated through continued diversification with new clients, close client management at various levels and long-term contractual relationships. The Group manages varying degrees of its clients' supply chains including holding significant levels of inventory at the Group's worldwide warehouses. Through tight controls and continuous improvement processes, the Group minimises the risk of loss of its own or clients' inventory.

(c) Pension deficit
The Group's risks in relation to its defined benefit schemes have been reduced following the successful transition to a defined contribution scheme for a significant proportion of the employees. Significant pension contributions have also been made. The risks in the defined benefit schemes remain the exposure to external factors such as discount rates, market returns and mortality rates.

(d) Global recession
In 2008 the severity of the recession has become clear in the economy as a whole and in the automotive market in particular. The Group is well diversified in both the products and markets it operates in and also in the long term customer relationships it has developed, therefore the risk it is exposed to is reduced. In addition, having secured long-term funding arrangements, the Group continues to maintain significant banking headroom for future investments.

Financial Review

Financial highlights

- Operating profit before goodwill, amortisation and exceptional items of £3.4m relating to continuing operations (2007 - £9.8m)
- Profit after tax for continuing operations of £1.2m (2007 - £18.1m)
- Impact of discontinued operations resulting in overall Group loss after tax of £3.0m (2007 - profit £9.8m)
- Total shareholders' funds at the year end of £88.6m (2007 - £107.5m) reflecting the impact of the increase in pension deficit from £20.7m in 2007 to £39.9m in 2008
- Net borrowings at the end of the year of £32.3m (2007 - £8.4m)

Summary Group profit and loss account

Year ended 31 December	2008 Continuing operations £m	2008 Discontinued operations £m	2008 Total £m	Restated 2007 Continuing operations £m	Restated 2007 Discontinued operations £m	Restated 2007 Total £m
Turnover	1,084.5	14.8	1,099.3	1,072.6	70.7	1,143.3
Less: share of joint ventures and associates turnover	(65.1)	-	(65.1)	(76.6)	-	(76.6)
Group turnover	1,019.4	14.8	1,034.2	996.0	70.7	1,066.7
Operating profit / (loss) before goodwill amortisation and exceptional items	3.4	(2.0)	1.4	9.8	(3.4)	6.4
Goodwill amortisation	(1.9)	-	(1.9)	(2.1)	-	(2.1)
Total exceptional items	-	(2.9)	(2.9)	4.5	(6.1)	(1.6)
Share of operating profit in joint ventures and associates	1.5	-	1.5	2.6	-	2.6
Profit / (loss) before interest and taxation	3.0	(4.9)	(1.9)	14.8	(9.5)	5.3
Interest including other finance income	1.1	(0.5)	0.6	6.3	(0.9)	5.4
Profit / (loss) before tax	4.1	(5.4)	(1.3)	21.1	(10.4)	10.7
Taxation	(2.9)	1.2	(1.7)	(3.0)	2.1	(0.9)
Profit / (loss) after tax	1.2	(4.2)	(3.0)	18.1	(8.3)	9.8
Minority interests			(0.3)			(0.3)
(Loss) / profit for the financial year			(3.3)			9.5

Summary Group balance sheet

At 31 December	2008 £m	2007 £m
Fixed assets	71.2	68.9
Other net current assets	131.5	114.0
Net debt	(32.3)	(8.4)
Corporation tax, deferred tax, other taxes and social security costs	4.0	2.2
Other creditors and provisions for liabilities	(45.9)	(48.5)
Net pension liabilities	(39.9)	(20.7)
Total net assets	88.6	107.5

Summary Group cash flow

Year ended 31 December	2008 £m	2007 £m
Operating profit before interest, tax, depreciation and amortisation	7.9	15.2
Working capital	(12.0)	(21.2)
Dividends received from joint ventures	-	1.5
Interest/tax paid	(7.6)	(5.8)
Exceptional costs/other	(4.0)	(1.4)
Fixed asset receipts	1.6	2.8
Capital expenditure	(10.2)	(6.6)
Free cashflow	(24.3)	(15.5)
Acquisitions and disposals	1.9	-
Net cashflow before use of liquid resources and financing	(22.4)	(15.5)
Non-cash movements and other items	(1.5)	(0.7)
Movement in net debt	(23.9)	(16.2)

Turnover

Total turnover, including our share of joint ventures and associates, at £1,099.3m is below the previous year (2007 - £1,143.3m) but reflects a small increase in turnover on continuing operations (2008 - £1,084.5m) compared to the prior year (2007 - £1,072.6m).

Profit for the year

The Group reports operating profit before goodwill amortisation and exceptional items in the continuing operations of £3.4m (2007 - £9.8m).

This is a credible result in light of significant new contract set up investments charged to profit, as well as dealing with the economic downturn which accelerated in the second half of the year. The Group continues to maintain strong control over its cost base to reflect activity levels.

The Group reports a profit after taxation for the year for continuing operations of £1.2m (2007 - £18.1m) and a loss after taxation of £4.2m (2007 - £8.3m) relating to discontinued operations. The discontinued operations relate to the disposal of the Group's paint distribution operations, crash panel repair operations and the glass distribution operations. The 2007 profit after tax result for continuing operations included the benefit of a number of exceptional items that have not recurred in 2008 and a higher level of net other finance income relating to pension scheme assets and liabilities.

Overall the Group reports a loss after tax for the financial year of £3.0m (2007 – profit £9.8m).

Exceptional items reported within operating profit
There were no exceptional items included within operating profit (2007 - £3.0m income).

Exceptional items reported after operating profit
Exceptional items reported after operating profit of £2.9m, included as discontinued items, represent losses of £2.5m incurred in the disposal of the crash repair operations, costs of £0.3m relating to the sale of the glass distribution operations and costs of £0.1m arising as a result of a reassessment of the estimates made for costs in relation to an operation sold in a prior year.

Share of joint ventures' operating profit
The Group's share of operating profit in joint ventures of £1.1m (2007 - £1.8m) reflects the downturn seen in the automotive industry, particularly in the last quarter, but in spite of this continues to show the profitability of these business ventures.

Share of associate's operating profit
Operating profit of £0.4m (2007 - £0.8m) has been generated by an overseas associate.

Interest and other financial income and charges
Net interest payable for the year was £5.1m compared to £4.3m in the previous year reflecting the increased borrowing levels following investments made to develop the Group.

Net other finance income of £5.7m arose in the year (2007 - £9.7m). This reflects the net financing income of £5.9m (2007 - £9.9m) that arose from the expected return of the pension schemes assets over the interest on liabilities as prescribed by FRS 17. The year on year reduction reflects lower than anticipated asset performance and higher interest on pension scheme liabilities. This has been partially offset by the unwinding of discounting on provisions of £0.2m (2007 - £0.2m).

Taxation
The overall tax charge for the year is £1.7m (2007 - £0.9m).

Shareholders' funds
Total shareholders' funds at the year end of £88.6m have decreased by £18.9m since the last annual report. This primarily reflects the movement in the deficit on the pension schemes of £19.2m.

Cash generation and borrowings
The Group reports a cash outflow before financing of £22.4m (2007 - £15.5m) and together with non-cash movements reports a net borrowing position at the end of the year of £32.3m compared to a position of £8.4m at the end of 2007.

The Group has the benefit of long-term borrowing facilities secured until 2011 and 2013 and through close control of working capital the Group continues to maintain significant headroom under these facilities.

Pensions
Future accruals to the Group's two main defined benefit schemes ceased in 2005. Since then, the Group has undertaken significant activity to address its obligations to these schemes. An actuarial valuation as at 31 January 2007 has been completed and a Scheme Specific Funding Plan was agreed with the Trustees and implemented.

The net FRS 17 pension deficit has increased to £39.9m (2007 - £20.7m). The key factors were the effect of current economic conditions leading to poor performance on assets held by the scheme, partially offset by reduced liabilities due to higher interest rates on corporate bonds and also the additional contributions from the Group.

Treasury policies
The Group's financial risks are managed centrally by Group Treasury with policies that are approved by the Board.

(a) Interest rate risk
Interest rate risk in respect of debt is reviewed on a regular basis. In order to protect against the volatility of interest charges, interest rate swaps and interest 'Caps' and 'Collars' are used for appropriate proportions of the debt.

(b) Foreign currency risk
The Group's foreign currency transaction risks mainly arise because receipts in currencies other than Sterling are greater than its payables in those currencies, principally for the US Dollar and the Euro. Hedging of net currency exposures is implemented in order to 'protect' forecast gross profits and cover short term currency exposure. The hedges are enacted through forward and spot currency contracts and options entered into by Group Treasury on the basis of trading projections.

(c) Liquidity risk
The objective is to ensure a mix of funding methods offering flexibility and cost effectiveness to match the needs of the Group. In the context of the current banking environment the Group is pleased to have secured long term banking facilities and continues to maintain strong control over working capital.

(d) Counterparty risk
The investment management of liquid funds aims to maximise the return on net funds subject to the security of the principal and the liquidity of the Group. The Group has identified counterparties of suitable credit worthiness.

The Group enters into foreign exchange and interest rate contracts as part of its normal course of trading. The resulting derivatives are not included at fair value in the Group balance sheet at 31 December 2008. The extent and fair value of these derivatives is of such a level that it does not materially affect the reported results and as a result has not been disclosed.

Key performance indicators
The Board uses a number of financial and non-financial key performance indicators to monitor the progress of the Group.

The performance during the year for continuing operations, together with historical trend data is set out below:

(a) Availability
The availability of product for delivery to customers is a key performance indicator across the Group. In aggregate, this statistic is not meaningful due to differing service level client requirements. Individually, this is commercially sensitive information which would be prejudicial to disclose.

(b) Daily sales – continuing operations - £4.3m (2007 restated – £4.3m)
Daily sales are in line with the prior year.

(c) Return on sales – continuing operations - 0.3% (2007 restated – 1.0%)
Return on sales has been impacted by the reduced profitability during the year with the impact of significant new contract set up investments.

(d) Debtor days – continuing operations - 45 days (2007 restated – 42 days)
The slight increase in debtor days reflects short term timing differences around the year end.

(e) Creditor days – continuing operations - 46 days (2007 restated – 51 days)
The decrease in creditor days primarily reflects the impact of the phasing of certain project spend around the 2007 and 2008 financial year ends rather than any specific changes to underlying payment terms.

(f) Inventory turn – continuing operations - 5.2 times (2007 restated – 5.0 times)
The increase in inventory turn is primarily driven by the rebalancing of inventories to match activity levels whilst maintaining high levels of availability for our clients and operations.

Board of Directors

Lord Sheppard KCVO KT
Non-executive Chairman
Lord Sheppard was appointed non-executive Chairman of Unipart in 1996 following 21 years as a director of Grand Metropolitan, which included positions as Group Chief Executive (1986-93) and Chairman (1987-96). Knighted in both 1990 and in 1996, and awarded a peerage in 1994, Allen Sheppard had previously spent 18 years in the motor industry in finance, sales, marketing and line management with Ford, Rootes and British Leyland.

He graduated in 1953 at the London School of Economics where he is now an honorary fellow and honorary governor. He is also Chairman of Namibian Resources plc and One-Click HR plc as well as Chancellor of Middlesex University. Lord Sheppard has been a key figure in the running of the Prince's Trust and Business in the Community and is President of London First, which strives to improve and promote London.

A J Mourgue
Group Finance Director
Tony Mourgue was appointed Group Finance Director in 1986 having joined Unipart in 1983. Prior to that, Tony worked with Black & Decker in the UK with responsibilities in Europe, the Middle East and Africa, having qualified as a Chartered Accountant with Ernst & Young in London and Paris.

As well as managing the internal financial control of the Group, he has been responsible for executing the numerous acquisitions and disposals the Group has undertaken and has been closely involved with relationships with investors, including the original buyout, a share buy back and share transactions between institutional shareholders. He is also responsible for banking relationships and having led the process to reduce Group debt, has put into place long-term banking facilities for the Group.

J M Neill CBE
Chief Executive & Deputy Chairman
John Neill was appointed Chief Executive of the Group in 1987, having led the management buyout from British Leyland. John joined Unipart in 1974, becoming Managing Director in 1977. Together with the Board members and members of the Group Executive Committee he is responsible for the day-to-day management and overall performance of the Group.

He holds a number of key positions within the motor industry including Vice President of the Society of Motor Manufacturers and Traders (SMMT), as well as being a Board member of the SMMT Industry Forum. His other offices include being a non-executive director of Charter International plc and Rolls-Royce plc. He is also a former member of the Court of the Bank of England and has been awarded honorary Doctorates in Business Administration from several universities including Oxford Brookes, De Montfort and Middlesex.

J D Clayton
Managing Director
John Clayton manages the Group's interests in the Rail, Commercial Vehicle, Leisure and Marine sectors. John has been instrumental in six acquisitions made over the last 12 years and the development and supply of Expert Practitioners to the Group. Since joining Unipart in 1983, he has held senior financial and operational roles in the Group.

In his earlier career, he qualified as a Chartered Accountant with Ernst & Young before joining Black & Decker from where he moved to Unipart.

F W Burns
Managing Director
Frank Burns manages the Group's interests across a range of sectors including Automotive, Aerospace, Defence, Technology and Retail. Frank also has Board responsibility for our joint venture Manufacturing interests along with the Group's Lean consultancy solutions. He is responsible for the implementation of The Unipart Way across the Group and the development of the Group's Expert Practitioners.

He started his career at Unipart in 1988 where he held a number of positions including specialising as the Managing Director of the Group's Manufacturing interests. In 1999 he moved into the Logistics arena and was appointed Managing Director during 2006.

He previously held senior positions at both GKN and Tenneco Automotive.

A M Vinton
Non-executive director & Deputy Chairman
Fred Vinton was appointed a director in 1998 and non-executive Deputy Chairman in 2004. He is the Chairman of the international fund management company EP Private Equity. He is also a director of a private family fund management company as well as several fund management companies investing in Latin America and Europe. He previously served as Chief Operating Officer at N. M. Rothschild & Sons and as Chief Executive responsible for the financial assets of the Bemberg Family Group.

Born in Argentina, he graduated from Harvard in Economics and spent 25 years with J. P. Morgan in the US, South America and, latterly, London where he was Senior Vice President responsible for banking operations and UK business from 1980-86.

R C Tomkinson
Non-executive director
Robert Tomkinson joined Unipart in 1998. At the time of his appointment he had just retired as Group Finance Director of Europe's leading electronics and electrical distribution group, Electrocomponents plc.

Previously he held a similar position with Automotive Products, and his early career was spent in energy and merchant banking. He has been a Chairman or a non-executive director of a number of companies and of the University of Buckingham, from which he has received an honorary doctorate.

S R Johnson
Non-executive director
Having graduated from Cambridge University with an engineering degree, Steve has worked in a variety of roles and organisations including periods working in consultancy, retail and logistics. He was appointed to the Board in 2006.

Steve spent a number of years working in strategy consultancy with Bain & Company and with Kalchas before joining Asda where he performed a number of senior operational roles. After a period setting up an outsourcing business for GUS, he was appointed CEO at Focus DIY.

Most recently Steve was CEO at Woolworths Group Plc.

Directors' Report

The directors present their report together with the audited financial statements for the year ended 31 December 2008.

Principal activities and business review
Unipart develops, implements and operates supply chain solutions in the distribution and logistics market in partnership with its customers in a wide range of customer sectors including Automotive, Technology, Rail, Retail and Consumer industries. Unipart's expertise and solutions cover the entire supply chain, ranging from initial procurement, warehousing and distribution to consultancy and training as well as IT and management systems and reverse logistics support. These activities and an indication of likely future developments are described in the Chairman's statement on page 1, the Chief Executive's review on pages 2 to 5 and the Financial review on pages 6 to 8, which collectively form the Business review. Principal subsidiaries, joint ventures and associates are listed in note 26.

The prior year result has been restated to include as discontinued operations, the crash panel repair and glass distribution operations that were sold during 2008.

Profit and dividends
For continuing operations, the Group reports a profit after tax for the financial year of £1.2m (2007 - £18.1m). The total Group loss for the financial year after taxation was £3.0m (2007 - £9.8m profit). The Company has not paid nor is it proposing to pay any dividends in respect of the financial year ended 31 December 2008 (2007 - £nil).

Directors and directors' interests
The current directors served throughout the year and up to the date of signing of the report. The biographical details of the current directors are listed on pages 9 to 10. The beneficial interests of the directors and their families in the share capital of the Company at the year end are shown below.

	Ordinary Shares (A, D and E) of ½p each	
	31 December 2008 Number	1 January 2008 Number
Beneficial Holdings		
Lord Sheppard	135,000	135,000
JM Neill	7,766,082	7,266,082
AJ Mourgue	1,397,324	1,397,324
JD Clayton	282,583	282,583
FW Burns	112,002	89,780
AM Vinton	275,000	250,000
RC Tomkinson	32,000	32,000
SR Johnson	12,000	12,000
Non-Beneficial Holdings		
JM Neill	898,020	898,020

Ordinary 'A' shares under option in the Company	31 December 2008 Number	1 January 2008 Number
JM Neill	1,918,367	1,918,367
AJ Mourgue	1,122,449	1,122,449
JD Clayton	345,000	270,000
FW Burns	405,000	330,000

Options were granted over 150,000 shares during the year. No options were exercised or lapsed during the financial year.

There was no contract with the Company or its subsidiaries subsisting during or at the end of the year in which any director of the Company had a material interest, with the exception of an indemnity which was made available to the directors against liabilities incurred by them in defending proceedings against them in relation to the affairs of the Company. The indemnity is subject to the provisions of the Companies Act and is set out in the Articles of Association.

Financial risk management
The Group's operations expose it to a variety of financial risks that include the effect of changes in price risk, credit risk, liquidity risk, interest rate risk, foreign exchange rate risk and cash flow risk. The Group enters into interest rate and foreign exchange contracts to reduce the level of risk that it faces. These policies are approved by the Board and are managed centrally by the Group's treasury department. Further details of the financial risks are disclosed in the Financial review on page 8.

Overseas branches
Details are set out in note 26 to the financial statements.

Donations
During the year, the Group supported charities with donations of £19,200 (2007 - £20,400) of which £10,200 (2007 - £9,700) was for health and well-being purposes, £2,100 (2007 - £3,300) in respect of child welfare and youth development and £6,900 (2007 - £7,400) to other charitable purposes in support of employees in their fund-raising activities. The Group made no political donations during the year (2007 - £nil).

Supplier payment policy
Provided there are no disputes concerning the supply of goods or services, it is the Company's and Group's normal practice to pay its suppliers within an acceptable period of time. The average number of days purchases in trade creditors at 31 December 2008 was 46 days (2007 restated - 51 days) based on continuing operations. The Company does not have any trade creditors.

Directors' Report (continued)

Employees
The Group continues to involve employees in the decision-making process and communicates with all employees on various areas, including the economic and financial factors affecting the Group via regular briefings, on-site training, employee forums and through our in-house DVD programme, 'Grapevine'. Employee involvement in the Group's performance is encouraged through employee bonus and share schemes and this involvement extends to the board of trustees of the main pension scheme on which there are employee representatives.

The Group's aim for all existing employees and applicants for employment is to fit the qualifications, aptitude and ability of each individual to the appropriate job, and to provide equal opportunity regardless of sex, religion or ethnic origin. The Group does all that is practicable to meet its responsibility towards the employment and training of disabled people. Where an employee becomes disabled, every effort is made to provide continuity of employment in the same job or a suitable alternative.

Group Share Trust
In order to enable employees to buy shares and have an interest in the Group, a Group Share Trust was set up at the time of the original buyout in January 1987. It has independent trustees and during dealing periods it can offer to buy and sell shares. Periodically it may also participate in schemes that enable employees to acquire shares and share options. It is not considered appropriate to consolidate the Group Share Trust in the Group's financial statements due to the terms of the trust deeds governing the Group Share Trust, which prevent the Group from having de facto control over the trust.

Going concern
The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Auditors
The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

Statement of directors' responsibilities in respect of the Annual Report and the financial statements
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and Group and of the profit or loss of the Group 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 UK 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, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that 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 are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure of information to auditors
In the case of each director in office at the date the directors' report is approved, under section 234ZA of the Companies Act 1985 the following applies:
- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board

M D Rimmer
Company Secretary
Oxford
8 April 2009

Independent Auditors' Report

to the members of Unipart Group of Companies Limited

We have audited the Group and parent Company financial statements (the "financial statements") of Unipart Group of Companies Limited for the year ended 31 December 2008 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses, the note of Group Historical Cost Profits and Losses, the Accounting Policies 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 law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland). 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' report includes that specific information presented in the Chairman's statement, Chief Executive's review and Financial review that is cross referred from the Business review section of the Directors' report.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read 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, the Chairman's statement, the Chief Executive's review and the Financial review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies within the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 Group's and 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and the parent Company's affairs as at 31 December 2008 and of the Group's loss and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham
8 April 2009

Group Profit and Loss account

For the year ended 31 December 2008

		2008			Restated 2007		
		Continuing operations	**Discontinued operations**	**Total**	Continuing operations	Discontinued operations	Total
	Notes	£m	£m	£m	£m	£m	£m
Turnover							
Total turnover		**1,084.5**	**14.8**	**1,099.3**	1,072.6	70.7	1,143.3
Less: share of joint ventures and associates		**(65.1)**	**-**	**(65.1)**	(76.6)	-	(76.6)
Group turnover	1	**1,019.4**	**14.8**	**1,034.2**	996.0	70.7	1,066.7
Operating profit / (loss)							
Group operating profit / (loss) before goodwill amortisation and exceptional items		**3.4**	**(2.0)**	**1.4**	9.8	(3.4)	6.4
Goodwill and other intangibles amortisation	9	**(1.9)**	**-**	**(1.9)**	(2.1)	-	(2.1)
Exceptional items	3(a)	**-**	**-**	**-**	3.0	-	3.0
Group operating profit / (loss)	2	**1.5**	**(2.0)**	**(0.5)**	10.7	(3.4)	7.3
Share of operating profit in joint ventures		**1.1**	**-**	**1.1**	1.8	-	1.8
Share of operating profit in associates		**0.4**	**-**	**0.4**	0.8	-	0.8
Total operating profit / (loss)		**3.0**	**(2.0)**	**1.0**	13.3	(3.4)	9.9
Profit on disposal of fixed assets	3(b)	**-**	**-**	**-**	1.5	-	1.5
Loss on disposal of businesses	3(b)	**-**	**(2.9)**	**(2.9)**	-	(6.1)	(6.1)
Profit / (loss) on ordinary activities before interest and tax		**3.0**	**(4.9)**	**(1.9)**	14.8	(9.5)	5.3
Net interest payable							
- Group		**(4.6)**	**(0.5)**	**(5.1)**	(3.4)	(0.9)	(4.3)
- Share of joint ventures		**-**	**-**	**-**	-	-	-
Total net interest payable	4	**(4.6)**	**(0.5)**	**(5.1)**	(3.4)	(0.9)	(4.3)
Net other finance income	5	**5.7**	**-**	**5.7**	9.7	-	9.7
Profit / (loss) on ordinary activities before tax		**4.1**	**(5.4)**	**(1.3)**	21.1	(10.4)	10.7
Tax on profit / (loss) on ordinary activities	6	**(2.9)**	**1.2**	**(1.7)**	(3.0)	2.1	(0.9)
Profit / (loss) on ordinary activities after tax		**1.2**	**(4.2)**	**(3.0)**	18.1	(8.3)	9.8
Equity minority interests	20			**(0.3)**			(0.3)
(Loss) / profit for the financial year	20			**(3.3)**			9.5

Group statement of total recognised gains and losses

For the year ended 31 December 2008	Notes	2008 £m	2007 £m
(Loss) / profit for the financial year			
Group		**(4.4)**	7.2
Share of joint ventures and associates		**1.1**	2.3
	20	**(3.3)**	9.5
Actuarial (loss) / gain recognised on Group pension schemes	20, 23	**(36.2)**	23.6
Deferred tax relating to actuarial (loss) / gain on Group pension schemes	13, 20	**10.0**	(8.7)
Current tax relating to actuarial loss on Group pension schemes	20	**0.2**	-
Actuarial (loss) / gain recognised on joint ventures' pension schemes	20	**(0.3)**	0.3
Deferred tax relating to actuarial (loss) / gain on joint ventures' pension schemes	20	**-**	(0.1)
Revaluation of freehold land and buildings in year	10	**(0.9)**	3.0
Foreign exchange adjustments	20	**11.4**	1.5
Total gains and losses recognised relating to the year		**(19.1)**	29.1

Note of Group historical cost profits and losses

For the year ended 31 December 2008	Notes	2008 £m	2007 £m
(Loss) / profit on ordinary activities before taxation		**(1.3)**	10.7
Difference between historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	20	**0.3**	0.1
Historical cost (loss) / profit on ordinary activities before tax		**(1.0)**	10.8
Historical cost (loss) / profit for the year retained after tax and equity minority interests		**(3.0)**	9.6

Balance Sheets

As at 31 December 2008

		Group	Group	Company	Company
		2008	2007	2008	2007
	Notes	£m	£m	£m	£m
Fixed assets					
Intangible assets	9	**4.5**	6.9	-	-
Tangible assets	10	**55.0**	51.4	-	-
Investments in subsidiaries	11(c)	-	-	**72.0**	62.0
Investments in joint ventures					
Share of gross assets		**22.1**	29.3		
Share of gross liabilities		**(16.0)**	(23.9)		
	11(a) (c)	**6.1**	5.4	**5.8**	5.8
Loans	11(a) (c)	**4.3**	4.3	**4.3**	4.3
Investment in associates	11(b)	**1.3**	0.8	-	-
Other investments	11(b)	-	0.1	-	-
		71.2	68.9	**82.1**	72.1
Current assets					
Stock	12	**147.3**	148.6	-	-
Debtors - amounts falling due within one year	13 (a)	**166.1**	166.0	**19.1**	50.0
Debtors - amounts falling due after more than one year	13 (b)	**27.2**	21.1	**0.9**	-
Cash at bank and in hand		**16.0**	29.7	**0.2**	0.2
		356.6	365.4	**20.2**	50.2
Creditors - amounts falling due within one year	14	**(239.6)**	(268.4)	**(18.2)**	(17.3)
Net current assets		**117.0**	97.0	**2.0**	32.9
Total assets less current liabilities		**188.2**	165.9	**84.1**	105.0
Creditors - amounts falling due after more than one year	15	**(42.0)**	(19.2)	-	-
Provisions for liabilities	17	**(17.7)**	(18.5)	-	-
Total net assets (excluding net pension deficit)		**128.5**	128.2	**84.1**	105.0
Net pension deficit	23	**(39.9)**	(20.7)	-	-
Total net assets (including net pension deficit)		**88.6**	107.5	**84.1**	105.0
Capital and reserves					
Called up share capital	18	**0.4**	0.4	**0.4**	0.4
Share premium account	20	**4.4**	4.4	**4.4**	4.4
Capital redemption reserve	20	**11.5**	11.5	**11.5**	11.5
Revaluation reserve	20	**20.0**	20.5	-	-
Profit and loss reserve	20	**51.5**	70.1	**67.8**	88.7
Equity shareholders' funds	21	**87.8**	106.9	**84.1**	105.0
Equity minority interests	20	**0.8**	0.6	-	-
Total shareholders' funds		**88.6**	107.5	**84.1**	105.0

Approved by the Board on 8 April 2009 and signed on its behalf by

J M Neill
Group Chief Executive

A J Mourgue
Group Finance Director

Group Cash Flow Statement

For the year ended 31 December 2008

	Notes	2008 £m	2008 £m	2007 £m	2007 £m
Net cash outflow from operating activities	22(a)		**(8.1)**		(7.4)
Dividends received from joint ventures			**-**		1.5
Returns on investments and servicing of finance					
Interest received		**1.1**		1.1	
Interest paid		**(5.7)**		(4.3)	
Interest element of finance lease rentals		**(0.1)**		-	
Issue costs on debt		**(0.5)**		(1.0)	
Dividends paid to minority shareholders		**(0.4)**		(0.2)	
Net cash outflow from returns on investments and servicing of finance			**(5.6)**		(4.4)
Taxation			**(2.0)**		(1.4)
Capital expenditure and financial investment					
Purchase of intangible fixed assets		**(0.1)**		-	
Purchase of tangible fixed assets		**(10.1)**		(6.6)	
Sale of tangible fixed assets		**1.6**		2.8	
Net cash outflow from capital expenditure and financial investment			**(8.6)**		(3.8)
Acquisitions and disposals					
Disposal of businesses	22(c)	**1.9**		-	
Net cash inflow for acquisitions and disposals			**1.9**		-
Cash outflow before financing			**(22.4)**		(15.5)
Financing					
(Decrease) / increase in debt due within a year		**(5.2)**		1.0	
Increase in debt due after more than one year		**20.5**		15.3	
Capital element of finance lease rental payments		**(0.3)**		-	
Net cash inflow from financing			**15.0**		16.3
(Decrease) / increase in cash	22(b)		**(7.4)**		0.8

Reconciliation of net cash flow to movement in net cash	Notes	2008 £m	2007 £m
(Decrease) / increase in cash	22(b)	**(7.4)**	0.8
Net cash outflow from change in debt and lease financing	22(b)	**(14.8)**	(15.3)
Change in net debt resulting from cash flows		**(22.2)**	(14.5)
Non-cash movements			
New finance leases	22(b)	**(3.8)**	-
Currency translation differences	22(b)	**2.3**	(0.6)
Amortisation of capitalised bank fees	22(b)	**(0.2)**	(1.1)
Movement in net debt		**(23.9)**	(16.2)
Net (debt) / cash at 1 January	22(b)	**(8.4)**	7.8
Net debt at 31 December	22(b)	**(32.3)**	(8.4)

Accounting Policies

A summary of the more important accounting policies adopted by the Company and the Group is given in the following paragraphs. The policies are consistent with the previous year, except where noted below.

Basis of accounting
The financial statements have been prepared on the going concern basis in accordance with applicable United Kingdom law and accounting standards. The financial statements are prepared on the historical cost basis of accounting, modified to include the valuation of freehold land and buildings.

In 2008, the Group has adopted the amendment to FRS17, 'Retirement benefits'. As a result of this the Group has changed its accounting policy and quoted securities held in the defined benefit pension schemes are now valued at bid price rather than mid-market value. The effects of this change on the prior year results and the reported net assets are immaterial as noted in note 23.

Basis of consolidation
The Group financial statements comprise a consolidation of the financial statements of the Company and all of its subsidiary undertakings and incorporate its share of the results of all joint ventures and associates via equity accounting principles. The results and fair value of the assets and liabilities of undertakings acquired are consolidated from the date the Group gains control. The results from discontinued operations are included up until the date they are disposed of. Where, in the view of the directors, the Group does not have de facto control over the related entities, these entities are excluded from the consolidation in the Group's financial statements. No profit and loss account is presented for the Company as permitted by Section 230 (3) of the Companies Act 1985. Uniform accounting policies are applied across the Group. Intragroup transactions are eliminated on consolidation.

Revenue
Income is recognised on the invoiced and accrued value of goods and services supplied during the year, including amounts received and receivable on management fee contracts. The sale of goods are recognised at the point at which the goods are dispatched. The sales of services are recognised in the accounting period in which the services are rendered, by reference to the agreed contractual arrangements. Turnover is reported net of conditional discounts, VAT and other sales taxes. Where the Group holds properties that are sublet, this income is recognised over the period to which the sublet relates. Income derived from gain share arrangements is recognised when the benefits are agreed with customers and are certain.

Pension costs
The Group accounts for pension and other post retirement benefits schemes in accordance with FRS 17 Revised, 'Retirement benefits'. For defined contribution schemes, contributions are charged to the Group profit and loss account as payable in respect of the accounting year.

For defined benefit schemes, the amounts charged to operating profit are the current service costs, excluding the costs of servicing the investments, and gains and losses on settlements and curtailments. They are included within staff costs and charged or credited to the statutory profit and loss account headings to which they relate. Past service costs are recognised immediately in the Group profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost, the cost of servicing the investments and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the Group statement of total recognised gains and losses.

Where defined benefit schemes are funded, the assets of the scheme are held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities.

The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred taxation, is presented separately after other net assets on the face of the balance sheet.

Where it is not possible to split the scheme assets and liabilities between individual subsidiary companies, the relevant subsidiary companies account for pensions on a contributions basis.

Goodwill
Goodwill, being the excess of the fair value of purchase consideration of businesses acquired over the Group's share of the fair value of assets and liabilities acquired, is written off to the Group profit and loss account on a straight line basis over periods which represent the useful economic lives of those assets, which are all between 10 and 20 years. All goodwill arising prior to the adoption of FRS 10, 'Goodwill and intangible assets' remains written off to reserves and will be charged to the Group profit and loss account on subsequent disposal or termination of the business to which it relates.

Intangible assets
Expenditure incurred to acquire licences to manufacture certain products are capitalised and amortised on a straight-line basis over the shorter of the estimated economic life of the manufacturing activity, the life of the licence or twenty years. Development costs incurred on specific projects are capitalised when recoverability can be assessed with reasonable certainty and are amortised in line with the expected sales arising from the projects.

Tangible fixed assets
All tangible fixed assets, with the exception of freehold land and buildings, are carried at cost less depreciation and provision for impairment. The cost of purchased assets is the value of consideration given to acquire the assets and the value of other directly attributable costs which are incurred in bringing the assets to the location and condition necessary for their intended use.

Freehold land and buildings are carried at valuation (open market value for existing use). As the Group's portfolio of freehold land and buildings consists of a number of broadly similar properties, whose characteristics are such that their values are likely to be affected by the same market factors, a full valuation will be performed on a rolling basis to cover all the properties over a five-year cycle, together with an interim valuation on the remaining four-fifths of the portfolio where it is likely that there has been a material change in value.

With the exception of freehold land, which is not depreciated, depreciation on the cost or valuation of tangible fixed assets is charged evenly to write off the assets to their residual value over their estimated useful lives as follows:

Freehold and long leasehold buildings	35 to 50 years
Short leasehold buildings	the term of each lease
Plant and equipment	1 to 10 years

The Group's policy is to capitalise as tangible fixed assets computer software expenditure only in respect of major systems changes.

Impairment of fixed assets and goodwill
Impairment provisions are calculated by comparing the net book value of fixed assets or goodwill with the higher of the net realisable value and the value in use of those assets. The value in use is calculated using forecast risk-adjusted discounted post-tax cash flows over the economic life of the related fixed asset or goodwill.

Joint ventures and associates
The Group's share of the profits or losses of joint ventures and associates are included in the Group profit and loss account on the equity accounting basis. The holding value of associates and joint ventures in the Group balance sheet is calculated by reference to the Group's equity in the net assets, goodwill and loans of such joint ventures and associates.

Other investments
Other investments are stated at cost less provision for impairment.

Stock
Stocks are stated at the lower of cost and net realisable value. Cost of finished products and work in progress includes, where appropriate, direct labour and materials and a proportion of factory overheads. Net realisable value is calculated, after taking into account provisions for obsolescence, as the actual selling price, net of trade discounts, less costs to completion and all related marketing, selling and distribution costs.

Warranties
Provision is made for the best estimate of the costs of making good under warranty products sold before the balance sheet date, and discounted where material.

Onerous contracts
When a contract becomes onerous, provision is made for the best estimate of the unavoidable losses that are expected to be incurred under the remainder of the contract term.

Property provisions
Provision is made for the best estimate of unavoidable future lease payments, on a discounted basis where material, when the lease becomes onerous, net of amounts that can be reasonably expected to be recovered from subtenants to which the respective property is expected to be sublet.

Provision is made for the best estimate of dilapidation costs, on a discounted basis, at the date the obligation arises. The unwinding of the discount is included within interest expense. The provision is net of amounts recoverable in respect of dilapidation costs for properties that have been sublet to unrelated third parties.

Deferred tax
Deferred tax is accounted for to recognise timing differences between the recognition of gains and losses in the financial statements and their recognition for tax purposes. A deferred tax liability is recognised if transactions or events result in the Group having an obligation to pay more tax in future periods. A deferred tax asset is only recognised where transactions or events that have occurred before the balance sheet date give the Group the right to pay less tax in future, and it is considered reasonable to forecast that there will be future profits against which the deferred tax assets can be recovered. Deferred tax balances are not discounted.

Share-based payments
The fair value of share plans, where material, is recognised as an expense in the Group profit and loss account over their expected vesting periods. The fair value of share plans is determined at the date of the grant, taking into account any market based vesting conditions attached to the award. Non-market based vesting conditions are taken into account in estimating the number of awards that are likely to vest; these estimates are reviewed regularly and the expense charge adjusted accordingly.

Finance leases
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases where the Group acts as the lessor are presented as a receivable at an amount equal to the net investment in the lease. Rental payments received by the company under the finance leases are apportioned between the finance charge and the reduction of the outstanding obligation.

The recognition of finance income is based on a pattern reflecting a constant periodic rate of return on the company's net investment in the finance lease. The finance charge from the lease is recognised within interest receivable in each accounting period. Rentals relating to the reduction of the outstanding obligation are recognised through revenue over the term of the lease. Normal selling losses are recognised through costs of sales on inception on the lease.

For assets held under finance leases when the Group acts as a lessee, the capital element of the leasing commitment is shown as an obligation under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligation and the interest element is charged to the profit and loss account in proportion to the reducing capital element.

Operating leases
Operating lease rentals are charged against operating profit as incurred.

Finance costs
Costs incurred in respect of obtaining new debt instruments are capitalised and reported against the respective debt within liabilities, and amortised to the Group profit and loss account over the term of the facility.

Foreign currency
The profit and loss accounts of overseas activities are translated into Sterling at average rates of exchange. Balance sheets are translated at the rate of exchange prevailing at the balance sheet date. Exchange differences arising on the retranslation at closing rates of the opening balance sheets of overseas activities, together with the year end adjustment to closing rates of profit and loss accounts translated at average rates, are taken to reserves.

Exchange differences arising in the normal course of trading and on the translation of monetary assets and liabilities are taken through the Group profit and loss account. Differences arising on the translation of foreign currency borrowings are taken directly to reserves where there is a corresponding exchange difference on the translation of the related net investment.

Accounting Policies (continued)

Significant estimation techniques

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure in the reporting period. Actual results could differ from those estimates. Estimates are principally used when accounting for pension costs, the valuation of freehold land and buildings, the useful economic lives of fixed and intangible assets, provisions and, in certain instances, in revenue recognition.

Financial instruments

The Group uses various derivative financial instruments to reduce exposure of foreign exchange risks. Authorised instruments include forward currency contracts and currency options. The Group also uses interest rate swaps and options to manage its interest rate exposure.

As permitted under the Standard, the Group has not adopted FRS 23 'The effects of changes in foreign exchange rates' and therefore forward currency contracts used to hedge transaction exposures are not revalued. Transactions to hedge translation exposures are revalued and the net unrealised difference taken to trading profit. All realised gains and losses are taken to operating profit.

Currency option premia are recognised at their historical cost in the Group balance sheet as other receivables. At maturity, the option premia together with any realised foreign exchange differences on exercise, are taken to operating profit.

Interest rate option premia paid are recognised at their historical cost in the Group balance sheet as other receivables. Option premia are taken to net interest payable spread over the interest period covered by the relevant options.

Amounts payable or receivable in respect of interest rate swap agreements used to manage interest rate exposure are recognised as adjustments to periodic interest expense over the duration of the contracts.

Notes to the Financial Statements

1 Segmental reporting

It is the directors' judgement that the Group operates principally in one business segment, that of distribution and logistics management.

An analysis of turnover by location of external customer is as follows:

	2008 £m	2007 £m
United Kingdom	**765.5**	809.1
Other Europe	**115.2**	117.9
Rest of the world	**153.5**	139.7
Group turnover	**1,034.2**	1,066.7
Share of joint ventures (United Kingdom)	**59.7**	71.3
Share of joint venture and associate (Other Europe)	**5.4**	5.3
Total turnover including share of joint ventures and associates	**1,099.3**	1,143.3

The geographical analysis of turnover, (loss) / profit before tax and net assets by origin is as follows:

	Group turnover		(Loss) / profit before tax	
	2008 £m	Restated 2007 £m	2008 £m	Restated 2007 £m
Continuing operations				
United Kingdom	**929.1**	922.3	**(3.9)**	12.8
Other Europe	**62.2**	49.8	**4.5**	4.5
Rest of the world	**28.1**	23.9	**2.0**	1.2
Total from continuing operations	**1,019.4**	996.0	**2.6**	18.5
Discontinued operations (United Kingdom)	**7.9**	63.9	**(4.5)**	(9.9)
Discontinued operations (Other Europe)	**6.9**	6.8	**(0.9)**	(0.5)
Share of joint ventures (United Kingdom)	**59.7**	71.3	**1.1**	1.8
Share of joint venture and associate (Other Europe)	**5.4**	5.3	**0.4**	0.8
	1,099.3	1,143.3	**(1.3)**	10.7

	Net assets	
Total operations	2008 £m	2007 £m
United Kingdom	**108.1**	106.4
Other Europe	**33.5**	20.4
Rest of the world	**15.4**	9.8
	157.0	136.6
Net debt	**(28.5)**	(8.4)
Net pension deficit	**(39.9)**	(20.7)
	88.6	107.5

Within the Group's 2008 total net debt, £3.8m has been allocated directly to UK operations where the debt originates.

2 Group operating (loss) / profit

	Continuing operations £m	Discontinued operations £m	2008 Total £m	Continuing operations £m	Discontinued operations £m	Restated 2007 Total £m
Group turnover	**1,019.4**	**14.8**	**1,034.2**	996.0	70.7	1,066.7
Cost of sales	**(759.7)**	**(10.8)**	**(770.5)**	(740.5)	(49.3)	(789.8)
Gross profit	**259.7**	**4.0**	**263.7**	255.5	21.4	276.9
Distribution costs	**(158.7)**	**(5.2)**	**(163.9)**	(155.9)	(19.3)	(175.2)
Administrative expenses	**(99.5)**	**(0.8)**	**(100.3)**	(91.9)	(5.5)	(97.4)
Exceptional items (note 3(a))	**-**	**-**	**-**	(6.6)	-	(6.6)
Total administrative expenses	**(99.5)**	**(0.8)**	**(100.3)**	(98.5)	(5.5)	(104.0)
Other exceptional operating income (note 3(a))	**-**	**-**	**-**	9.6	-	9.6
Group operating profit / (loss)	**1.5**	**(2.0)**	**(0.5)**	10.7	(3.4)	7.3

The current year trading loss of the paint distribution operation of £0.3m was provided for in the prior year as part of the exceptional items. The release of the provision has been included within administrative expenses.

Group operating (loss) / profit is stated after charging / (crediting):

	2008 £m	2007 £m
Depreciation of owned tangible fixed assets (including impairment charge of £nil (2007 - release £0.6m))	**6.3**	5.5
Amortisation of goodwill and other intangibles	**1.9**	2.1
Loss / (profit) on the disposal of land and buildings	**0.2**	(0.2)
Loss on the disposal of other tangible fixed assets	**0.3**	0.5
Operating leases - land and buildings	**22.0**	21.2
- plant and machinery	**11.1**	12.7
Sublet income from land and buildings	**(4.6)**	(3.6)

Details of the exceptional items recognised in arriving at operating (loss) / profit can be found in note 3(a) to the financial statements.

2 Group operating (loss) / profit (continued)

During the year, the Group (including its overseas subsidiaries) obtained the following services from the Group's auditors at costs detailed below:

	2008 £m	2007 £m
Audit services		
Audit of Company and Group financial statements	**0.1**	0.1
Other services to the Group		
Audit of the Company's subsidiary financial statements pursuant to legislation	**0.4**	0.4
Taxation services	**0.9**	0.6
Other services	**0.1**	0.3

During the year the fees payable by the Group's associated pension schemes to the Group's auditors were £0.1m (2007 - £0.1m).

3 Exceptional items

a) Exceptional items - recognised in arriving at operating (loss) / profit	2008 £m	2007 £m
Compensation for early completion of contract (i)	-	9.6
Reorganisation costs (ii)	-	(6.6)
	-	3.0

b) Exceptional items - recognised after arriving at operating (loss) / profit	2008 £m	2007 £m
Continuing operations		
Profit on disposal of fixed assets (iii)	-	1.5
	-	1.5
Discontinued operations		
Loss on disposal of business (iv)	**(2.8)**	(4.3)
Loss in respect of business sold in prior years (v)	**(0.1)**	(1.8)
	(2.9)	(6.1)
	(2.9)	(4.6)

(i) During the prior year, the Group received an amount of £10.2m as compensation for the early completion of a contract less associated pension costs of £0.6m. These costs were treated as allowable for tax purposes in 2007.

(ii) During the prior year, costs of £6.6m arose in respect of a reorganisation of the UK branch network operations of the business, including consultancy costs driving various performance improvement projects and redundancies resulting from changes to the structure. These costs were treated as disallowable for tax purposes in 2007.

(iii) In the prior year, a profit of £1.5m arose in respect of the sale of a leasehold property. Due to the availability of capital losses for tax purposes, there is no taxation charge relating to the property disposal.

(iv) In 2008, the Group incurred losses on disposal of £2.5m in respect of the sale of its crash panel repair operation that completed on 10 June 2008 and £0.3m relating to the sale of the glass distribution operations that completed on 31 December 2008 following which, the Group no longer has any activities in these markets. £0.4m of these charges have been treated as disallowable for tax purposes. During the prior year, the Group incurred losses on disposal of £4.3m in respect of the agreement to sell the Group's paint distribution operations that completed on 31 January 2008. £0.5m of these charges were treated as disallowable for tax purposes.

(v) During the year a further charge of £0.1m arose as a result of a reassessment of the estimates made for costs in relation to a business sold in a previous year. A similar charge of £1.8m was made in the prior year. These charges are allowable for tax purposes.

Notes to the Financial Statements (continued)

4 Net interest payable	Continuing operations £m	Discontinued operations £m	2008 Total £m	Continuing operations £m	Discontinued operations £m	Restated 2007 Total £m
Interest payable						
Bank loans and overdrafts	(5.2)	(0.5)	(5.7)	(3.2)	(0.9)	(4.1)
Finance lease interest	(0.1)	-	(0.1)	-	-	-
Amortisation of issue costs on bank facilities	(0.4)	-	(0.4)	(1.1)	-	(1.1)
	(5.7)	(0.5)	(6.2)	(4.3)	(0.9)	(5.2)
Interest receivable	1.1	-	1.1	0.9	-	0.9
Net interest payable	(4.6)	(0.5)	(5.1)	(3.4)	(0.9)	(4.3)

The interest amount included in the discontinued column is calculated based on either the actual borrowings or on the borrowing levels needed to support the discontinued operations using the Group's average interest rate.

5 Net other finance income	2008 £m	2007 £m
Net finance credit on pension schemes (note 23)		
Expected return on pension scheme assets	39.5	41.2
Interest on pension scheme liabilities	(33.6)	(31.3)
	5.9	9.9
Unwinding of discounting of provisions (note 17)	(0.2)	(0.2)
Net other finance income	5.7	9.7

6 Tax on (loss) / profit on ordinary activities

a) Analysis of tax charge / (credit)	Continuing operations £m	Discontinued operations £m	2008 Total £m	Continuing operations £m	Discontinued operations £m	Restated 2007 Total £m
Current tax						
UK tax						
UK Corporation tax on (loss) / profit	0.2	(0.6)	(0.4)	1.0	(1.9)	(0.9)
Share of joint ventures' tax	0.4	-	0.4	0.7	-	0.7
Adjustments in respect of prior periods	0.4	(0.2)	0.2	0.1	-	0.1
Foreign tax						
Corporation taxes	1.8	(0.4)	1.4	1.9	(0.2)	1.7
Total current tax charge / (credit)	2.8	(1.2)	1.6	3.7	(2.1)	1.6
Deferred tax						
Origination and reversal of timing differences	2.1	-	2.1	(0.1)	-	(0.1)
Impact of change in UK tax rate	-	-	-	0.1	-	0.1
Adjustments in respect of prior periods	(2.0)	-	(2.0)	(0.7)	-	(0.7)
Representing:						
United Kingdom	(0.4)	-	(0.4)	-	-	-
Foreign tax	0.5	-	0.5	(0.3)	-	(0.3)
Share of joint ventures	-	-	-	(0.4)	-	(0.4)
Total deferred tax charge / (credit)	0.1	-	0.1	(0.7)	-	(0.7)
Tax on (loss) / profit on ordinary activities	2.9	(1.2)	1.7	3.0	(2.1)	0.9

Tax relating to the discontinued operations is calculated based on the losses arising in the discontinued operations together with a proportion of the relevant prior year adjustments. No deferred tax has been allocated to the discontinued operations.

6 Tax on (loss) / profit on ordinary activities (continued)

b) Factors affecting the current tax charge for the year

The tax assessed for the year is different to the standard rate of corporation tax in the UK of 28.5%. The differences are explained below:	2008 £m	2007 £m
(Loss) / profit on ordinary activities before tax	**(1.3)**	10.7
(Loss) / profit on ordinary activities multiplied by effective standard rate in the UK 28.5% (2007 - 30%)	**(0.4)**	3.2
Effects of:		
Expenses not deductible for tax purposes	**1.1**	2.5
Difference between depreciation and capital allowances	**1.5**	0.7
Other timing differences	**2.0**	(1.6)
Pension related items subject to deferred tax	**(2.8)**	(3.3)
Adjustments to tax charge in respect of previous periods	**0.2**	0.1
Total current tax charge for the year	**1.6**	1.6

c) Factors that may affect future tax charges

The Group has generated significant UK capital losses from disposals in previous years. Such losses will only be available to offset UK capital profits arising in future periods, such as gains arising on the future sale of freehold properties, and it is expected to be some time before these losses are relieved. Accordingly, the Group has not recognised a deferred tax asset in respect of these losses. As a consequence, the Group does not expect to incur any significant tax charges in respect of capital gains within the foreseeable future.

7 Employees

Employee costs	Group 2008 £m	Group 2007 £m	Company 2008 £m	Company 2007 £m
Wages and salaries	**189.9**	187.3	**1.9**	1.8
Social security costs	**18.3**	17.6	**0.2**	0.2
Pension costs (note 23)	**5.5**	6.8	**-**	0.1
	213.7	211.7	**2.1**	2.1

Average monthly number of employees (including directors)	Group 2008 Number	Group 2007 Number
Direct production	**823**	731
Indirect production and warehousing	**1,935**	1,957
Sales, marketing and administration	**5,344**	5,758
	8,102	8,446

The average monthly number of employees in the Company during the year was four (2007 - four).

8 Directors' emoluments

The aggregate emoluments of the directors during the year totalled £2,435,000 (2007 - £2,905,000) which includes payments to directors of £490,000 (2007 - £449,000) in lieu of the Group making contributions to the defined contribution pension scheme. No directors (2007 - nil) accrued retirement benefits under a defined benefit scheme, and no directors (2007 - nil) accrued benefits under a money purchase scheme. The Group did not make any contributions to money purchase pension schemes during the year (2007 - £nil). The highest paid director received emoluments during the year as follows:

	2008 £	2007 £
Salary, bonus and benefits in kind	**719,000**	820,000
Payment in lieu of Group pension contributions (see below)	**210,000**	191,000
Emoluments of highest paid director	**929,000**	1,011,000

At the end of 2005, the highest paid director gave up his rights to further accrual under a defined benefit scheme and the Group agreed to make broadly equivalent contributions under defined contribution arrangements which commenced on 1 January 2006. However, following the change in the legislation and tax regime for pensions on 6 April 2006, it could have been disadvantageous for certain directors, including the highest paid director, if the Group had continued to make contributions to their defined contribution scheme account. As a result, the Group agreed with the directors to pay them a sum instead of making these contributions. These payments are being made at a level where the Group is in a no better or worse position than if the contributions had been made. No payments have been made in 2008 to defined contribution arrangements in respect of the highest paid director (2007 - nil).

The Chairman received fees under a contract for services of £55,600 in the year (2007 - £53,500) plus expenses. Fees of £120,000 (2007 - £115,500) were paid in the year in respect of the other three (2007 - three) non-executive directors.

During the year, 150,000 share options were granted to Directors of the Company. No options over shares in Unipart Group of Companies Limited were exercised by the directors.

Notes to the Financial Statements (continued)

9 Intangible assets

	Goodwill £m	Licences / Other £m	Total £m
Cost			
At 1 January 2008	182.3	0.8	183.1
Additions	-	0.1	0.1
Adjustments of consideration paid	(0.6)	-	(0.6)
At 31 December 2008	**181.7**	**0.9**	**182.6**
Amortisation			
At 1 January 2008	175.7	0.5	176.2
Charge for the year	1.8	0.1	1.9
At 31 December 2008	**177.5**	**0.6**	**178.1**
Net book amount			
At 31 December 2008	**4.2**	**0.3**	**4.5**
At 31 December 2007	6.6	0.3	6.9

In the year, an amount of £0.6m (2007 - £0.2m) deferred consideration became no longer payable in respect of the Group's shareholding in Varitext Limited purchased in 2006. The amount has been credited in full in the year against the carrying value of the goodwill and consequently the amortisation charge over the remaining estimated economic life of the goodwill will be reduced accordingly. An amount of £0.1m was capitalised in the year that related to the development of product for a customer. These costs will be amortised over the three year life of the contract.

Included in the accumulated amortisation at 31 December 2007 and 31 December 2008 is an aggregate impairment charge from prior years of £159.2m.

10 Tangible fixed assets

		Land & buildings			
	Freehold £m	Long leasehold £m	Short leasehold £m	Plant and machinery £m	Total £m
Cost or valuation					
At 1 January 2008	36.5	3.2	9.3	74.4	123.4
Additions	3.2	0.1	0.3	6.5	10.1
Revaluation	0.3	-	-	-	0.3
Disposals	(0.1)	(0.2)	(1.3)	(11.0)	(12.6)
Exchange adjustment	3.1	0.1	0.1	4.4	7.7
At 31 December 2008	**43.0**	**3.2**	**8.4**	**74.3**	**128.9**
Accumulated depreciation					
At 1 January 2008	4.5	1.4	6.9	59.2	72.0
Charge for the year	0.6	0.1	0.4	5.2	6.3
Revaluation	1.2	-	-	-	1.2
Disposals	-	(0.2)	(1.1)	(9.5)	(10.8)
Exchange adjustment	1.2	-	0.1	3.9	5.2
At 31 December 2008	**7.5**	**1.3**	**6.3**	**58.8**	**73.9**
Net book amount					
At 31 December 2008	**35.5**	**1.9**	**2.1**	**15.5**	**55.0**
At 31 December 2007	32.0	1.8	2.4	15.2	51.4

Included within plant and machinery additions during the year are £1.6m of costs associated with assets under construction. These are costs incurred on the development of a bespoke IT system to support the warehouse and back office functions in the UK branch network. These assets have not been depreciated in the year.

In addition to the normal cyclical revaluations, the Group performed an interim valuation of a large proportion of its portfolio at the end of the year in response to the changes in the economic environment. This has resulted in an overall reduction of £0.9m in the value of the Group's freehold properties. This is represented by a revaluation of the cost value of £0.3m and revaluation of the accumulated depreciation of £1.2m.

Included within the balance of accumulated depreciation at 1 January 2008 is an amount of £2.0m relating to impairments of prior periods. The impairment charges have been made to reduce the assets of certain operations within the Company to their calculated recoverable value. The depreciation charge for the year is stated after a net impairment charge of £nil (2007 - release of £0.6m) made in respect of assets used in operations where revisions to the value in use have been assessed. Hence, an amount of £2.0m relating to previous impairments is included within the balance of accumulated depreciation at 31 December 2008.

10 Tangible fixed assets (continued)

If the Group's freehold land and buildings had not been revalued, their net book value would have been:

	2008 £m	2007 £m
Cost	24.0	18.7
Accumulated depreciation	(8.5)	(7.2)
Closing net book amount	15.5	11.5

All of the freehold land and buildings were valued as at 31 December 2005 on the basis of existing use at an aggregate value of £28.0m. At 31 December 2008 some of the portfolio of properties were revalued as part of the five-year cycle on the basis of existing use and interim valuations were performed on some of the properties giving a total aggregate value of £35.5m.

Certain of the freehold properties, including those overseas properties, were valued by external valuers, Edwards Symmons & Partners, Harris Lamb, Thomas Merrifield and DTZ Zadelhoff, all being qualified valuers and members of the Royal Institution of Chartered Surveyors (RICS) or equivalent professional bodies in the case of the overseas valuers. The remaining properties, which consist of broadly similar properties, were valued by qualified Chartered Surveyors, being members of RICS, who are employees of the Unipart Group Property Department. The aggregate value of the valuation performed by the internal surveyors was £3.8m (2007 - £3.8m) resulting in a revaluation reserve of £1.6m (2007 - £1.3m).

All valuations were carried out in accordance with the RICS Appraisal and Valuation Standards; the internal valuations were subject to review by Edward Symmons & Partners.

No deferred tax is recognised on the revaluation of fixed assets.

11 Investments

(a) Investments in joint ventures - Group

	Share of net assets £m	Loans £m	Total £m
At 1 January 2008	5.4	4.3	9.7
Profit for the financial year	0.7	-	0.7
At 31 December 2008	**6.1**	**4.3**	**10.4**

The Group's interests in its principal joint ventures are 50% of the ordinary shares of each of Kautex Unipart Limited, Unipart Eberspächer Exhaust Systems Limited and Van Wezel Austria GmbH. The loan is from Unipart Group of Companies Limited to Kautex Unipart Limited and interest is charged at 5% per annum. The Group provides certain administrative services to its joint ventures, the transactions being disclosed in note 25.

(b) Investments in associates and other investments - Group

	Associated undertaking £m	Other £m	Total £m
Cost			
At 1 January 2008	0.8	0.6	1.4
Profit for the financial year	0.4	-	0.4
Exchange adjustment	0.1	-	0.1
At 31 December 2008	**1.3**	**0.6**	**1.9**
Provisions			
At 1 January 2008	-	0.5	0.5
Impairment in the year	-	0.1	0.1
At 31 December 2008	**-**	**0.6**	**0.6**
Net book amount			
At 31 December 2008	**1.3**	**-**	**1.3**
At 31 December 2007	0.8	0.1	0.9

Associated undertakings represent the Group's 29% ordinary shareholding of ACI Auto Components International SRO which has been included in the consolidated financial statements using the equity method of accounting. Other investments represent an equity investment in Real Affinity plc whose AIM listing has been cancelled during the year and an amount has been provided to fully write down the investment at 31 December 2008.

Notes to the Financial Statements (continued)

11 Investments (continued)

(c) Investments in subsidiaries and joint ventures - Company

	Subsidiaries	Joint ventures		Total
	Shares	Shares	Loans	
	£m	£m	£m	£m
Cost and net book amount				
At 1 January 2008	62.0	5.8	4.3	72.1
Additions	10.0	-	-	10.0
At 31 December 2008	72.0	5.8	4.3	82.1

Details of the principal undertakings in the Group and the investments of the Company are shown in note 26. During the year the Company increased its existing share capital investment in its 100% owned subsidiary of Unipart Rail Holdings Limited.

The directors believe that the carrying value of the investments is supported by either their underlying net assets or their value in use.

12 Stock

	2008	2007
	£m	£m
Raw materials and consumables	5.7	3.9
Work in progress	2.8	2.2
Finished goods and goods for resale	138.8	142.5
	147.3	148.6

13 Debtors

	Group 2008	Group 2007	Company 2008	Company 2007
	£m	£m	£m	£m
(a) Amounts falling due within one year				
Trade debtors and bills receivable	123.9	120.4	-	-
Amounts owed by Group undertakings	-	-	12.1	42.9
Amounts owed by joint ventures	0.7	1.4	-	-
Other debtors	12.3	15.3	7.0	6.9
Corporation tax	0.1	-	-	0.2
Amounts receivable under finance lease	0.7	-	-	-
Prepayments and accrued income	28.4	28.9	-	-
	166.1	166.0	19.1	50.0
(b) Amounts falling due after more than one year				
Deferred tax (see below)	18.5	16.4	0.9	-
Amounts receivable under finance lease	5.3	-	-	-
Prepayments and accrued income	3.4	4.7	-	-
	27.2	21.1	0.9	-

Amounts due from group undertakings and joint ventures are unsecured and have no fixed repayment date. Certain amounts due from group undertakings and joint ventures bear interest.

Included in the other debtors of the Group and the Company is £7.0m owed by the Group Share Trust (2007 - £6.8m) which the Directors believe is recoverable by the equity interest held by the Trust.

Deferred tax

	Group 2008	Group 2007	Company 2008	Company 2007
	£m	£m	£m	£m
Accelerated capital allowances	11.9	11.7	-	-
Trading losses and timing differences	6.6	4.7	0.9	-
Deferred tax asset included within debtors	18.5	16.4	0.9	-
Related deferred tax asset included within the net pension deficit	15.5	8.0	-	-
	34.0	24.4	0.9	-

The Group and the Company does not recognise an asset in respect of UK capital losses generated from disposals in previous years as such losses will only be available to offset UK capital profits arising in future periods and it is expected to be some time before these losses can be relieved. In addition, the Group has not recognised an asset of £2.6m (2007 - £0.7m) in respect of trading losses of subsidiaries where it is unlikely that these losses will be utilised in the foreseeable future.

13 Debtors (continued)

Deferred tax	Group 2008 £m	Group 2007 £m	Company 2008 £m	Company 2007 £m
At 1 January	24.4	32.8	-	-
Amounts (charged) / credited to the profit and loss account	(0.1)	0.3	0.9	-
Amounts charged to the statement of total recognised gains and losses	10.0	(8.7)	-	-
Foreign exchange adjustments	(0.3)	-	-	-
At 31 December	34.0	24.4	0.9	-
Representing:				
Deferred tax asset included within debtors	18.5	16.4	0.9	-
Related deferred tax asset included within the net pension deficit (note 23)	15.5	8.0	-	-
	34.0	24.4	0.9	-

Amounts receivable under finance leases comprises: *Total amounts receivable*	Group 2008 £m	Group 2007 £m	Company 2008 £m	Company 2007 £m
Within 1 year	0.7	-	-	-
Between 2 - 5 years	5.3	-	-	-
	6.0	-	-	-

14 Creditors: amounts falling due within one year

	Group 2008 £m	Group 2007 £m	Company 2008 £m	Company 2007 £m
Bank loans and overdrafts (note 16)	5.5	19.7	-	-
Trade creditors	118.1	133.6	-	-
Amounts owing to other Group undertakings	-	-	17.9	17.2
Amounts owing to joint ventures	0.5	-	-	-
Corporation tax	-	-	0.2	-
Other taxes and social security costs	14.7	14.2	-	-
Other creditors	28.2	29.3	-	-
Finance leases	0.8	-	-	-
Accruals and deferred income	71.8	71.6	0.1	0.1
	239.6	268.4	18.2	17.3

Amounts due to group undertakings and joint ventures are unsecured and have no fixed repayment date. Certain amounts due to group undertakings and joint ventures bear interest.

15 Creditors: amounts falling due after more than one year

	Group 2008 £m	Group 2007 £m	Company 2008 £m	Company 2007 £m
Bank loans (note 16)	39.0	18.4	-	-
Other creditors	-	0.7	-	-
Finance leases	3.0	-	-	-
Accruals and deferred income	-	0.1	-	-
	42.0	19.2	-	-

16 Borrowings

	Group 2008 £m	Group 2007 £m
Amounts due within one year		
Term and credit facility	4.8	10.4
Bank overdrafts	0.7	9.3
	5.5	19.7
Amounts due after more than one year		
Term and credit facility committed until 30 June 2011	14.7	-
Working capital facility committed until 31 December 2013	24.3	18.4
	39.0	18.4

The bank loans and overdrafts bear interest based on the base rate or LIBOR and are secured by fixed and floating charges over certain of the Group's assets. The term and credit facility is stated net of unamortised issue costs of £0.4m (2007 - £0.1m). The working capital facility is stated net of unamortised issue costs of £0.6m (2007 - £0.8m). These costs are allocated to the Group profit and loss account over the terms of the respective facilities at a constant rate.

Notes to the Financial Statements (continued)

16 Borrowings (continued)

The Group has various borrowings facilities available, the principal facility being a working capital facility of up to £102.0m which is committed until 31 December 2013. In addition, there is a term and credit facility of £42.5m at 31 December 2008, repayable at £5.0m per annum until 30 June 2011.

Finance leases	Group 2008	Group 2007
Future minimum payments under finance leases are as follows:	£m	£m
Within one year	1.0	-
In more than one year, but not more than five years	3.3	-
Total before finance charges	4.3	-
Less: finance charges included above	(0.5)	-
Total due under finance leases	3.8	-

17 Provisions for liabilities

	Warranties £m	Property £m	Group Total £m
At 1 January 2008	0.3	18.2	18.5
Charged in the year	0.1	3.6	3.7
Utilised in the year	(0.1)	(3.1)	(3.2)
Released in the year	-	(1.1)	(1.1)
Unwinding of discount	-	(0.2)	(0.2)
At 31 December 2008	**0.3**	**17.4**	**17.7**

Warranty

The Group supplies product to customers on which it offers a warranty for a period of up to three years. The cost of warranties on sales made prior to the year end has been estimated based on past experience of warranty settlements. It is anticipated that the existing provision will be utilised within the next two to three years.

Property

The property provision is in respect of contractual obligations primarily in relation to onerous leases on vacant properties and in relation to dilapidations. The charge in respect of the unwinding of discounting of provisions is included in net other finance income (note 5). These provisions are expected to be utilised at the end of the respective leases, which vary between 1 and 50 years.

18 Share capital

The share capital comprises 'A', 'D' and 'E' Ordinary shares of ½p each and each share, irrespective of class, has the same dividend entitlement and has one vote at a general meeting. On a return of capital on liquidation or otherwise, the assets of the Company available for distribution amongst shareholders shall be applied in paying pro-rata to the holders of the 'A' Ordinary shares the sum of ½p per share and to the holders of the 'D' Ordinary shares and the 'E' Ordinary shares the sum of 1p per share and thereafter, pro-rata to the nominal value of shares held by them.

		'A' Ordinary shares	'D' Ordinary shares	'E' Ordinary shares	**Total Ordinary shares**
Authorised share capital (number of shares)					
At 31 December 2008	million	**190.5**	**7.0**	**2.5**	**200.0**
At 31 December 2007	million	190.5	7.0	2.5	200.0
Allotted, called up and fully paid share capital (number of shares)					
At 31 December 2008	million	**72.1**	**7.0**	**2.5**	**81.6**
At 31 December 2007	million	72.1	7.0	2.5	81.6
Allotted, called up and fully paid share capital					
At 31 December 2008	£m	**0.4**	**-**	**-**	**0.4**
At 31 December 2007	£m	0.4	-	-	0.4

The shareholders with over 5% of the issued share capital at 31 December 2008 are UGC Share Trustees Limited, Electra Private Equity Partners Scotland LLP, UGC Pension Shareholdings Limited ("UGCPSL"), Mr JM Neill, 3i plc and Standard Life. No individual shareholder owns greater than 20% of the issued share capital and as a result, the directors do not consider there to be an ultimate controlling party.

Pursuant to the Company's Articles of Association, certain 'E' Ordinary shares, which were transferred during the Company's share dealing period in the financial year, were converted to 'A' Ordinary shares upon transfer.

18 Share capital (continued)

The UGCPSL shareholding is held on behalf of the Unipart Group Pension Scheme and the Unipart Group Retirement Benefits Scheme. The schemes retain the economic interest in the shares (so they will benefit directly from any increase in their value and will receive any dividends paid by the Company on those shares), however they do not actually hold the shares in their own names and they are not able to exercise any of the voting rights on them prior to any liquidity opportunity (as defined in an agreement between UGCPSL and the schemes).

UGCPSL is subject to contractual controls including as to how and when it exercises the voting rights attached to the shares it holds, under which it must act as required by the Board of Unipart Group of Companies Limited, and only with the approval of the Company's 'D' shareholders and the majority of the Company's institutional investors. As these arrangements prevent the Group from having de facto control over UGCPSL, it is not considered appropriate to consolidate UGCPSL in the Group's financial statements.

19 Share option schemes

The Group Share Trust has granted options to employees over a number of shares which have already been issued and are owned by the Group Share Trust. It is not considered appropriate to consolidate the Group Share Trust in the Group's financial statements due to the terms of the Trust deeds governing the Group Share Trust, which prevent the Group from having de facto control over the Trust.

The vesting requirements associated with the share options are a combination of criteria based on financial and personal performances. The share options issued since November 2002 have all been issued at an exercise price of 45p and have a vesting period of 3 years and a total option length of 10 years. All options exercised are to be settled with ordinary shares of the Company.

No share-based payment charge has been recognised in relation to the options issued since November 2002 on the basis that any charge would be immaterial. At the date the options were granted, the exercise price was greater than the share valuation.

20 Reserves

Group	Profit and loss reserve £m	Share premium account £m	Capital redemption reserve £m	Revaluation reserve £m	Minority interests £m
At 1 January 2008	70.1	4.4	11.5	20.5	0.6
(Loss) / profit for the financial year	(3.3)	-	-	-	0.3
Revaluations of freehold land and buildings in year	-	-	-	(0.9)	-
Transfer from revaluation reserve to profit and loss reserve	0.3	-	-	(0.3)	-
Actuarial loss recognised on pension schemes	(36.2)	-	-	-	-
Deferred tax relating to actuarial loss on pension schemes	10.0	-	-	-	-
Current tax relating to actuarial loss on pension schemes	0.2	-	-	-	-
Actuarial loss recognised on joint ventures' pension schemes	(0.3)	-	-	-	-
Deferred tax relating to actuarial gain on joint venture pension schemes	-	-	-	-	-
Foreign exchange adjustments	10.7	-	-	0.7	0.3
Dividends paid to minority shareholders	-	-	-	-	(0.4)
At 31 December 2008	**51.5**	**4.4**	**11.5**	**20.0**	**0.8**
Net pension deficit	39.9				
Profit and loss reserve excluding pension deficit	**91.4**				

The cumulative amount of goodwill written off directly to reserves prior to the implementation of FRS 10, 'Goodwill and intangible assets', is £17.6m (2007 - £17.6m) in respect of the acquisition of businesses.

Company	Profit and loss reserve £m	Share premium account £m	Capital redemption reserve £m
At 1 January 2008	88.7	4.4	11.5
Loss for the year	(20.9)	-	-
At 31 December 2008	**67.8**	**4.4**	**11.5**

The Company has not presented its own profit and loss account as permitted by Section 230 (3) of the Companies Act 1985. The Company's loss for the year was £20.9m (2007 - profit of £44.3m).

Notes to the Financial Statements (continued)

21 Reconciliation of movements in equity shareholders' funds

	Group 2008 £m	Group 2007 £m	Company 2008 £m	Company 2007 £m
(Loss) / profit for the financial year	**(3.3)**	9.5	**(20.9)**	44.3
Other recognised gains and losses relating to the year (net)	**(15.8)**	19.6	**-**	-
Movements in equity shareholders' funds	**(19.1)**	29.1	**(20.9)**	44.3
At 1 January	**106.9**	77.8	**105.0**	60.7
At 31 December	**87.8**	106.9	**84.1**	105.0

22 Notes to the cash flow statement

(a) Reconciliation of operating (loss) / profit to net cash flow from operating activities	2008 £m	2007 £m
Operating (loss) / profit	**(0.5)**	7.3
Non-cash movement in exceptional items	**-**	0.7
Depreciation of tangible fixed assets	**6.3**	5.5
Amortisation of goodwill and other intangibles	**1.9**	2.1
Difference between pension service charge and cash contributions	**(4.0)**	(2.1)
Loss on the disposal of fixed assets	**0.2**	0.3
Movement in stocks	**5.5**	(3.9)
Movement in debtors	**2.4**	(9.9)
Movement in creditors	**(19.0)**	(6.2)
Movement in provisions	**(0.9)**	(1.2)
Net cash outflow from operating activities	**(8.1)**	(7.4)

The cash outflow in the prior year includes the settlement of £9.6m for early completion of a contract partially offset by £5.9m of reorganisation costs.

The discontinued operations contributed £0.6m to net operating cash flows reflecting strong working capital control prior to disposal, £(0.2)m in respect of net returns on investments and servicing of finance, £nil in respect of taxation and £nil for capital expenditure.

(b) Analysis of net debt	2007 £m	Cashflow £m	Non-cash movements £m	2008 £m
Cash	29.7	(16.0)	2.3	**16.0**
Overdrafts	(9.3)	8.6	-	**(0.7)**
	20.4	(7.4)	2.3	**15.3**
Debt due within a year	(10.4)	5.7	(0.1)	**(4.8)**
Debt due after one year	(18.4)	(20.5)	(0.1)	**(39.0)**
Finance leases due within 1 year	-	-	(0.8)	**(0.8)**
Finance leases due after 1 year	-	-	(3.0)	**(3.0)**
	(28.8)	(14.8)	(4.0)	**(47.6)**
Total	(8.4)	(22.2)	(1.7)	**(32.3)**

Non-cash movements relate to amortisation of issue costs, new finance lease agreements and foreign exchange movements.

22 Notes to the cash flow statement (continued)

(c) Sale of businesses

	Crash panel repair operations	Paint distribution operations	Total
Net assets disposed:	£m	£m	£m
Tangible fixed assets	-	1.1	**1.1**
Stock	0.4	5.9	**6.3**
Debtors	-	0.8	**0.8**
Creditors	-	(0.6)	**(0.6)**
	0.4	7.2	**7.6**
Costs of disposal	2.2	3.4	**5.6**
Loss on disposal (i)	(2.5)	(4.3)	**(6.8)**
	0.1	6.3	**6.4**
Satisfied by:			
Cash	0.1	6.3	**6.4**

The paint distribution operations were reported as discontinued operations in 2007 but the sale was not completed, nor cash received, until 2008. The sale of glass distribution operation was completed on 31 December 2008 and no cash had been received in 2008.

(i) The loss on disposal of the crash panel repair operations of £2.5m has been recognised in exceptional items after operating loss in 2008 and the loss on disposal of the paint distribution operations of £4.3m was recognised in exceptional items after operating profit in 2007.

The cash flow from the disposal of businesses resulted from the following movements:	£m
Cash proceeds received in the year	**6.4**
Costs associated with disposal of crash panel repair business paid in 2008	**(2.1)**
Costs associated with disposal of the glass distribution operations paid in 2008	**(0.3)**
Costs associated with disposal of paint distribution operation paid in 2008	**(2.1)**
Disposal of businesses	**1.9**

23 Pension commitments

The Group operates several pension schemes in the United Kingdom, the largest being the Unipart Group Pension Scheme and the Unipart Group Retirement Benefits Scheme. The assets of these pension schemes are held separately from those of the Group in trustee administered funds. The schemes are principally funded defined benefit schemes. Contributions are assessed in accordance with the advice of an independent qualified actuary using the projected unit method, where applicable, and as agreed with the trustees of the schemes. Contributions are payable in accordance with the schedules of contributions agreed with the Trustees of the pension schemes which are fixed until 2015. These schedules will be reviewed in the light of the results of the next actuarial valuations (which are due to be undertaken as at 31 January 2010) and may then be varied with the agreement of the trustee. With effect from 31 December 2005, the defined benefit accrual ceased in the Unipart Group Pension Scheme and the Unipart Group Retirement Benefits Scheme and members had the option of continuing to accrue benefits under new defined contribution sections of the schemes.

Total contributions made in the year to defined contribution sections of these schemes were £3.7m (2007 - £3.6m).

The latest formal actuarial valuations of the Unipart Group Pension Scheme and the Unipart Group Retirement Benefits Scheme were carried out as at 31 January 2007 by Hewitt Bacon & Woodrow Limited. Based on the valuations, the value of the schemes' liabilities have been updated by Hewitt Bacon & Woodrow Limited to assess the liabilities of the schemes at 31 December 2008 for the purposes of FRS 17. Scheme assets are stated at their market value at 31 December 2008.

The disclosures for all of the Group's defined benefit arrangements are aggregated below. Included in these numbers are two overseas defined benefit schemes but these schemes are not material to the Group totals. As with previous years, the Company has accounted for contributions into the defined benefit sections as if the scheme were a defined contribution scheme, as the Company is unable to identify its share of the underlying assets and liabilities in the schemes. The Company cannot identify its share of assets and liabilities because the two pension schemes operated by the Group are managed on a total basis with neither the liabilities nor the assets segregated between members who have worked for the Company and other Group subsidiaries which have had employees in the defined benefit sections. In addition, key assumptions on mortality and dependants pensions have not been separately assessed. The Company will be expected to continue to contribute to the two pension schemes based on the results of the triennial actuarial valuations. The amount of such contributions will vary dependent on the actual actuarial experience of the schemes and the investment returns achieved.

The key financial and other assumptions used to calculate the scheme liabilities are:	2008	2007
Rate of general increase in salaries	**3.84%**	4.10%
Rate of increase in pensions in payment	**2.74%**	2.91%
Discount rate	**6.73%**	5.87%
Inflation assumption	**2.72%**	3.10%

Notes to the Financial Statements (continued)

23 Pension commitments (continued)

As part of the 2007 triennial valuation of the main Group schemes, a full review of mortality for scheme members was conducted and the demographic assumptions used in assessing the FRS 17 liabilities reflect this review. For these schemes, the following life expectancies have been used:

Retirement in this year for male pensioners at age 65	20.6 years
Retirement in 2025 for male pensioners at age 65	21.6 years

Consistent mortality tables for future female pensioners have been used. The mortality assumptions used in the valuation of the defined benefit pension liabilities of the Group's UK schemes have been calculated by adjusting the standard mortality tables to reflect the characteristics of the workforce.

In line with prior years, it has been assumed that at retirement, members commute some of their pension for cash, being some three-quarters of the maximum amount of the commutable pension, based on the schemes' current commutation factors.

Minor changes in key assumptions may have a material impact on the quantum of the pension deficit.

The assets in the schemes and the expected rates of return were:	Long-term rate of expected return	2008 £m	Long-term rate of expected return	2007 £m
Equities / Absolute return funds	**8.3%**	**353.9**	8.4%	429.8
Government bonds	**3.8%**	**0.7**	4.4%	1.5
Corporate bonds	**4.8%**	**55.0**	4.9%	59.8
Property / Infrastructure	**6.8%**	**42.2**	7.4%	43.7
Other	**4.2%**	**11.5**	4.8%	50.8
Total market value of assets		**463.3**		585.6
Present value of funded pension plans' liabilities		**(518.6)**		(614.2)
Deficit in funded plans		**(55.3)**		(28.6)
Liability for unfunded pension plans		**(0.1)**		(0.1)
Total deficit in plans		**(55.4)**		(28.7)
Related deferred tax asset		**15.5**		8.0
Net pension deficit		**(39.9)**		(20.7)

The equity investments which are held in plan assets are quoted and are valued at the current bid price in 2008 following the adoption of the amendment to FRS 17. In previous years these were valued at mid market price. The assets in the previous years have not been restated to reflect the change in valuation method as the amount of the reduction in asset values is not material.

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields at the balance sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The movements in the present value of scheme liabilities during the year were:	2008 £m	2007 £m
Liabilities at 1 January	**(614.2)**	(654.3)
Current service cost	**(2.7)**	(3.2)
Interest cost	**(33.6)**	(31.3)
Contributions	**(0.9)**	(0.9)
Settlements	**0.9**	13.7
Benefits paid	**23.3**	23.0
Actuarial gain	**100.9**	41.4
Foreign exchange adjustments	**(0.2)**	0.1
Members share	**7.9**	(2.7)
Liabilities at 31 December	**(518.6)**	(614.2)

23 Pension commitments (continued)

The movements in the fair value of scheme assets in plans during the year were:	2008 £m	2007 £m
Assets at 1 January	**585.6**	590.3
Expected return on scheme assets	**39.5**	41.2
Actuarial loss	**(137.1)**	(17.8)
Settlements	**-**	(13.7)
Benefits paid	**(23.3)**	(23.0)
Contributions	**6.5**	5.9
Members share	**(7.9)**	2.7
Assets at 31 December	**463.3**	585.6

Scheme assets include a holding of shares in the Company valued at £4.2m (2007 - £5.4m). Scheme assets do not include any property occupied by any members of the Group. The actual loss on scheme assets in the year was £97.6m (2007 - gain £23.4m).

The performance statements include the following amounts:	2008 £m	2007 £m
Amounts charged to operating (loss) / profit		
Current service cost	**(2.7)**	(3.2)
Settlements	**0.9**	-
	(1.8)	(3.2)
Defined contribution schemes	**(3.7)**	(3.6)
Total operating charge	**(5.5)**	(6.8)
Analysis of amount credited to net other finance income		
Expected return on pension scheme assets	**39.5**	41.2
Interest on pension scheme liabilities	**(33.6)**	(31.3)
Net return	**5.9**	9.9
Amounts included within the Group statement of total recognised gains and losses		
Actual return less expected return on pension scheme assets	**(137.1)**	(17.8)
Experience gains and losses arising on the scheme liabilities	**(2.4)**	(10.1)
Changes in assumptions underlying the present value of the scheme liabilities	**103.3**	51.5
Actuarial (loss) / gain recognised in the Group statement of total recognised gains and losses	**(36.2)**	23.6

History of experience gains and losses	Year ended 31 December 2008 £m	Year ended 31 December 2007 £m	Year ended 31 December 2006 £m	Year ended 31 December 2005 £m	Year ended 31 December 2004 £m
Liabilities	**(518.6)**	(614.2)	(654.3)	(673.4)	(630.1)
Plan assets	**463.3**	585.6	590.3	550.9	462.4
Scheme deficit	**(55.3)**	(28.6)	(64.0)	(122.5)	(167.7)
Experience gains and losses on scheme assets	**(137.1)**	(17.8)	18.4	51.7	12.5
Experience gains and losses on scheme liabilities	**(2.4)**	(10.1)	3.7	(7.5)	(15.0)
Actuarial (loss) / gain recognised in the Group statement of total recognised gains and losses	**(36.2)**	23.6	32.3	28.8	(17.7)

24 Commitments

(a) Capital commitments	Group 2008 £m	Group 2007 £m
Contracted as at the year end but not provided for in the financial statements	**1.0**	0.4

The Company had no capital commitments at 31 December 2008 (2007 - £nil).

Notes to the Financial Statements (continued)

24 Commitments (continued)

(b) Contingent liabilities and financial commitments	Group 2008 £m	Group 2007 £m	Company 2008 £m	Company 2007 £m
Guarantees for export trading and loan facilities	**4.6**	4.9	**1.5**	1.5

Under the Group's banking arrangements, the Company, together with certain of its subsidiary undertakings, has given security, by way of fixed and floating charges over certain assets, to guarantee bank loans provided to the Group. The amount guaranteed by the Company outstanding at 31 December 2008 was £25.2m (2007 - £19.2m).

(c) Operating lease commitments

	Land and buildings 2008 £m	Land and buildings 2007 £m	Other 2008 £m	Other 2007 £m
Annual amounts payable on agreements expiring:				
- within one year	**1.0**	1.1	**3.3**	3.6
- after one year but within five years	**8.9**	4.7	**4.0**	4.0
- after five years	**16.9**	18.6	**-**	-
	26.8	24.4	**7.3**	7.6

The Company had no operating lease commitments at 31 December 2008 (2007 - £nil).

25 Related party transactions

The Group has taken the exemption available under FRS 8, 'Related party disclosures', from disclosing related party transactions between entities within the Group. The Group and its joint ventures provide certain services on behalf of each other which involve making payments on each other's behalf. During the year, the total payments made on behalf of Kautex Unipart Limited amounted to £5.9m (2007 - £5.3m) and amounts owed to the Group at 31 December 2008 were £0.3m (2007 - £0.5m) as reported in note 13(a). In addition, an amount of £4.3m was owed to the Group at 31 December 2008 under a formal loan agreement bearing interest of 5% per annum as reported in note 11(a) (2007 - £4.3m). During the year, the total payments made on behalf of Unipart Eberspächer Exhaust Systems Limited amounted to £3.1m (2007 - £1.5m) and amounts owed to the Group at 31 December 2008 were £0.4m (2007 - £0.9m) as reported in note 13(a). The total payments made by Unipart Eberspächer Exhaust Systems Limited on behalf of the Group amounted to £3.9m (2007 £1.6m) and amounts owed to Unipart Eberspächer Exhaust Systems Limited by the Group were £0.5m (2007 £nil).

26 Principal Group undertakings

	Country of incorporation and operation
Subsidiary undertakings	

At the year end, the Group's principal subsidiary undertakings were as set out below with those directly held by the Company being indicated by (i). Unless otherwise stated, the holdings are 100% of the voting rights and shares.

Distribution and logistics management	
Europe, Middle East and Africa	
Serck Services (Bahrain) EC	Bahrain
Van Wezel Autoparts NV	Belgium
Unipart NV	Belgium
E W (Holdings) Limited	England
Unipart Automotive Limited	England
Unipart Rail Limited	England
Unipart Exports Limited	England
Unipart Group Limited (i)	England
Unipart Logistics Limited	England
Unipart North America Limited	England
Unipart Rail Logistics Limited	England
Unipart Leisure and Marine Limited	England
Unipart Security Solutions Limited (formerly WPI Limited)	England
Unipart DCM Service GmbH	Germany
Van Wezel GmbH	Germany
Intertruck Benelux BV	Netherlands
TECE Unipart BV	Netherlands
Unipart Services BV	Netherlands
Van Wezel Nederland BV	Netherlands
Serck Services (Oman) LLC (49%) (ii)	Oman
UL Logistics PTY Ltd	South Africa
Unipart Services Spain, S.L.	Spain
Serck Services (Gulf) Limited (49%) (ii)	UAE
Serck Services Company LLC (49%) (ii)	UAE
Americas and Asia Pacific	
Unipart Logistics PTY Limited	Australia
Unipart Services Canada Inc	Canada
Unipart Logistics (Suzhou) Trading Co Limited	China
Unipart Kabushiki Kaisha	Japan
Unipart Services America Inc	USA
Serck Services Inc	USA
Group vehicle and property holding companies	
Gresty Road 2005 Holdings Limited	England
Gresty Road Supplies Limited	England
Unipart Fleet Services Limited	England
UGC Properties Limited (i)	England
Intermediate holding companies	
Unipart Rail Holdings Limited (i)	England
Unipart Automotive Holdings Limited (i)	England
Unipart International Holdings Limited	England
UGC Holdings BV	Netherlands

Joint ventures and associates

The Group's principal interests in joint ventures and associates are set out below, those held directly by the Company being indicated by (i). Unless otherwise stated, the holdings are 50% of the voting rights and shares.

Distribution and logistics management	
Van Wezel Austria GmbH	Austria
ACI Auto Components International SRO (29%)	Czech Republic
Manufacture of automotive components	
Kautex Unipart Limited (i)	England
Unipart Eberspächer Exhaust Systems Limited (i)	England

(ii) These companies have been treated as subsidiaries under section 258(4) of the Companies Act 1985. The investments are held for the long term and the Group's management takes an active role in the operational and strategic management of these companies. These operations are effectively controlled by the Group with a dominant influence being exercised over their activities.

As well as those undertakings listed above, within the European Union the Group also has branches in Belgium, France, Italy, Republic of Ireland and Spain.

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