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Unipart Group of Companies Limited
Annual Report 2011

UNIPART GROUP

This publication comprises the full Annual Report and Accounts of Unipart Group of Companies Limited for 2011, prepared in accordance with the Companies Act 2006 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 2011

Chairman's Statement

2011 has been a year of intense activity for the Group with a number of exciting developments. The Group has focussed strongly on expanding its customer base in the manufacturing, consulting and logistics sectors, winning new blue-chip clients and growing significantly in international markets.

I am pleased to report that the Group has achieved a 7% year on year growth in turnover from continuing operations with total operating profits up 5% on the same basis. Continuing operations delivered a profit of £28.7 million broadly similar to the prior year (2010 - continuing operations - £29.6m) Borrowings are down and the Group once again generated cash.

During the year the Group has expanded and consolidated its operations in emerging markets including further investment in the operations based in China and India, and has expanded the overseas footprint of the Rail customer base by securing a major contract in Australia to provide maintenance and supply chain services for passenger vehicles Significant growth has been achieved within the technology sector where the logistics services provided to our partners have been expanded to offer innovative solutions to their business needs not just within supply chain, but throughout their operations

The UK automotive branch network continued to benefit from the investment made in 2010 in implementing the Unipart Way and upgrading the quality of the network The network continued to witness year on year growth in the Independent Motor Trade resulting in a decision to invest further in network development and product range extensions During the year, the Group entered into discussions with H2 Equity Partners, the owner of a market-leading European distributor of automotive aftermarket parts to explore potential synergies These discussions progressed well and it became clear that the synergistic opportunities would provide the system scale to support the successful Hub and Cluster supply chain strategy and access to a much wider range of products and systems This resulted in H2 Equity Partners acquiring a controlling interest in the UK Automotive branch network on the 30th September 2011 with the Group retaining a 49 9% share and receiving a cash consideration This has provided an exciting new development for the Group which should lead to increased profitability going forward and more resources to focus on the core logistics operations of the Group

The divestment of the UK automotive branch network has had a significant impact on turnover, profit, assets and liabilities, therefore the results of these operations have been treated as discontinued in the current and prior years

Including the results of the discontinued operations the Group has made a total operating profit of £8 4m for the year ended 31 December 2011 a 5% increase over the £8 0m reported last year The transaction has resulted in a loss on disposal of £25 7m which is reported as an exceptional item within discontinued operations bringing the loss before interest and tax attributable to discontinued operations to £46 0m As a result of this loss the Group has made a loss on ordinary activities after tax of £18 7m for the year (2010 - £3 8m profit)

The Group's overall net debt reduced during the year, benefitting from the proceeds of the disposal and the continued focus on controlling working capital in the current economic climate, overall net debt was £15 8m at 31 December 2011 (2010 - £19 8m)

The Group has re-financed during the year and has a combination of long-term banking facilities that are committed until 2013, 2015 and 2018 and continues to maintain sufficient borrowing headroom to support the future growth of the business

The Group continued to develop and deploy the Unipart Way throughout its operations which enabled us to grow and develop our people in order to provide exceptional levels of service to our customers

The subject of bonuses has captured the headlines recently and this year's accounts will show a significant increase in compensation for the Chief Executive This is the result of the Board wishing to reward an intense two year period of activity during which period he volunteered to take on the full-time role of managing the UK automotive branch network as well as his Group responsibilities Stand-in payments and bonuses were awarded to other operational Executives who also took on additional responsibilities but the Chief Executive refused any increased compensation in the preceding years until such time as he was convinced that the UK Automotive branch network was positioned to achieve a strong and secure future for all of its stakeholders

I would like to take this opportunity to express the Board's appreciation to people throughout Unipart whose passion for the Unipart Way coupled with their dedication and commitment to our customers has enabled the Group to create a culture which is fundamental to its long term competitive advantage

Chief Executive's Review

2011 was a year of significant strategic and operational achievements. The Group was able to grow our sales in continuing operations by 7% in a very challenging economy. Operating profits in our continuing operations were strong at £25.4m (2010 - £26.8m) and our manufacturing joint ventures grew particularly strongly, with the Group share of operating profit from joint ventures increasing by over 20%.

The investment in designing, developing and deploying The Unipart Way throughout the Group's operating companies and into our clients enabled us to meet the challenges of subdued western markets which exercised pressure not only on our companies but also on those of our clients

The major strategic step completed in September 2011 was the sale of a controlling interest in the UK automotive branch network to H2 Equity Partners The significant investment the Group made in the UK automotive branch network to implement The Unipart Way throughout the branch network together with further investments in new product ranges enabled the business to grow substantially in the Independent Motor Trade Further additional and on-going investment was made and provided to build outlet scale through the implementation of the Hub and Cluster supply chain strategy This has worked well and it became very clear that for the business to realise its long term potential, it would need system scale as well as outlet scale It also needs to operate on a broader European footprint seeking opportunities to extend its part number range to meet the needs of a more complex and sophisticated vehicle parc together with the opportunity to leverage investment in systems and customer solutions

The Group entered discussions with H2 Equity Partners during 2011 to explore such synergies and it quickly became clear that the favoured solution by all parties was for H2 to take a controlling stake in the business with the Group retaining 49 9% of the business Extensive consultations with employees and other stakeholders prior to completion produced a very favourable and positive response to the deal and we look forward to seeing the business continue to develop both strategically and operationally in the years ahead

During 2011 the Group wrote-off to operating expense the investments that we made in a wide range of initiatives to improve the business which have and are expected to continue under the new owners The Group has retained an investment in the new company and if the business performs as I am hopeful that it will, the Group would expect to recover an amount in excess of the carrying value which would see a return of the some of the investments made during 2011

I want to express my thanks to operational colleagues across the Group who took on additional tasks to help to dramatically improve the service quality and customer satisfaction in the UK automotive branch network A very successful bi-product of the implementation of The Unipart Way into multiple locations has been the creation of a new 'multi-site' Unipart Way product which is attracting substantial interest from companies seeking to improve employee engagement in their network operations

Manufacturing is once more in fashion in the United Kingdom and I am pleased that calls to exit this sector many years ago were resisted The Group's manufacturing joint ventures have been successful in moving the business from major over-reliance on one customer to a broad-based and growing number of blue chip automotive companies both in the United Kingdom and in Europe The manufacturing joint ventures supply both a high volume of manufacturers and a growing number of high performance niche producers which include some of the most famous brands in the world

The Group's business leaders continue to operate in accordance with the first of our 18 Principles which requires them to personally lead the implementation of The Unipart Way and coach their fellow employees in its philosophy, principles, tools and techniques This is clearly valued by our existing and potential clients as many refer to The Unipart Way as a key reason why they have broadened and deepened their relationships with the Group We will continue our unending journey to grow the skills and capabilities of our people through the now well established 'Gate to Great' programme at every level throughout the Group

My colleagues and I are often asked to explain The Unipart Way but it's rather like being asked to explain Beethoven's 9th You have to hear it to appreciate it and The Unipart Way is the same in that you need to see it in action to grasp and understand it Over the years, we have hosted visits from thousands of people from existing and potential clients to help them grasp the power of The Unipart Way to not only serve them effectively but help them achieve competitive advantage in their markets

I want to take this opportunity to express my appreciation to my colleagues throughout the Group who continue to study in our Faculties on the Floor to grow their technical skills and their Unipart Way knowledge and competencies They are articulate and powerful exemplars of the way the 18 Principles of The Unipart Way are deployed on behalf of our customers

They live by our guiding philosophy which is 'to understand the real and perceived needs of our customers better than anyone else and serve them better than anyone else' and through the regular Mark In Action award ceremonies held in the Group University their stories demonstrate how living up to the Corporate Goal of 'making the Unipart logo the mark of outstanding personal customer service' is continuously reinforced as part of the Group's DNA

During the year, 130 awards for outstanding personal customer service were presented to teams and individuals often by senior executives from highly appreciative customers Since the programme began over twenty years ago, 2681 awards have been presented, each of them for exceptional performance beyond what might normally be expected

Our employees work every day to evidence a culture of high levels of employee engagement and customer engagement Their knowledge and skills ensure the Group can remain adaptable and flexible so that they both welcome and relish change which is so critical in a rapidly changing world

The Group was very pleased to receive external accreditation which recognises the very good work that people throughout Unipart do every day It was a proud moment for the Group to be presented with the Best Environmental Award at the Business in the Community Annual Awards ceremony in the Royal Albert Hall in July There are many examples of individual initiatives which reduce our carbon footprint but at the same time deliver real commercial benefits to our clients and our own company It was also very pleasing to achieve platinum status in the Business in the Community Corporate Responsibility awards Corporate responsibility has been integral to the mission statement the Group developed more than twenty five years ago and such prestigious awards act as an on-going recognition and inspiration to Unipart people to act in accordance with our values

All colleagues working in the Group appreciate the need to be constantly vigilant to ensure that health and safety is a key facet of our operations so this is a subject which is discussed every day by teams throughout the Group We were very pleased to be awarded with two Swords of Honour by the British Safety Council during 2011 in our Cowley and Nuneaton facilities

I would like to conclude with a heartfelt thank you to people throughout our Group of Companies who have demonstrated immense commitment to our Group and dedication to serving our customers I hear hundreds of stories throughout the year of exceptional things which people do which is way beyond the normal call of duty Your commitment is recognised and appreciated by the Board and also our customers

Operating review

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

Unipart is proud of its partnerships in the automotive industry, and continues to support a wide range of clients including Jaguar Land Rover, Tata Motors, The London Taxi Company and Mobis Through the application of The Unipart Way, coupled with employee engagement and intelligent use of systems, Unipart has driven client key performance indicators to world class levels

We strive to continuously improve the service levels offered to our clients' businesses and the Group was delighted to receive a number of client awards and automotive dealer surveys during the year that recognised our tremendous efforts and passion for customers, as well as our fingertip control of complex global automotive supply chains In 2011, Unipart successfully implemented its fourth logistics centre in China and is pleased to have expanded services in support of Tata Motors in India Unipart is well placed to support our clients and their customers in not only these growth markets, but also in other emerging markets such as Russia

During the year the Group sold a significant proportion of the assets of the UK automotive branch network operations, which supplies parts to the automotive repair industry and received consideration in the form of cash and equity, retaining a 49 9% interest Overseas distribution operations in the European and US markets, which service automotive crash repair and truck parts markets, have performed well with encouraging levels of growth being achieved in the European market. Further investments are planned for the coming year to expand these operations further

Technology
The Group has experienced particularly strong growth within the technology products and services that it provides and has confirmed its reputation as the top technology and logistics provider in the UK, as existing long term relationships have been enhanced with the provision of additional services

In July, building on the strength and success of its seven year partnership with Sky, the Group went live with the end-to-end management of Sky's Fleet & Engineer Services business This is significant new business, incorporating the procurement, distribution, maintenance and disposal of over 2,500 vehicles, and all equipment required by Sky's field engineers As a long-term strategic partner to Sky, this new business positions the Group at the heart of Sky's long term engineer fulfilment, field distribution and fleet management strategy The key differentiator was our commitment to finding new, innovative ways to deliver a greener and more cost effective fleet operation

The repairs service has also been developed with several technology companies and the base at Nuneaton has received industry recognition as the best UK Mobile Repair Centre, along with many phone manufacturers who have already given their highest possible level of accreditation Vodafone, Three, and Virgin Mobile remain key clients within this sector along with other leading smartphone manufacturers

The Group has continued with the expansion of 'Universe', its industry leading repair and returns diagnostic system This tool enables the delivery of returns, repair, refurbishment and repair avoidance services by preventing unnecessary repairs being sent to the repair centre and resolves issues remotely, therefore improving customer satisfaction

Retail
During 2011 the UK retail market has continued to be dramatically affected by the economic downturn, with many retailers seeking long-term cost saving opportunities The Unipart Way has played a key role in allowing us to work confidently with our clients and pursue these goals by removing waste and non-value added activity to secure efficiency savings However, such has been the severity of the downturn that a number of high profile businesses have gone into administration, including our customer Habitat during June 2011 Working closely with Habitat and the administrators, continuity of service was maintained during this difficult period, resulting in a new contract to provide logistics services to the Home Retail Group, who acquired the Habitat brand and three flagship London stores

The relationship with Homebase continues to strengthen following the announcement of the 12 year contract extension at the end of 2010, which resulted in a complete re-layout of the Cowley distribution centre during the summer of 2011, realising productivity benefits as a result of the re-facilitisation

ASOS revenues have continued to grow significantly year-on-year, primarily in the overseas markets which now represent over half of their overall business In order to facilitate this expansion, Unipart successfully migrated the operation from five warehouses in Hemel Hempstead to a purpose built 530,000 sq foot fulfilment centre in Barnsley The new site went live during spring 2011, on budget and ahead of schedule A second overseas returns processing hub was also implemented during the year in Australia, complementing the operation currently in the US

The Sainsbury's operation in Tamworth has developed significantly during 2011, with improved productivity and service levels The second phase of a warehouse management system change was also managed with no major impacts

Rail
The Group has continued to demonstrate its ability to retain and build relationships with clients in the traction and rolling stock and infrastructure markets The business operates across a significant proportion of the UK rail market and has a growing presence abroad, supplying customers with solutions to complex supply-chain issues as well as a comprehensive product reconditioning, repair and manufacturing operation, along with growing consultancy services direct to the rail industry

In the traction and rolling stock market, which services the Train and Freight Operating Companies for aftermarket parts, as well as vehicle owners and builders, activity levels have increased in 2011, both in the UK and overseas The business continues to see high levels of contract retention with its key customers and has recently expanded its services to take in depot stores management with one of its major customers The business has been successful in securing business with new vehicle builders as they come into the UK market and has expanded its overseas footprint by securing a major contract through a joint venture in Australia, providing maintenance and supply chain services for passenger vehicles, the contract commences mid-2012

In the infrastructure market the Group has continued to support Network Rail directly and also indirectly through the contractors appointed by Network Rail This continues to be a challenging environment as

Network Rail strives to achieve its cost reduction targets The business has also looked to expand into other rail infrastructures both in the UK and internationally with some success and total sales were up on the previous year

Over and above the rolling stock contract in Australia the business continues to grow internationally with permanent representation in Australia, Western Europe, Asia and North America

Manufacturing
The Group is a major supplier of advanced technology components to UK vehicle manufacturers through its joint venture operations of UEES (Unipart Eberspächer Exhaust Systems Limited) with Eberspächer GmbH and KUL (Kautex Unipart Limited) with Kautex Textron Inc The components we supply include complete exhaust systems, fuel tank systems and engine fuel rails, with these key products being central to our customers' achievements of reduced emissions and improved fuel economy

Despite the weak economic conditions in the global economy we have continued to win new business and invest for the future Our manufacturing production volumes in 2011 were at a similar level to the record volumes achieved for our customers in 2010 We experienced a high level of demand from our UK based vehicle manufacturers as they introduced new models and maximised production to meet demand in overseas markets The Group continues to invest in its manufacturing operations and during 2011 substantial new automotive business has been won for new model introductions that our customers are introducing in 2013 This has been a testament to the on-going levels of outstanding customer service that Unipart is renowned for and has continued to provide to its customers

UEES designs, develops and manufactures a range of exhaust systems, steel fuel tanks and engine components, and will grow significantly over the coming years as new customer contracts will enhance the income stream in all three product groups

KUL designs, develops and manufactures automotive HDPE plastic fuel tanks and is a leading supplier in the UK During 2011, new facilities have been installed that have increased the production capacity by 25% whilst the business has continued to support customers in the launch of new models New business has also been secured on customers future model introductions in the coming years which sets the business on a path for growth

Through other manufacturing and service operations in the UK, US and Middle East, the Group also designs, builds, repairs and services a wide range of heat exchangers and pressure vessels for a wide range of sectors including motor sport and F1, automotive, rail, industrial and power generation Many clients have been cautious about major spend on new plant and overhauls during the year, but throughput levels have remained stable The business has continued to raise its profile in the fossil fuel and nuclear power generation sectors by designing and building innovative solutions for its customers, helping clients to increase output, reduce operating costs and extend plant life

Business Services
Over recent years the Group has developed and offered its consultancy operations to a variety of markets 2011 has provided significant challenges as the consultancy market has continued to decline with low activity levels in Central Government consultancy, which in turn has led to a re-focus on alternate sectors and a restructuring of activities In response to market shifts the Finance and Banking sector has provided new opportunities for existing and new customers UEP continues to provide consultancy to a major UK high street bank and during the year secured a second finance client being a major global investment bank, an account which is expected to increase two-fold during 2012 Towards the end of the year the practise began scoping activities for new banking clients and expects these to mature into exciting opportunities for 2012

Market presence has also been maintained in the Health sector and successful relationships have continued with the Countess of Chester NHS Foundation Trust, Sherwood Forest Hospitals NHS Foundation Trust and Southend Hospitals NHS Foundation Trust Two new clients have also been added to this sector during 2011

Within Manufacturing consultancy the business has restructured ready for future growth and the focus has been on delivering excellent results for key clients to extend existing relationships

Corporate Social Responsibility
For a second time, following the award in 2010, the Group achieved Platinum status in Business in the Community's (BITC) corporate responsibility index, the UK's leading benchmark for responsible businesses Unipart has been taking part in the BITC Index since its launch and has consistently improved its rating over the years The Unipart Way, the Group's business philosophy and business system for delivering continuous improvement, has enabled the Group to integrate and embed corporate responsibility activity into every area of its business processes and accelerate the Group's ability to engage people in many improvement programmes

Unipart also came first in the BITC Annual Awards for Excellence in Environmental Leadership This positions Unipart among the best companies in the world for environmental leadership and demonstrates to our existing stakeholders and potential customers our deep commitment to continuously improving our environmental performance and to leading the way on environmental issues

This year Unipart has also looked at its environmental impact in a wider context. The company has worked with a number of local stakeholders to create a vision for a low carbon Oxford as part of a county-wide programme Key projects have been set up with local businesses examining how carbon reductions can be achieved across Oxfordshire, with the company using its project planning and creative problem solving expertise to help plan how these reductions can be realised

Unipart continued its support for the InspirEd project providing educational and vocational training to permanently excluded pupils from the local area and offering work experience to homeless people in Oxford with the potential for ongoing employment

Dividends
The Board is not proposing a dividend for the year, but further investments are 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 the deficit in the defined benefit schemes remain the exposure to external factors such as discount rates, rates of inflation, market returns and mortality rates as these factors can have a significant impact on the Group's pension schemes' financial position Further details of the position of the pensions schemes is set out in note 24

(d) Global recession
In recent years the recession has had a pervasive effect on the economy as a whole and on 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 sufficient banking headroom for future investments

Financial Review

The sale of the UK automotive branch network during the year has had a significant impact on the financial performance and position of the Group and therefore the results of the operations have been disclosed as discontinued operations in the current year and the comparatives have been restated to reflect this

Summary Group profit and loss account

Year ended 31 December	2011 Continuing operations £m	2011 Discontinued operations £m	2011 Total £m	2010 Continuing operations £m	2010 Discontinued operations £m	2010 Total £m
Turnover	1,006 9	133 6	1,140 5	941 9	188 0	1,129 9
Less share of joint ventures and associates turnover	(77 0)		(77 0)	(68 4)		(68 4)
Group turnover	929 9	133 6	1 063 5	873 5	188 0	1 061 5
Operating profit before goodwill amortisation and exceptional items	25 8	(20 3)	5 5	28 3	(21 6)	6 7
Goodwill and other intangibles amortisation	(0 4)		(0 4)	(1 5)		(1 5)
Share of operating profit in joint ventures and associates	3 3		3 3	2 8		2 8
Total operating profit	28 7	(20 3)	8 4	29 6	(21 6)	8 0
Super exceptional items		(25 7)	(25 7)	1 5		1 5
Profit / (loss) before interest and taxation	28 7	(46 0)	(17 3)	31 1	(21 6)	9 5
Total net interest payable			(4 1)			(3 0)
Net other finance credit / (charge)			1 9			0 4
Profit / (loss) on ordinary activities before tax			(19 5)			6 9
Tax charge / (credit)			0 8			(3 1)
Profit / (loss) on ordinary activities after tax			(18 7)			3 8
Minority interests			(0 5)			(0 5)
Profit / (loss) for the financial year			(19 2)			3 3

Summary Group balance sheet

At 31 December	2011 £m	2010 £m
Fixed assets	80 3	71 2
Other net current assets	62 3	113 4
Net debt	(15 8)	(19 8)
Corporation tax, deferred tax, other taxes and social security costs	9 3	5 0
Other creditors and provisions for liabilities	(42 0)	(50 1)
Total net assets prior to pension deficit	94 1	119 7
Net pension liabilities	(151 5)	(75 0)
Total net assets	(57 4)	44 7

Summary Group cash flow

Year ended 31 December	2011 £m	2010 £m
Operating profit before interest, tax, depreciation and amortisation	12 9	14 3
Working capital	(12 8)	(2 3)
Dividends received from joint ventures	0 2	0 1
Interest/tax paid	(6 7)	(4 3)
Pension cost/other	(3 3)	(3 1)
Fixed asset receipts	0 4	2 8
Capital expenditure	(4 7)	(7 0)
Free cashflow	(14 0)	0 3
Acquisitions and disposals	17 9	
Net cashflow before use of liquid resources and financing	3 9	0 3
Non-cash movements and other items	0 1	0 1
Movement in net debt	4 0	0 4

Turnover

In the face of a difficult economic environment the Group reports an underlying sales growth of 6 9% Turnover from continuing operations, including our share of joint ventures and associates, was £1bn for the year, compared to the prior year revenues of £941 9m

Operating Profit for the year

Operating profit from continuing operations of £28 7m (2010 - £29 6m) is a solid performance in the context of high inflationary influence on costs and extreme pressure on operating margins The operating loss from discontinued operations, being the UK automotive branch network sold during the year, is £20 3m (2010 - £21 6m), resulting in overall operating profit of £8 4m which is £0 4m ahead of 2010

Share of joint ventures' operating profit

The Group's share of operating profit in joint ventures was £2 6m (2010 - £2 1m) The joint ventures which supply fuel and exhaust systems to the major UK based automotive original equipment manufacturers have been successful in winning significant new business for the future and have benefited from the export led volume growth of their major customers in 2011

Share of associate's operating profit
Operating profit of £0 7m (2010 - £0 7m) has been generated by an overseas associate

Exceptional items reported after operating profit
Exceptional items reported after operating profit of £25 7m represents the loss incurred on the disposal of the trade and assets of the UK automotive branch network and are reported within discontinued operations

After accounting for the £25 7m exceptional loss on disposal, a loss before interest and tax of £17 3m is reported (2010 - £9 5m profit)

Interest and other financial income and charges
Net interest payable for the year was £4 1m compared to £3 0m in the previous year, the increase being due to a higher level of average borrowings throughout the year and the write off of the unamortised issue costs capitalised under a previous financing facility which was refinanced during the year

Net other finance income of £1 9m arose in the year (2010 - £0 4m) This reflects the net financing credit of £1 1m (2010 - £0 5m) that arose from the expected return of the pension schemes' assets over the interest on liabilities as prescribed by FRS 17, which is netted by the unwinding of discounting on provisions of £0 2m (2010 - £0 1m)

Tax
The overall tax credit for the year is £0 8m (2010 - £3 1m charge) resulting from a deferred tax credit arising from the loss in the year

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 The last actuarial valuation took place as at 31 January 2010 and a Scheme Specific Funding Plan has been agreed with the Trustees and implemented

As at 31 December 2011, the deficit under FRS17 on the Group's defined benefit pension schemes had risen to £151 5m (2010 - £75 0m) Whilst returns on the assets held by the pension schemes during 2011 were negative, the majority of the increase in the deficit was due to the increase in liabilities The increase in liabilities was exacerbated by a low discount rate For FRS17 purposes, the discount rate is derived from the 'AA' corporate bond market and the rate used was 5 18% compared to 5 77% in the previous year Bond rates in sterling have reached historically low rates in 2011, commentators have put this down to a mixture of both the 'quantitative easing' undertaken by the Bank of England whereby bonds are purchased by it and also the safe haven status given to UK bonds during the continuing crisis in the Eurozone

Shareholders' funds
The net assets of the Group (prior to the net pension deficit) are £94 1m (2010 - £119 7m) The decrease of £25 6m is primarily a result of the loss on discontinued operations in the year The total deficit in shareholders' funds at December 2011 of £57 4m has decreased by £117 1m since the last annual report reflecting the movement in the deficit on the pension schemes of £76 5m

Going concern
The Group accounts have been prepared on a going concern basis Account has been taken for the depletion of shareholders funds set out above, however the Group is reporting profit before interest and tax in respect of continuing operations of £28 7m and a cash inflow before financing of £3 9m (2010 - £0 3m inflow) resulting in a net borrowing position at the end of the year of £15 8m compared to a position of £19 8m at the end of 2010

Additionally the group has significant borrowing facilities available Following a refinancing in the year the principal facility is a working capital facility of up to £68m committed until 2015 Also available are a revolving facility of £30m committed until Novemeber 2013, an amortising term facility repayable by November 2013 and an amortising term loan of €10m repayable by March 2018

Sufficient headroom is available in respect of these combined facilities to finance the on-going activities of 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

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 2011 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

(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

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 it would be prejudicial to disclose

(b) Daily sales – continuing operations - £4 0m (2010 – continuing operations – £3 7m)
Daily sales for continuing operations have increased from the prior year demonstrating the strong performance from the Group's core operations

(c) Return on sales – continuing operations – 2 9% (2010 – continuing operations – 3 2%)
Return on sales for continuing operations is lower than the prior year reflecting investment in the future growth of the business

(d) Debtor days – continuing operations – 38 days (2010 - continuing operations – 40 days)
Debtor days have improved compared with the prior year due to improved debtor collection

(e) Creditor days – continuing operations - 39 days (2010 – continuing operations – 39 days)
Creditor days are in line with the prior year

(f) Inventory turn – continuing operations – 6 3 times (2010 – continuing operations – 6 1 times)
There has been strong focus in the year on optimising the level of working capital in the business These efforts, along with the increased sales, have resulted in improved inventory turn

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 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 and Founder 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 He is also a non-executive director of Rolls-Royce plc He is a former member of the Court of the Bank of England and formerly a non-executive director of Charter International plc and The Royal Mail He 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 He is a member of the Group Executive Committee and chairs the Group's Procurement Forum Since joining Unipart in 1983, he has held senior financial and operational roles in the Group John is a Council Member of the Railway Industry Association (RIA) which is the Trade Association for UK based suppliers

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

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 former Chairman of the international fund management company EP Private Equity and is currently a non-executive director of European Goldfields Limited He is also a director of Hochschild Mining plc, a private family fund management company and 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

S R Johnson
Non-executive Director
Steve Johnson was appointed to the Board in 2006 He has over 20 years experience in the retail industry, having been part of the team that turned around and successfully sold Asda to Walmart Steve currently works in a number of private equity businesses, being Chairman of Dreams plc, the UK's largest bed retailer and also a Board member of Lenta Limited, a large Russian hypermarket chain

He is also a non-executive director of Big Yellow Group plc as well as acting as an advisor to a number of private equity funds Previously Steve has been Chief Executive Officer of Focus DIY Limited and Woolworths Group plc, as well as holding a senior position at GUS plc Steve holds a degree in engineering and started his career in management consultancy with Bain & Company

Directors' Report

The directors present their report together with the audited financial statements of the Company and Group for the year ended 31 December 2011

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 6 and the Financial review on pages 7 to 9, which collectively form the Business review Principal subsidiaries, joint ventures and associates are listed in note 27

Profit and dividends
The Group reports an operating profit for continuing operations of £28 7m (2010 - continuing operations - £29 6m, with a total operating profit of £8 4m (2010 - continuing operations - £8 0m) The Company has not paid nor is it proposing to pay any dividends in respect of the financial year ended 31 December 2011 (2010 - £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 10 to 11 The beneficial interests of the current 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 2011 Number	1 January 2011 Number
Beneficial Holdings		
Lord Sheppard	135,000	135,000
JM Neill	7 767,082	7,767,082
AJ Mourgue	1 397,324	1,397,324
JD Clayton	282,583	282,583
FW Burns	112,002	112,002
AM Vinton	275,000	275,000
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 2011 Number	1 January 2011 Number
JM Neill	1,918,367	1,918,367
AJ Mourgue	1,122,449	1,122,449
JD Clayton	345,000	345,000
FW Burns	595 000	595,000

No options were granted, 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 9

Overseas branches
Details are set out in note 27 to the financial statements

Donations
During the year, the Group supported charities with donations of £53,200 (2010 - £23,200) of which £16,500 (2010 - £12,900) was for health and well-being purposes, £8,300 (2010 - £3,200) in respect of child welfare and youth development and £28,400 (2010 - £7,100) to other charitable purposes in support of employees in their fund-raising activities The Group made no political donations during the year (2010 - £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 Group trade creditors at 31 December 2011 was 39 days (2010 - 39 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 matters, including the economic and financial factors affecting the Group via regular briefings, on-site training, employee forums and through our in-house online and 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 Although the movement in the deficit on the pension schemes has resulted in a deficit on shareholders' funds, the Group has the benefit of long-term borrowing facilities and continues to maintain sufficient borrowing headroom for future investments For this reason, the directors 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
The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare Group and Company 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) Under company law, the directors must not approve the financial statements unless they are satisfied that they 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 accounting 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 or Group will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006 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 418(1) to (4) of the Companies Act 2006 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
6 March 2012

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 2011 which comprise the Group Profit and Loss Account, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses, the Group Note of Historical Cost Profits and Losses and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, set out on page 13, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, 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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Group's and parent Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Directors Report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 December 2011 and of the Group's loss and cash flows for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent Company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Andrew Hammond (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
6 March 2012

Group Profit and Loss account

For the year ended 31 December 2011

		2011			2010		
		Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	Notes	£m	£m	£m	£m	£m	£m
Turnover							
Total turnover		**1,006 9**	**133 6**	**1,140 5**	941 9	188 0	1,129 9
Less share of joint ventures and associates		**(77 0)**	**-**	**(77 0)**	(68 4)	-	(68 4)
Group turnover	2	**929 9**	**133 6**	**1,063 5**	873 5	188 0	1,061 5
Operating profit/(loss)							
Group operating profit/(loss)	3	**25 4**	**(20 3)**	**5 1**	26 8	(21 6)	5 2
Share of operating profit in joint ventures		**2 6**	**-**	**2 6**	2 1	-	2 1
Share of operating profit in associate		**0 7**	**-**	**0 7**	0 7	-	0 7
Total operating profit/(loss)		**28 7**	**(20 3)**	**8 4**	29 6	(21 6)	8 0
Profit on disposal of fixed assets	4	**-**	**-**	**-**	1 5	-	1 5
Loss on disposal of businesses	4	**-**	**(25 7)**	**(25 7)**	-	-	-
Profit/(loss) on ordinary activities before interest and tax		**28 7**	**(46 0)**	**(17 3)**	31 1	(21 6)	9 5
Net interest payable							
- Group				**(4 0)**			(2 9)
- Share of joint ventures				**(0 1)**			(0 1)
Total net interest payable	5			**(4 1)**			(3 0)
Net other finance credit	6			**1 9**			0 4
(Loss) / profit on ordinary activities before tax				**(19 5)**			6 9
Tax credit / (charge) on (loss) / profit on ordinary activities	7			**0 8**			(3 1)
(Loss) / profit on ordinary activities after tax				**(18 7)**			3 8
Equity minority interests	21			**(0 5)**			(0 5)
(Loss) / profit for the financial year	21			**(19 2)**			3 3

Group statement of total recognised gains and losses

For the year ended 31 December 2011

	Notes	2011 £m	2010 £m
(Loss) / profit for the financial year			
Group		(21 8)	1 3
Share of joint ventures and associates		2 6	2 0
	21	(19 2)	3 3
Actuarial (loss) / gain recognised on Group pension schemes	24	(104 7)	37 3
Deferred tax relating to actuarial loss / (gain) on Group pension schemes	14, 21	22 8	(11 6)
Current tax relating to actuarial loss / (gain) on Group pension schemes	21	0 3	-
Actuarial loss recognised on joint ventures' pension schemes	21	(0 3)	(0 1)
Revaluation of freehold land and buildings in year	11	(0 6)	0 1
Foreign exchange adjustments	21	(0 4)	(0 5)
Total gains and losses recognised relating to the year		(102 1)	28 5

Note of Group historical cost profits and losses

For the year ended 31 December 2011

	Notes	2011 £m	2010 £m
(Loss) / profit on ordinary activities before taxation		(19 5)	6 9
Difference between historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	21	0 4	0 4
Difference between historical cost profit on sale and actual profit on sale calculated on the revalued amount	21	0 1	0 6
Historical cost (loss) / profit on ordinary activities before tax		(19 0)	7 9
Historical cost (loss) / profit for the year retained after tax and equity minority interests		(18 7)	4 3

Balance Sheets

As at 31 December 2011

	Notes	Group 2011 £m	Group 2010 £m	Company 2011 £m	Company 2010 £m
Fixed assets					
Intangible assets	10	1 1	1 4	-	-
Tangible assets	11	44 9	57 8	-	-
Investments in subsidiaries	12 (c)	-	-	52 0	72 0
Investments in joint ventures					
Share of gross assets		24 8	25 3		
Share of gross liabilities		(15 3)	(17 4)		
	12(a) (c)	9 5	7 9	5 8	5 8
Loans	12(a) (c)	1 5	2 0	1 5	2 0
Investment in associates	12(b)	2 2	2 1	-	-
Trade Investments	12(b)	21 1	-	-	-
		80 3	71 2	59 3	79 8
Current assets					
Stock	13	110 6	142 4	-	-
Debtors - amounts falling due within one year	14 (a)	133 4	156 2	22 2	8 7
Debtors - amounts falling due after more than one year	14 (b)	29 4	26 7	2 1	1 1
Cash at bank and in hand		24 5	22 8	9 3	10 6
		297 9	348 1	33 6	20 4
Creditors - amounts falling due within one year	15	(229 0)	(238 9)	(20 0)	(13 0)
Net current assets		68 9	109 2	13 6	7 4
Total assets less current liabilities		149 2	180 4	72 9	87 2
Creditors - amounts falling due after more than one year	16	(34 3)	(38 5)	(13 2)	(13 2)
Provisions for liabilities	18	(20 8)	(22 2)	-	-
Total net assets (prior to net pension deficit)		94 1	119 7	59 7	74 0
Net pension deficit	24	(151 5)	(75 0)	-	-
Total net (liabilities)/assets (including net pension deficit)		(57 4)	44 7	59 7	74 0
Capital and reserves					
Called up share capital	19	0 4	0 4	0 4	0 4
Share premium account	21	4 4	4 4	4 4	4 4
Capital redemption reserve	21	11 5	11 5	11 5	11 5
Revaluation reserve	21	19 8	20 9	-	-
Profit and loss reserve	21	(94 1)	6 9	43 4	57 7
Total shareholders' funds	22	(58 0)	44 1	59 7	74 0
Equity minority interests	21	0 6	0 6	-	-
Capital employed		(57 4)	44 7	59 7	74 0

The financial statements on pages 15 to 37 were approved by the Board on 6 March 2012 and signed on its behalf by

J M Neill
Group Chief Executive

A J Mourgue
Group Finance Director

Unipart Group of Companies Limited
Registered No 1994997

Group Cash Flow Statement

For the year ended 31 December 2011

	Notes	2011 £m	2011 £m	2010 £m	2010 £m
Net cash (outflow) / inflow from operating activities	23(a)		(3 2)		8 9
Dividends received from joint ventures and associate			0 2		0 1
Returns on investments and servicing of finance					
Interest received		0 2		0 3	
Interest paid		(3 5)		(2 8)	
Interest element of finance lease rentals		(0 1)		(0 2)	
Issue costs on debt		(0 9)		(0 7)	
Repayment of loan notes receivable		0 5		1 3	
Dividends paid to minority shareholders		(0 5)		(0 5)	
Net cash outflow from returns on investments and servicing of finance			(4 3)		(2 6)
Taxation			(2 4)		(1 7)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(4 7)		(7 0)	
Sale of tangible fixed assets		0 4		2 6	
Net cash outflow from capital expenditure and financial investment			(4 3)		(4 4)
Acquisitions and disposals					
Cash transferred on disposal of businesses		(2 5)		-	
Disposal of businesses		20 4		-	
Net cash inflow for acquisitions and disposals	23(c)		17 9		-
Cash inflow before financing			3 9		0 3
Financing					
Increase / (decrease) in debt due within a year		1 2		(1 7)	
Capital element in finance lease payments		(0 7)		(0 8)	
(Decrease) / increase in debt due after more than one year		(3 7)		3 2	
Net cash (outflow) / inflow from financing			(3 2)		0 7
Increase in cash	23(b)		0 7		1 0

Reconciliation of net cash flow to movement in net cash	Notes	2011 £m	2010 £m
Increase in cash	23(b)	0 7	1 0
Net cash inflow / (outflow) from change in debt and lease financing	23(b)	3 2	(0 7)
Change in net debt resulting from cash flows		3 9	0 3
Non-cash movements			
Currency translation differences	23(b)	(0 1)	(0 2)
Capitalisation of bank fees	23(b)	0 9	0 7
Amortisation of capitalised bank fees	23(b)	(0 7)	(0 4)
Movement in net debt		4 0	0 4
Net debt at 1 January	23(b)	(19 8)	(20 2)
Net debt at 31 December	23(b)	(15 8)	(19 8)

Notes to the Financial Statements

1 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 the Companies Act 2006 and applicable accounting standards in the United Kingdom Although the movement in the deficit on the pension schemes has resulted in a deficit on shareholders' funds, the Group has significant borrowing facilities available with sufficient headroom in respect of these facilities to finance the ongoing activities of the Group The financial statements are prepared on the historical cost basis of accounting, modified to include the valuation of freehold land and buildings

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 408 (3) of the Companies Act 2006 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

1 Accounting policies (continued)

Impairment of fixed assets and goodwill
Fixed and intangible assets are assessed annually for impairment 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 Impairment reviews are performed by the directors when there has been an indication of potential 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 with the exception of deferred tax in respect of pension scheme timing differences

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 Group 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 Group'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 of 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

1 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

2 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	2011 £m	2010 £m
Continuing operations		
United Kingdom	621 0	580 6
Other Europe	146 0	141 3
Rest of the world	162 9	151 6
Group turnover on continuing operations	929 9	873 5
Group turnover on discontinued operations (United Kingdom)	133 6	188 0
Group turnover	1,063 5	1,061 5
Share of joint ventures (United Kingdom)	69 0	59 5
Share of joint venture and associate (Other Europe)	8 0	8 9
Total turnover including share of joint ventures and associate	1,140 5	1,129 9

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

	Group turnover	
	2011 £m	2010 £m
Continuing operations		
United Kingdom	791 4	751 3
Other Europe	73 0	65 5
Rest of the world	65 5	56 7
Total from continuing operations	929 9	873 5
Share of joint ventures (United Kingdom)	69 0	59 5
Share of joint venture and associate (Other Europe)	8 0	8 9
Total from continuing operations (including joint ventures and associates)	1,006 9	941 9
Discontinued operations (United Kingdom)	133 6	188 0
	1,140 5	1,129 9

	(Loss)/profit before tax	
	2011 £m	2010 £m
United Kingdom	(32 1)	(5 5)
Other Europe	6 5	6 3
Rest of the world	2 9	3 4
Total (before joint ventures and associate)	(22 7)	4 2
Share of joint ventures (United Kingdom)	2 6	2 0
Share of joint venture and associate (Other Europe)	0 6	0 7
Total (including joint ventures and associates)	(19 5)	6 9

	Net assets	
Total operations	2011 £m	2010 £m
United Kingdom	51 4	78 9
Other Europe	41 4	42 3
Rest of the world	17 1	16 0
	109 9	137 2
Net debt	(15 8)	(17 5)
Net pension deficit	(151 5)	(75 0)
	(57 4)	44 7

3 Group operating profit/(loss)

	2011			2010		
	Continuing operations £m	Discontinued operations £m	Total £m	Continuing operations £m	Discontinued operations £m	Total £m
Group turnover	929 9	133 6	1,063 5	873 5	188 0	1,061 5
Cost of sales	(694 8)	(80 0)	(774 8)	(650 6)	(115 0)	(765 6)
Gross profit	235 1	53 6	288 7	222 9	73 0	295 9
Distribution costs	(123 2)	(62 8)	(186 0)	(112 5)	(81 6)	(194 1)
Administrative expenses	(86 5)	(11 1)	(97 6)	(83 6)	(13 0)	(96 6)
Group operating profit/(loss)	25 4	(20 3)	5 1	26 8	(21 6)	5 2

Notes to the Financial Statements (continued)

3 Group operating profit/(loss) (continued)

Group operating profit/(loss) is stated after charging / (crediting)	2011 £m	2010 £m
Depreciation of owned tangible fixed assets	7 3	7 4
Amortisation of goodwill and other intangibles	0 4	1 5
Loss on the disposal of other tangible fixed assets	0 1	0 2
Operating leases - other	24 1	23 9
- plant and machinery	9 2	10 2
Sublet income from land and buildings	(3 2)	(3 4)

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

	2011 £m	2010 £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 5	0 5
Other services	0 6	0 1

During the year the fees payable by the Group's associated pension schemes to the Group's auditors were £0 1m (2010 - £0 1m)

4 Exceptional items

Exceptional items - recognised after arriving at operating profit/(loss)	2011 £m	2010 £m
Continuing operations		
Profit on disposal of fixed assets (i)	-	1 5
	-	1 5
Discontinued operations		
Loss on disposal of businesses (ii)	(25 7)	-
	(25 7)	-

(i) The profit on disposal of fixed assets related to the sale of freehold and leasehold properties in 2010 Due to the availability of capital losses for tax purposes there was no taxation charge relating to the property disposals

(ii) During the year the Group incurred a loss on disposal of the trade and assets of the UK automotive branch network which were sold on 30 September 2011 £20 0m of costs associated with this sale were treated as allowable for corporation tax

5 Net interest payable

	2011 Total £m	2010 Total £m
Interest payable and similar charges		
Bank loans and overdrafts	(3 4)	(2 7)
Share of joint ventures' interest	(0 1)	(0 1)
Finance lease interest	(0 1)	(0 2)
Amortisation of issue costs on bank facilities	(0 7)	(0 3)
	(4 3)	(3 3)
Interest receivable and similar income	0 2	0 3
Net interest payable	(4 1)	(3 0)

Notes to the Financial Statements (continued)

6 Net other finance credit

	2011 £m	2010 £m
Net finance credit on pension schemes (note 24)		
Expected return on pension scheme assets	36 6	36 0
Interest on pension scheme liabilities	(34 5)	(35 5)
	2 1	0 5
Unwinding of discounting of provisions (note 18)	(0 2)	(0 1)
Net other finance credit	1 9	0 4

7 Tax on (loss)/profit on ordinary activities

a) Analysis of tax charge	2011 Total £m	2010 Total £m
Current tax		
UK tax		
UK corporation tax on profit	(0 2)	(0 6)
Share of joint ventures' tax	0 5	0 6
Adjustments in respect of prior periods	-	0 1
Foreign tax		
Corporation taxes	2 4	2 2
Total current tax charge	2 7	2 3
Deferred tax		
Origination and reversal of timing differences	(5 1)	-
Effect of change in tax rate	1 7	0 8
Adjustments in respect of prior periods	(0 1)	-
Representing		
United Kingdom	(3 3)	0 8
Foreign tax	(0 3)	(0 1)
Share of joint ventures	0 1	0 1
Total deferred tax (credit) / charge	(3 5)	0 8
Tax (credit) / charge on (loss)/profit	(0 8)	3 1

b) Factors affecting the current tax charge for the year

The tax assessed for the year is different to the standard effective rate of corporation tax in the UK of 26 5% The differences are explained below	2011 £m	2010 £m
(Loss) / profit before tax	(19 5)	6 9
(Loss) / profit multiplied by standard effective rate in the UK 26 5% (2010 - 28%)	(5 2)	1 9
Effects of		
Expenses not deductible for tax purposes	(0 2)	1 0
Difference between depreciation and capital allowances	3 2	1 1
Other timing differences	5 6	(0 2)
Pension related items subject to deferred tax	(1 1)	(1 1)
Recognition of deferred tax previously unprovided	-	(0 4)
Effect of foreign taxation rates	0 4	(0 1)
Adjustments to tax charge in respect of prior periods	-	0 1
Total current tax charge for the year	2.7	2 3

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

Deferred tax balances have been remeasured during the year as a result of the change in the UK main corporation tax rate to 25%, which was substantively enacted on 5 July 2011 and will be effective from 1 April 2012

Further reductions to the UK corporation tax rate were announced in the March 2011 Budget The changes, which are expected to be enacted separately each year, propose to reduce the rate by 1% per annum to 23% by 1 April 2014 The changes had not been substantively enacted at the balance sheet date and, therefore, are not recognised in these financial statements

Each 1% reduction in the rate of UK corporation tax, if substantively enacted, would reduce the 2011 deferred tax asset by £3 1m

Notes to the Financial Statements (continued)

8 Employees

Employee costs	Group 2011 £m	Group 2010 £m	Company 2011 £m	Company 2010 £m
Wages and salaries	212 1	199 1	1 8	1 8
Social security costs	20 1	19 5	0 2	0 2
Pension costs (note 24)	6 5	6 2	-	-
	238 7	224 8	2 0	2 0

Average monthly number of employees (including directors)	Group 2011 Number	Group 2010 Number
Direct production	747	754
Indirect production and warehousing	3,175	2,873
Sales, marketing and administration	4,611	4,860
	8,533	8,487

The average monthly number of employees in the Company during the year was seven (2010 - seven)

9 Directors' emoluments

The aggregate emoluments of the directors during the year totalled £2,915,292 (2010 - £2,296,000) which includes payments to directors of £496,807 (2010 - £457,000) in lieu of the Group making contributions to the defined contribution pension scheme (a money purchase scheme) No directors (2010 - nil) accrued retirement benefits under a defined benefit scheme or under a money purchase scheme The Group did not make any contributions to money purchase pension schemes in respect of the Company's directors during the year (2010 - £nil) The highest paid director received emoluments during the year as follows

	2011 £	2010 £
Salary, bonus and benefits in kind	939,000	641,000
Payment in lieu of Group pension contributions (see below)	219,000	189,000
Aggregate emoluments of highest paid director	1,158,000	830,000

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 monthly sum instead 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 2011 to defined contribution arrangements in respect of the highest paid director (2010 - nil)

The Chairman received fees under a contract for services of £55,600 in the year (2010 - £55,600) plus expenses Fees of £80,000 (2010 - £80,000) were paid in the year in respect of the other two (2010 - two) non-executive directors that served during the year

During the year, no share options were granted to directors of the Company (2010 - 250,000 shares at 45p per share) During the year no options over shares in Unipart Group of Companies Limited were exercised by the directors (2010 - none)

10 Intangible assets

	Goodwill £m	Licences / Other £m	Total £m
Cost			
At 1 January 2011	181 7	0 9	182 6
Transfers	-	0 1	0 1
Disposals	(160 4)	-	(160 4)
At 31 December 2011	21 3	1 0	22 3
Accumulated amortisation			
At 1 January 2011	180 4	0 8	181 2
Charge for the year	0 3	0 1	0 4
Disposals	(160 4)	-	(160 4)
At 31 December 2011	20 3	0 9	21 2
Net book amount			
At 31 December 2011	1 0	0 1	1 1
At 31 December 2010	1 3	0 1	1 4

Following the disposal of the UK automotive branch network goodwill on acquisition of £160 4m was written off which had been fully impaired in prior periods

Notes to the Financial Statements (continued)

11 Tangible fixed assets

	Land & buildings				
	Freehold	Long leasehold	Short leasehold	Plant and machinery	Total
	£m	£m	£m	£m	£m
Cost or valuation					
At 1 January 2011	40 7	3 1	7 2	76 4	127 4
Additions	-	-	0 9	3 8	4 7
Revaluation	(1 8)	-	-	-	(1 8)
Disposals	(0 4)	-	(4 5)	(34 1)	(39 0)
Exchange adjustment	(0 2)	-	-	(0 2)	(0 4)
At 31 December 2011	**38 3**	**3 1**	**3 6**	**45 9**	**90 9**
Accumulated depreciation					
At 1 January 2011	6 4	1 6	4 8	56 8	69 6
Charge for the year	0 8	0 1	0 6	5 8	7 3
Revaluation	(1 2)	-	-	-	(1 2)
Disposals	(0 1)	-	(2 9)	(26 2)	(29 2)
Exchange adjustment	(0 1)	-	-	(0 4)	(0 5)
At 31 December 2011	**5 8**	**1 7**	**2 5**	**36 0**	**46 0**
Net book amount					
At 31 December 2011	**32 5**	**1 4**	**1 1**	**9 9**	**44 9**
At 31 December 2010	34 3	1 5	2 4	19 6	57 8

Included within the balance of accumulated depreciation at 1 January 2011 is an amount of £2 0m relating to impairments of prior periods The impairment charges had been made to reduce the assets of certain operations within the Group to their calculated recoverable value No impairment charge has been made in the year (2010 - £nil) The assets were sold on 30 September 2011 as part of the sale of the trade and assets of the UK automotive branch network An amount of £nil relating to previous impairments is included within the balance of accumulated depreciation at 31 December 2011

If the Group's freehold land and buildings had not been revalued, their net book value would have been	2011	2010
	£m	£m
Cost	21 0	21 3
Accumulated depreciation	(8.3)	(7 9)
Closing net book amount	12 7	13 4

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 2011 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 £32 5m (2010 - £34 3m)

Certain of the freehold properties, including overseas properties, were valued by external valuers, Edwards Symmons & Partners, Carter Jonas, DTZ 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 valuations performed by the internal surveyors was £2 5m (2010 - £2 5m) resulting in a revaluation reserve of £0 5m (2010 - £0 5m)

All valuations were carried out in accordance with the RICS Appraisal and Valuation Standards The internal valuations were subject to review by DTZ

No deferred tax is recognised on the revaluation of fixed assets (2010 - £nil)

Notes to the Financial Statements (continued)

12 Investments

(a) Investments in joint ventures - Group

	Share of net assets £m	Loans £m	Total £m
At 1 January 2011	7 9	2 0	9 9
Profit for the financial year	1 6	-	1 6
Repayment of loan notes receivable	-	(0 5)	(0 5)
At 31 December 2011	**9 5**	**1 5**	**11 0**

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 26

(b) Investments in associate and other investments - Group

	Other investments £m	Associated undertaking £m	Total £m
Cost and net book amount			
At 1 January 2011	-	2 1	2 1
Additions	21 1	-	21 1
Share of profits retained	-	0 1	0 1
At 31 December 2011	**21 1**	**2 2**	**23 3**

Associated undertaking represents 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 include a 49 9% shareholding in Water Newco Holdings Limited obtained as part of the sale of the trade and assets of the UK automotive branch network This has been treated as a trade investment as, due to the composition of the board and voting rights on key matters, the Group does not exercise significant influence over the operating and financial policies under the constitutional documents of this entity

(c) Investments in subsidiaries and joint ventures - Company

	Subsidiaries	Joint ventures		Total
	Shares £m	Shares £m	Loans £m	£m
Cost				
At 1 January 2011	72 0	5 8	2 0	79 8
Repayment of loan notes receivable	-	-	(0 5)	(0 5)
At 31 December 2011	**72 0**	**5 8**	**1 5**	**79 3**
Provisions				
At 1 January 2011	-	-	-	-
Impairment	20 0	-	-	20 0
At 31 December 2011	**20 0**	-	-	**20 0**
Net book amount				
At 31 December 2011	**52 0**	**5 8**	**1 5**	**59 3**
At 31 December 2010	72 0	5 8	2 0	79 8

Details of the principal undertakings in the Group and the investments of the Company are shown in note 27 During the year the Company received a repayment of £0 5m (2010 - £1 3m) in respect of loans to Kautex Unipart Limited, a joint venture company and the investment in Unipart Service Company Holdings Limited (formerly Unipart Automotive Holdings Limited) was impaired down to nil value

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

13 Stock

	2011 £m	2010 £m
Raw materials and consumables	5 2	4 3
Work in progress	2 5	2 2
Finished goods and goods for resale	102 9	135 9
	110 6	142 4

Notes to the Financial Statements (continued)

14 Debtors	Group 2011 £m	Group 2010 £m	Company 2011 £m	Company 2010 £m
(a) Amounts falling due within one year				
Trade debtors and bills receivable	96 3	115 3	-	-
Amounts owed by Group undertakings	-	-	14 9	1 4
Amounts owed by joint ventures	0 5	1 0	-	-
Other debtors	10 4	11 4	7 3	7 3
Amounts receivable under finance lease (ii)	0 7	0 7	-	-
Prepayments and accrued income	25 5	27 8	-	-
	133 4	156 2	22 2	8 7
(b) Amounts falling due after more than one year				
Deferred tax (i)	26 0	22 5	2 1	1 1
Amounts receivable under finance lease (ii)	3 1	3 8	-	-
Prepayments and accrued income	0 3	0 4	-	-
	29 4	26 7	2 1	1 1

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 3m owed by the Group Share Trust (2010 - £7 3m) which the Directors believe is recoverable as a result of the equity interest in the Company held by the Trust

(i) Deferred tax	Group 2011 £m	Group 2010 £m	Company 2011 £m	Company 2010 £m
Accelerated capital allowances	16 1	13 5	-	-
Trading losses and timing differences	9 9	9 0	2 1	1 1
Deferred tax asset included within debtors	26 0	22 5	2 1	1 1
Related deferred tax asset included within the net pension deficit (note 24)	50 5	27 7	-	-
	76 5	50 2	2 1	1 1

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 £5 7m (2010 - £2 7m) in respect of trading losses of subsidiaries where it is unlikely that these losses will be utilised in the foreseeable future

	Group 2011 £m	Group 2010 £m	Company 2011 £m	Company 2010 £m
At 1 January	50 2	62 6	1 1	0 9
Amounts credited/(charged) to the profit and loss account	3 5	(0 8)	1 0	0 2
Amounts credited/(charged) to the statement of total recognised gains and losses	22 8	(11 6)	-	-
At 31 December	76 5	50 2	2 1	1 1
Representing				
Deferred tax asset included within debtors	26 0	22 5	2 1	1 1
Related deferred tax asset included within the net pension deficit (note 24)	50 5	27 7	-	-
	76 5	50 2	2 1	1 1

(ii) Amounts receivable under finance leases comprises *Total amounts receivable*	Group 2011 £m	Group 2010 £m	Company 2011 £m	Company 2010 £m
Within 1 year	0 7	0 7	-	-
Between 2 - 5 years	3 1	3 8	-	-
	3 8	4 5	-	-

Notes to the Financial Statements (continued)

15 Creditors amounts falling due within one year	Group 2011 £m	Group 2010 £m	Company 2011 £m	Company 2010 £m
Bank loans and overdrafts (note 17)	5 7	3 2	-	-
Trade creditors	86 7	112 8	-	-
Amounts owing to other Group undertakings	-	-	11 0	12 4
Amounts owing to joint ventures	0 1	0 3	-	-
Corporation tax	0 5	0 7	0 3	-
Other taxes and social security costs	16 2	16 8	-	-
Other creditors	20 9	23 9	-	-
Finance leases (note 16 (i))	1 0	0 9	-	-
Accruals and deferred income	97 9	80 3	8 7	0 6
	229 0	238 9	20 0	13 0

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

16 Creditors amounts falling due after more than one year	Group 2011 £m	Group 2010 £m	Company 2011 £m	Company 2010 £m
Bank loans (note 17)	33 0	37 1	-	-
Other creditors	0 3	-	-	-
Amounts owing to other Group undertakings	-	-	13 2	13 2
Finance leases (i)	0 6	1 4	-	-
Accruals and deferred income	0 4	-	-	-
	34 3	38 5	13 2	13 2

(i) Finance leases Future minimum payments under finance leases are as follows	Group 2011 £m	Group 2010 £m
Within one year	1 0	0 9
In more than one year, but not more than five years	0 7	1 4
Total before finance charges	1 7	2 3
Less finance charges included above	(0 1)	(0 2)
Total due under finance leases	1 6	2 1

17 Borrowings	Group 2011 £m	Group 2010 £m
Amounts due within one year		
Bank overdrafts	1 1	-
Term and credit facility	4 6	3 2
	5 7	3 2
Amounts due after more than one year		
Term and credit facility committed until November 2013	18 4	17 8
Term and credit facility committed until March 2018	6 8	-
Working capital facility committed until December 2015	7 8	19 3
	33 0	37 1

The bank loans and overdrafts bear interest based on 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 3m (2010 - £0 6m) The working capital facility is stated net of unamortised issue costs of £0 8m (2010 - £0 4m) These costs are allocated to the Group profit and loss account over the terms of the respective facilities at a constant rate

The Group has various borrowings facilities available Following a refinancing in the year the principal facility is a working capital facility of up to £68 0m (2010 - £102 0m) which is committed until December 2015 In addition, there is a revolving facility of up to £30m (2010 - £30m) committed until November 2013, a term and credit facility of £6 7m at 31 December 2011, repayable in £0 8m instalments at the end of each quarter until November 2013 and a term loan of€10m (2010 - £nil), repayable in £0 4m instalments at the end of each quarter until March 2018

Notes to the Financial Statements (continued)

18 Provisions for liabilities

	Warranties £m	Property £m	Group Total £m
At 1 January 2011	0 3	21 9	22 2
Utilised in the year	-	(0 8)	(0 8)
Released in the year	-	(0 4)	(0 4)
Unwinding of discount	-	(0 2)	(0 2)
At 31 December 2011	**0 3**	**20 5**	**20 8**

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 one to two 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 charge (note 6) These provisions are expected to be fully utilised at the end of the respective leases which vary between 1 and 50 years

19 Called up 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**
Allotted, called up and fully paid share capital (number of shares)					
At 31 December 2011	million	**72 3**	**7 0**	**2 3**	**81 6**
At 31 December 2010	million	72 2	7 0	2 4	81 6
Allotted, called up and fully paid share capital					
At 31 December 2011	£m	**0 4**	-	-	**0 4**
At 31 December 2010	£m	0 4	-	-	0 4

The shareholders with over 5% of the issued share capital at 31 December 2011 are UGC Share Trustees Limited, Electra Private Equity Partners Scotland, UGC Pension Shareholdings Limited ("UGCPSL"), Mr JM Neill, 3i plc and Standard Life No individual shareholder is able to exercise control 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

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

Notes to the Financial Statements (continued)

20 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 per share 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

21 Reserves

Group	Profit and loss reserve £m	Share premium account £m	Capital redemption reserve £m	Revaluation reserve £m	Minority interests £m
At 1 January 2011	6 9	4 4	11 5	20 9	0 6
(Loss)/profit for the financial year	(19 2)	-	-	-	0 5
Revaluations of freehold land and buildings in year	-	-	-	(0 6)	-
Transfer from revaluation reserve to profit and loss reserve	0 5	-	-	(0 5)	-
Actuarial loss recognised on pension schemes	(104 7)	-	-	-	-
Deferred tax relating to actuarial loss on pension schemes	22 8	-	-	-	-
Current tax relating to actuarial loss on pension schemes	0 3	-	-	-	-
Actuarial loss recognised on joint ventures' pension schemes	(0 3)	-	-	-	-
Foreign exchange adjustments	(0 4)	-	-	-	-
Dividends paid to minority shareholders	-	-	-	-	(0 5)
At 31 December 2011	**(94 1)**	**4 4**	**11 5**	**19 8**	**0 6**
Net pension deficit	151 5				
Profit and loss reserve excluding pension deficit	**57 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 (2010 - £17 6m) in respect of the acquisition of businesses

The £0 5m transferred between the profit and loss reserve and the revaluation reserve is comprised of £0 4m additional depreciation due to the revaluation of property and £0 1m profit on sale of property in the year In the reported result for the year no profit has been realised on the sale of property when comparing proceeds to the revalued amount Had the property not been revalued, a profit on disposal of £0 1m would have been realised and this has been shown in the note of Group historical cost profits and losses

Company	Profit and loss reserve £m	Share premium account £m	Capital redemption reserve £m
At 1 January 2011	57 7	4 4	11 5
Loss for the year	(14 3)	-	-
At 31 December 2011	**43 4**	**4 4**	**11 5**

The Company has not presented its own profit and loss account as permitted by Section 408 (3) of the Companies Act 2006 The Company's loss for the financial year was £14 3m (2010 - loss of £3 6m)

22 Reconciliation of movements in total shareholders' funds

	Group 2011 £m	Group 2010 £m	Company 2011 £m	Company 2010 £m
(Loss)/profit for the financial year	**(19 2)**	3 3	**(14 3)**	(3 6)
Other recognised gains and losses relating to the year (net)	**(82 9)**	25 2	**-**	-
Movements in total shareholders' funds	**(102 1)**	28 5	**(14 3)**	(3 6)
At 1 January	**44 1**	15 6	**74 0**	77 6
At 31 December	**(58 0)**	44 1	**59 7**	74 0

Notes to the Financial Statements (continued)

23 Notes to the cash flow statement

(a) Reconciliation of operating profit to net cash flow from operating activities	2011 £m	2010 £m
Operating profit	5 1	5 2
Depreciation of tangible fixed assets	7 3	7 4
Amortisation of goodwill and other intangibles	0 4	1 5
Difference between pension service charge and cash contributions	(3 3)	(3 1)
Loss on the disposal of fixed assets	0 1	0 2
Movement in stocks	(5 9)	(6 4)
Movement in debtors	(5 9)	(6 8)
Movement in creditors	0 4	13 9
Movement in provisions	(1 4)	(3 0)
Net cash inflow from operating activities	(3 2)	8 9

Included in the cash flow statement is an outflow of £25 1m relating to net operating cashflows for the discontinued operations resulted prior to disposal, an outflow of £1 3m in respect of net returns on investment and servicing of finance, an outflow of £0 9m for capital expenditure and an inflow of £17 9m in respect of disposal of businesses

(b) Analysis of net debt	2010 £m	Cashflow £m	Non-cash movements £m	2011 £m
Cash	22 8	1 8	(0 1)	24 5
Overdrafts	-	(1 1)	-	(1 1)
	22 8	0 7	(0 1)	23 4
Debt due within a year	(3 2)	(1 2)	(0 2)	(4 6)
Debt due after one year	(37 1)	3 7	0 4	(33 0)
Finance leases due within 1 year	(0 9)	(0 1)	-	(1 0)
Finance leases due after 1 year	(1 4)	0 8	-	(0 6)
	(42 6)	3 2	0 2	(39 2)
Total	(19 8)	3 9	0 1	(15 8)

Non-cash movements relate to capitalisation and amortisation of issue costs and foreign exchange movements

(c) Sale of businesses

Net assets disposed	UK automotive branch network £m
Fixed assets	9 2
Cash	2 5
Stock	37 5
Debtors	29 5
Creditors	(36 3)
	42 4
Costs of disposal	31 1
Loss on disposal (i)	(25 7)
	47 8
Satisfied by	
Shares	21 1
Cash	26 7

(i) The sale of the UK automotive branch network was completed on 30 September 2011 Consideration was received in full in 2011 and is reflected in the cash flow statement for the current year Some of the costs were paid in 2011, with the remaining costs expected to be paid in future years The net cash inflow from disposal of businesses is shown below

	£m
Cash proceeds received on sale of businesses	26 7
Cash transferred on disposal of business	(2 5)
Associated costs incurred and paid in 2011	(6 3)
	17 9

Notes to the Financial Statements (continued)

24 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 long term schedules of contributions agreed with the Trustees of the pension schemes and these schedules will be reviewed in the light of the results of the next actuarial valuations They may then be varied with the agreement of the Trustees

With effect from 31 December 2005, 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 £4 3m (2010 - £3 7m) At the year end there was an accrual for unpaid pension contributions of £0 3m (2010 - £0 4m)

The latest available formal actuarial valuations of the Unipart Group Pension Scheme and the Unipart Group Retirement Benefits Scheme were carried out as at 31 January 2010 by AON Hewitt Limited based on this data The value of the schemes' liabilities have been updated by AON Hewitt Limited to assess the liabilities of the schemes at 31 December 2011 for the purposes of FRS 17 Scheme assets are stated at their market value at 31 December 2011

The disclosures for all of the Group's defined benefit arrangements are aggregated below 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 The Company will be expected to continue its contributions based on the results of the triennial actuarial valuation The amount of such contributions will depend on the actual actuarial experience and the investment returns achieved Estimated contributions to be paid into the schemes in the coming year are £1 5m

The key financial and other assumptions used to calculate the scheme liabilities are	2011	2010
Rate of general increase in salaries	**2 78%**	3 16%
Rate of increase in pensions in payment	**2 63%**	2 90%
Discount rate	**5 18%**	5 77%
RPI Inflation assumption	**2 78%**	3 16%
CPI Inflation assumption	**1 93%**	2 31%

As part of the 2010 triennial valuation of the main Group schemes, a 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	21 years
Retirement in 2031 for male pensioners at age 65	22 years
Retirement in this year for female pensioners at age 65	24 years
Retirement in 2031 for female pensioners at age 65	26 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	2011 £m	Long-term rate of expected return	2010 £m
Equities / Absolute return funds	**7 5%**	**402 5**	8 7%	432 2
Government bonds	**3 0%**	**4 8**	4 2%	4 7
Corporate bonds	**4 0%**	**0 3**	5 2%	4 0
Property / Infrastructure	**6 0%**	**50 8**	7 2%	51 9
Other	**3 4%**	**33 6**	4 6%	44 2
Total market value of assets		**492 0**		537 0
Present value of funded pension plans' liabilities		**(693 9)**		(639 6)
Deficit in funded plans		**(201 9)**		(102 6)
Liability for unfunded pension plans		**(0 1)**		(0 1)
Total deficit in plans		**(202 0)**		(102 7)
Related deferred tax asset		**50 5**		27 7
Net pension deficit		**(151 5)**		(75 0)

Notes to the Financial Statements (continued)

24 Pension commitments (continued)

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	2011 £m	2010 £m
Liabilities at 1 January	(639 6)	(646 9)
Current service cost	(2 2)	(2 5)
Interest cost	(34 5)	(35 5)
Contributions by members	(0 7)	(0 8)
Settlements	-	-
Benefits paid	26 7	25 5
Actuarial (loss)/gain	(43 3)	24 2
Members share	(0 3)	(3 6)
Liabilities at 31 December	(693 9)	(639 6)

The movements in the fair value of scheme assets in plans during the year were	2011 £m	2010 £m
Assets at 1 January	537 0	503 3
Expected return on scheme assets	36 6	36 0
Actuarial (loss)/gain	(61 4)	13 2
Benefits paid	(26 7)	(25 5)
Contributions by members and company	6 2	6 4
Members share	0 3	3 6
Assets at 31 December	492 0	537 0

Scheme assets include a holding of shares in the Company valued at £4 9m (2010 - £4 9m) Scheme assets do not include any property occupied by any members of the Group The actual return on scheme assets in the year was a loss of £23 7m (2010 - gain £48 0m)

The performance statements include the following amounts	2011 £m	2010 £m
Amounts charged to operating profit / (loss)		
Current service cost	(2 2)	(2 5)
Settlements	-	-
	(2 2)	(2 5)
Defined contribution schemes	(4 3)	(3 7)
Total operating charge	(6 5)	(6 2)
Analysis of amount credited to net other finance income		
Expected return on pension scheme assets	36 6	36 0
Interest on pension scheme liabilities	(34 5)	(35 5)
Net return	2 1	0 5
Amounts included within the Group statement of total recognised gains and losses		
Actual return less expected return on pension scheme assets	(61 4)	13 2
Experience gains and losses arising on the scheme liabilities	(5 7)	8 3
Changes in assumptions underlying the present value of the scheme liabilities	(37 6)	15 8
Actuarial (loss)/gain recognised in the Group statement of total recognised gains and losses	(104 7)	37 3

History of experience gains and losses	Year ended 31 December 2011 £m	Year ended 31 December 2010 £m	Year ended 31 December 2009 £m	Year ended 31 December 2008 £m	Year ended 31 December 2007 £m
Liabilities	(693 9)	(639 6)	(646 9)	(518 6)	(614 2)
Plan assets	492 0	537 0	503 3	463 3	585 6
Scheme deficit	(201 9)	(102 6)	(143 6)	(55 3)	(28 6)
Experience gains and losses on scheme assets	(61 4)	13 2	28 8	(137 1)	(17 8)
Experience gains and losses on scheme liabilities	(5 7)	8 3	2 1	(2 4)	(10 1)
Actuarial (loss)/gain recognised in the Group statement of total recognised gains and losses	(104 7)	37 3	(91 3)	(36 2)	23 6

Notes to the Financial Statements (continued)

25 Commitments

(a) Capital commitments	**Group 2011 £m**	Group 2010 £m
Contracted as at the year end but not provided for in the financial statements	-	0 1

The Company had no capital commitments at 31 December 2011 (2010 - £nil)

(b) Contingent liabilities and financial commitments	**Group 2011 £m**	Group 2010 £m	**Company 2011 £m**	Company 2010 £m
Guarantees for export trading and loan facilities	3 3	5 8	3 3	3 3

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 2011 was £3 0m (2010 - £5 2m) Refer to note 17 for further details

(c) Operating lease commitments

Group	**Land and buildings 2011 £m**	Land and buildings 2010 £m	**Other 2011 £m**	Other 2010 £m
Annual amounts payable on agreements expiring				
- within one year	2 4	2 3	2 4	4 1
- after one year but within five years	12 3	12 6	2 5	2 5
- after five years	14 5	13 6	-	-
	29 2	28 5	4 9	6 6

The Company had no operating lease commitments at 31 December 2011 (2010 - £nil)

26 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 £7 5m (2010 - £6 5m) and amounts owed to the Group at 31 December 2011 were £0 1m (2010 - £0 2m) as reported in note 13(a) Total payments made by Kautex Unipart Limited on behalf of the Group amounted to £0 1m (2010 - £nil) and in addition, an amount of £1 5m was owed to the Group at 31 December 2011 under a formal loan agreement bearing interest of 5% per annum as reported in note 11(a) (2010 - £2 0m)

During the year, the total payments made on behalf of Unipart Eberspächer Exhaust Systems Limited amounted to £2 9m (2010 - £2 3m) and amounts owed to the Group at 31 December 2011 were £0 4m (2010 - £0 8m) as reported in note 13(a) The total payments made by Unipart Eberspächer Exhaust Systems Limited on behalf of the Group amounted to £0 7m (2010 - £0 9m) and amounts owed to Unipart Eberspächer Exhaust Systems Limited by the Group were £0 1m (2010 - £0 3m)

Notes to the Financial Statements (continued)

27 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 ordinary 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 Service Company Limited (formerly 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	England
Unipart Merchandise Limited	England
Unipart DCM Service GmbH	Germany
Van Wezel GmbH	Germany
Intertruck Deutschland GmbH	Germany
Intertruck Benelux 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
Intertruck Holding Limited	UAE
Intertruck MENA L L C (ii)	UAE
Serck Services (Gulf) Limited (49%) (ii)	UAE
Serck Services Company LLC (49%) (ii)	UAE
Americas and Rest of the World	
Unipart Group Australia PTY Limited	Australia
Unipart Services Canada Inc	Canada
Unipart Logistics (Suzhou) Trading Co , Limited	China
Unipart (Suzhou) Logistics Co , Limited	China
Unipart Kabushiki Kaisha	Japan
Unipart Services India Private Limited	India
Unipart Korea Yuhan Hoesa	Korea
U Logistics OOO	Russia
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 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 1162(4) of the Companies Act 2006 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 and Spain

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