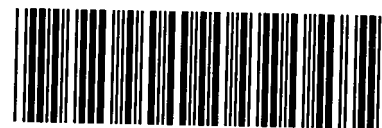


Registered Number: 01994997

**UNIPART GROUP OF COMPANIES LIMITED**

Annual Report 2013

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This publication comprises the full Annual Report and Financial Statements of Unipart Group of Companies Limited for 2013, prepared in accordance with the Companies Act 2006 and United Kingdom Accounting Standards, and includes the Chairman's Statement, the Strategic, Operating and Financial Review, the Directors' Report, the Independent Auditors' Report and the Financial Statements for the year ended 31 December 2013.

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## Chairman's Statement

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### 2013 Financial Highlights

The Group has performed well again in 2013, with a positive underlying trading performance. We continue to focus on growing our international presence and it is pleasing to report that Group turnover rose at a higher rate than the overall UK economy in 2013. We remain committed to our engineering and manufacturing heritage alongside our global logistics operations and consultancy business. We continue to invest in the latest technology and, most importantly, the Group remains committed to developing our people and our culture, which focuses on our long standing goal of 'delivering outstanding personal customer service' to all of our clients.

Group turnover from continuing operations, including Joint Ventures', grew from £978.2m (restated to reflect the results of operations discontinued in 2013) to £1,041.5m, an increase of 6.5%, comparing favourably to the overall UK economy, which grew by 1.9% in 2013 according to the UK Office for National Statistics, reflecting our increasing international presence.

During the year, the Group has made investments in the business to support future growth, including promoting the Unipart Way brand. The Group total operating profit including joint ventures before exceptional items was £26.2m for the year, which is a reduction on the prior year performance partly due to the investments made during 2013.

The Group has incurred exceptional charges during the year of £11.2m, relating to disposals made in previous years and charges on the exit of certain loss-making activities. In addition, a £21.1m charge arises on the write-down of investments due to current market conditions. After accounting for these non-trading items, the Group reports a loss before interest and tax of £6.1m (2012 – profit of £15.8m).

The Group has generated a net cash flow from operating activities of £61.3m (2012 - £22.5m), which has resulted in net cash of £25.2m being reported at 31 December 2013 (2012 – net debt of £16.8m). A more detailed analysis of the financial statements follows in the Strategic, Operating and Financial Review.

In recent years, the Group has been successful in expanding into overseas markets. The Rail joint venture in Australia, which commenced in 2012, continues to perform strongly and our presence in India and China continues to grow. The number of employees based in India and China grew by 43% during 2013 and we had over 1,300 people working in international markets at 31 December 2013.

Unipart is proud of its long history in UK manufacturing and we are encouraged by the recognition of the

critical importance it plays in the Nation's prosperity. We are especially pleased to have established a strong relationship with Coventry University and to be able to jointly announce a investment in a new Advanced Engineering and Manufacturing Institute on one of our manufacturing sites in the Midlands. This international centre for engineering and manufacturing excellence will allow students the opportunity to be connected directly to the latest technology on the manufacturing front line.

During the year, Dr. Bryan Jackson CBE was appointed to the Board as a Non-Executive Director. Bryan has held senior positions within Toyota and Ford, covering the full range of vehicle manufacturing in the UK and Europe. I am delighted to welcome Bryan, who brings a strong independent voice to the Board and is able to draw on his considerable manufacturing, engineering and commercial experience but, most importantly, understands the critical importance of developing the company's culture and values.

Our consulting business has a very attractive proposition and we invested significantly during 2013 in promoting the Unipart Way brand. This proved effective in helping to re-position Unipart away from the allmakes car parts business, which we sold and no longer influence, as we progressively build awareness for our core long term businesses in logistics, manufacturing and consulting.

Once again, the deep expertise of our people and their dedication to ensuring outstanding personal customer service has resulted in some very prestigious external awards. For example, Unipart was named "Overall" winner of the 2013 European Supply Chain Excellence Awards for 2013 together with Jaguar Land Rover and also won the Automotive, Aerospace and Defence sector award for its innovative supply chain solutions. The award highlighted the Global Control Centre technology that we have developed, which provides us with fingertip control of a complex global supply chain. Unipart also won the Aftermarket Parts Logistics award at the 2013 Global Automotive Supply Chain Awards.

## Chairman's Statement

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The Sir Robert Lawrence Award from The Chartered Institute of Logistics and Transport recognises outstanding and sustained contribution to the profession of logistics and transport. This is a prestigious award and can only be presented to one person in an organisation and, although I was honoured and delighted to receive it in 2013, it truly belongs to the men and women throughout Unipart who do exceptional things for our customers on a daily basis. It was a privilege to accept the award on their behalf, especially as it coincided with the same year in which Unipart celebrated the 25th anniversary of the Mark In Action awards.

The Mark In Action award was originally designed to build, recognise and reward teams and individuals who go beyond the normal call of duty to deliver outstanding personal customer service to both internal and external customers. Approximately six times a year, Mark In

Action award ceremonies take place in our company university and customers and fellow employees explain why they nominated the winners and what they did to convince our independent judges why they should win. These are some of the best days in my business calendar as their achievements are brought to life and their stories get told and re-told around the company and our customers. Over the last 25 years, over 2,600 people have received the Mark In Action Award and I would like to take this opportunity of thanking them all for the contribution they've made to our business, to our customers and, above all, to creating our culture. They are not alone, however. Not everyone gets nominated and not everyone wins the award, but thousands of people throughout the company live by our corporate goal and the guiding Unipart Way Principles, and I want to thank them all for what they do.

## Strategic, Operating and Financial Review

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### Strategy

Unipart has had a consistent strategy for nearly 30 years; it has its foundation in our guiding philosophy, which is "To understand the real and perceived needs of its customers better than anyone else, and to serve them better than anyone else."

We believe that for Unipart to continue to deliver outstanding levels of performance for our customers, we need to challenge and inspire our people to progress on their personal Gate to Great journeys and master the tools and techniques necessary to solve problems every day and find new and innovative ways to serve our customers. That is a statement many companies echo, but to shift from words on a page to quantifiable improvements requires us to build and sustain a culture which requires our leaders at every level in the business to support and sustain it.

Culture change is not rocket science ... it's harder than that and it takes years and years of strategic commitment to developing people to levels of mastery that exceed even their own expectations. The Unipart Way is based on a profound belief in people and we remain committed to helping them unlock their potential through the medium of the company university and our Faculties on the Floor throughout all of our operating companies all over the world.

We have invested more than 25 years in building the Unipart Way and we will continue to strive to make this philosophy of working second nature, not only in our own companies but also for our growing number of clients.

Our growth has been strong in the UK; we have long-term, enduring relationships with some of the world's most prestigious and challenging blue chip companies. We have supported those clients as they expanded their

opportunities across the globe. This has contributed to our own strategy for international growth in a range of sectors, including automotive, rail and consultancy.

We see this as a continuing strategy for Unipart's development. It is premised on the knowledge and confidence that we can extend The Unipart Way to people working in virtually any sector and in any geography. We have found through proven experience that The Unipart Way unlocks hidden potential in people. It is in harmony with the human spirit in which people have a desire to learn, to achieve, to be recognised and to develop others.

Our investment in this strategy has resulted in significant success in being trusted with the business of world class brands as they enter or extend operations in new geographies, such as India or China. It is manifest in many of Unipart's proprietary developments, such as our Faculties on the Floor or electronic coaching systems that are now becoming product offerings in their own right, providing customers with a proven toolkit for driving continuous improvement and innovation.

The words of our philosophy may be replicated by other organisations, but the investment, commitment and knowledge that turns that statement into a unique culture in Unipart cannot be copied. It continues to be our strategic advantage and our cornerstone for growth.

## Strategic, Operating and Financial Review

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### Operating Review

The Group provides supply chain and logistics solutions to customers across a diverse range of sectors including Automotive, Technology, Retail, Rail, Defence, Health, Utilities, and Manufacturing. 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 below.

#### Automotive

The Group continues to expand and grow with its portfolio of successful automotive clients. In recent years, Unipart has invested in the establishment of logistics centres in emerging markets, including China and India, in support of its prestigious clients, and these have complemented Unipart's logistics centres in traditional western markets.

The Group has delivered ever-improving levels of customer benefit by combining the capability of Unipart's global network of logistics centres utilising our world class IT system "Unipart Logistics System", with the highest levels of employee engagement, which have been achieved by The Unipart Way.

Unipart is delighted to have its performance recognised by its clients, and this recognition has been demonstrated through contract renewals with The London Taxi Company and Mobis, growth into new markets and services with Tata Motors and Toyota, but also demonstrated with the award of a new contract with the Chinese automotive manufacturer, Qoros Automotive.

During the year, the Group continued to work in close partnership with Jaguar Land Rover, supporting their global aftermarket supply chain. As part of the contract extension that was reported in last year's review, the Group has also been engaged in the implementation of a class-leading automotive logistics system for Jaguar Land Rover, which successfully launched early in 2014.

The Group has also extended the services provided to MINI plant Oxford and now manages part of the logistics operation for the new model lines at the MINI Plant Oxford. This operation commenced in March 2013 and complements the exhaust sequencing work and MINI supplier operations already being managed from Unipart's Oxford distribution centre.

The Group remains a central distributor to the automotive and commercial vehicle sectors supplying a wide variety of aftermarket products through its successful Van Wezel and Intertruck brands in Europe and the TTC brand in the UK.

In 2012, the Group disposed of the UK commercial vehicle branch network to an MBI team supported by private equity. Unfortunately, as a result of the continued downturn in the market, the new company entered administration late in 2013. This resulted in certain liabilities returning to the Group and a net exceptional charge of £2.5m has been provided in the financial statements.

#### Technology

Unipart continued to deliver best in class service for our global technology customers, successfully delivering innovative new services and significant cost-down initiatives on behalf of clients.

Unipart strengthened ties and achieved growth with one of the world's leading technology providers and, for the second year running, was recognised by this global brand as the best performing distribution centre in the client's worldwide network.

The Group's long term partnership with Sky continues to develop. 2013 saw the successful relocation and integration of Sky's Rugby operation into the Nuneaton and Baginton sites. Unipart has delivered a multi-million pound saving to Sky in the second year of managing its engineer vehicle fleet. In recognition of this continued success, a long-term contract extension has been agreed.

Unipart supported its mobile technology customers in delivering a major product launch in September, launching a number of new high profile devices simultaneously. Unipart continues to pursue innovation across the mobile sector, by developing ways of keeping devices in customers' hands with repair avoidance solutions, and with a strong focus on customer experience. Unipart continues to deliver transformation and innovation in repair, now offering technical Call Centres, forensic data wipe solutions and in-store mechanical testing solutions.

## Strategic, Operating and Financial Review

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### Technology (cont.)

Unipart's relationship with Vodafone remains strong, and is benefiting from a market leading performance in logistics and recognition for delivering the most improving cost repair solution across Vodafone's EMEA estate. Unipart has implemented further innovative services in value-added data wipe and provisioning solutions in 2013.

Unipart has been operating in partnership with Virgin Media for three years, and has been recognised for delivering multi-million pound savings achieved by transforming Virgin Media's mobile reverse logistics offering. Universe, the Group's industry leading repair and returns diagnostic system, was developed into an online self-serve tool for Virgin Mobile customers in early 2013 and is delivering measurable benefits.

Following a successful first year supporting Samsung's mobile repair business for direct consumers in the UK, Samsung has taken the decision to consolidate its supplier base in the UK. Unipart has been selected as one of only two suppliers to continue to deliver Samsung's UK repair business.

Unipart has entered into a strategic partnership with software solutions business Pervacio as their implementation partner for the UK & ROI, selling solutions that include repair and returns avoidance, software flashing, provisioning and forensic data wipe solutions. Unipart's knowledge, experience and implementation skills in the mobile technology market have already delivered a number of successful solutions to new and existing customers.

In the earlier part of the year, US-based business e-Cycle, a leading handset buyback company, chose Unipart as its European partner. Drawing on an extensive track record in delivering mobile logistics solutions, this contract delivers logistics and processing services for the European operations of e-Cycle's largest global corporate clients.

### Rail

Unipart continues to provide full spectrum logistics and supply chain services across a significant proportion of the UK rail market and operators. As well as providing customers with solutions to a complex supply-chain, Unipart also offers a comprehensive product reconditioning, repair and manufacturing operation.

Unipart operates in the traction and rolling stock market, which services passenger and freight, as well as vehicle owners and builders. In the infrastructure market, Unipart provides products and supply chain services for maintenance and enhancements of the infrastructure. Unipart's consultancy has a growing presence in the rail sector in the UK and overseas.

In the UK rolling stock market, the business has grown, with high levels of contract retention with its key customers. The business has expanded its offering in the UK, and continues to work closely with its existing customers and with new partners. The business also provides a service to refurbish bogies for UK rolling stock with increasing success.

The infrastructure market continues to be a challenging environment as the rail industry strives to achieve its cost reduction targets. Growth was achieved through a variety of innovative solutions being successfully offered to the market.

Growth in international markets continues, and the joint venture in Australia had a successful year. The major maintenance and supply chain contract in New South Wales is operated in partnership with United Group and made excellent progress in 2013. Operations made excellent progress commercially and in its relationships with existing and potential customers.

### Retail

It has been another turbulent year within the retail sector and Unipart has continued to focus on cost saving opportunities for our clients through operational excellence and The Unipart Way. The Group has again been successful in reducing costs for a number of key customers.

The leisure and marine sectors have been particularly badly hit over the past few years due to the adverse weather patterns experienced over recent summers. Unipart took the strategic decision to exit the Leisure and Marine sector, which the Group had acquired several years ago and previously traded under the "Burden" brand. Due to the seasonal nature of the sector, the distribution model provided to our customers involved inventory ownership. As part of the exit, exceptional losses were made on the disposal of the inventory and closing the operations; the net loss was £4.2m and has been reported as an exceptional item after operating profit.

In the light of the reduced consumer confidence and intense online competition, a number of high street retailers have needed to adapt their offering. Waterstones have refreshed their customer experience through a programme of change and investment. This included the Waterstones national distribution hub operation managed by Unipart, which went through a complete reconfiguration during 2013. This has delivered improved service levels and product availability to both the retailers' store and internet customers, whilst unlocking significant operational cost savings.

## Strategic, Operating and Financial Review

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### Security, Aerospace & Defence

Unipart has further secured its place as a strategic supply chain partner to Thales UK, supporting their bids for new MoD projects and other opportunities within the wider company, including the outsourcing of their production stores.

The strategy to offer the broad capability of the Group to both the civil aerospace and UK defence sectors continues to generate interesting and tangible opportunities.

Unipart has also secured a contract with "Sharing in Growth", a part government-funded programme for capability building in the Aerospace industry.

### Consulting

Unipart continues to provide consulting services alongside logistics and supply chain solution and build a strong reputation for delivering business transformation and improvement. The Unipart Way has demonstrated the ability to unlock potential through employee engagement.

The Consultancy sector remains depressed, but the Group has seen growth and development in 2013, winning new business across a broad spectrum of sectors including Health, Utilities, Pharmaceuticals, Higher Education and Retail. During the year, a major contract was secured with an energy distributor to provide training and coaching support in the deployment of process and performance excellence across the UK and USA.

During 2013, the Group launched a major advertising campaign to promote its brand and market offering, called "Unlocking Potential". Unipart simultaneously ran a successful sub-campaign targeted at the health sector, which has helped to strengthen awareness and understanding of its proposition to support improvements to key measures in the health sector, ultimately improving patient care. Unipart is currently helping to deliver a number of large scale improvement programmes with various NHS trusts across the UK.

### Manufacturing

The Group is a major supplier of advanced technology products to UK vehicle manufacturers through our joint venture manufacturing operations of Unipart Eberspächer Exhaust Systems Limited (UEES), with Eberspächer GmbH, and Kautex Unipart Limited (KUL), with Kautex Textron Inc. Customers include MINI Plant Oxford, Jaguar Land Rover, Honda, Ford, Rolls Royce, Aston Martin, Bentley, Lotus and the leading first tier manufacturers, such as Continental. The components manufactured include complete exhaust systems, fuel tank systems and engine fuel rail

systems. Each of these components is central to customers' goals of achieving lower weight, reduced emissions and improved fuel economy, at lower cost.

Under the "Serck" brand, the Group has a market leading global heat exchange engineering business. As well as manufacturing radiators in the United Arab Emirates, Unipart also provides a full range of heat exchanger and pressure vessel related services including maintenance and refurbishment, design and manufacture, installation and consultancy. There are operations in the UK and USA as well as the Middle East, across a wide range of sectors including power generation, oil and gas, marine, utilities, rail and steel. Industrial customers include Rolls Royce, EDF, Siemens, Centrica, Tata Steel, Cummins, Valero/Texaco and Amec. The Group also supply a range of advanced products and services to the Automotive and Motor Sport sectors, where customers include Formula 1 racing teams McLaren Racing, Red Bull Technologies, Mercedes AMG Petronas, Lotus Racing and Team Force India.

Unipart is committed to investment in supporting high value manufacturing and engineering within the economy, and to increasing the number and calibre of engineers in the UK. During the year, the Group announced a collaboration with Coventry University to develop a new Engineering and Manufacturing Institute at one of the Groups manufacturing facilities in Coventry. It will provide an innovative teaching environment 'on the shop floor' that will create a step change in the higher education model for manufacturing engineering.

The aim is to create an international centre of excellence for innovative teaching and research, in a real world manufacturing environment, during 2014. This will be unique in that it is the first time that a university has created a faculty on an industrial site in the UK. The Institute will be underpinned and supported by Unipart and Coventry University's Faculty of Engineering, and will play a fundamental role in helping Unipart to unlock the potential of global markets.



## Strategic, Operating and Financial Review

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### Corporate Responsibility

For a fourth year running, Unipart was awarded platinum status in Business in the Community's 2013 Corporate Responsibility Index - the UK's leading benchmark of responsible business. This achievement rates Unipart amongst the top companies in the world for best environmental, community, workplace and business practices.

This continued recognition for the Group's effort and performance in the area of Corporate Responsibility reaffirms our belief that the principles on which we founded our business - the Unipart Value Set - have endured in a constantly changing world, and are as relevant today as they were when they were launched in 1987. These values form the basis of our culture and are reflected in The Unipart Way, our philosophy of working, which engages and empowers employees at every level of our organisation to identify and remove waste from our processes and continually improve our business.

In removing waste from every aspect of our business and our supply chains, we continue to conserve scarce environmental resources. We use creativity before capital to solve problems and address issues, finding solutions that are low cost in terms of energy resources as well as in terms of cash.

By engaging with our local communities, we can help to improve the employability and life prospects of those living there. We can develop local economies as well as positively impacting the wellbeing of our employees and their families. In our community activities, we have recognised the significant challenge that many young people face in entering the world of work. We have developed numerous partnerships focussed on tackling this issue. For example we have worked with the Foyer Foundation, Nuffield Bursary Scheme and Engineering Education scheme. Our STEM ambassadors are working in local schools, and we have run entrepreneurial events such as the 'Unipart Challenge'.

The Group won the Inspiring Apprenticeships Award in the annual Trinity Mirror Cheshire Business Awards in recognition of its apprenticeship scheme. The Group provides training and experience, in conjunction with education partners. Through this commitment, we are continually producing talented young people who will support the future of our business. As well as formal apprenticeships, we have developed a work experience programme and made a commitment to

offer valuable, relevant work experience placements to every interested child or grandchild of our employees.

The Group also continues to support 'The Talent Factory' alongside Oxford United Football Club in Oxfordshire. This is a national sports-based programme designed to identify and nurture talent in young people. The community initiative encompasses a range of programmes working with local schools to identify and develop both sports and life skills in young people, and to promote sport as a key part of a healthy lifestyle.

The Group is fully committed to ensuring safety in the workplace, and we were proud to be recognised at all of our major UK sites with the highly prestigious British Safety Council Sword of Honour Award 2013. The Oxford Distribution Centre achieved a double award, earning both the Sword of Honour and the Globe of Honour Award (which has only been presented to eight organisations worldwide). This performance in the area of Health, Safety and Environment is one which the British Safety Council have informed us is unrivalled over the last 12 months.

During the year, the Group was also awarded Authorised Economic Operator (AEO) status by UK HM Revenue & Customs. Increasing concerns regarding global security have led to a more cautious customs environment in recent years, and AEO certification is recognition by the customs authorities across the EU that a company is a secure trading partner. AEO authorised companies can expect less regulatory impact on their commercial operations, so this is particularly important for businesses that trade goods internationally and for companies that facilitate this activity. Achieving AEO certification is a significant achievement, which will help to ensure the Group's competitive advantage in the marketplace and enable us to work with our customers to reduce lead time and inventory in a safe, reliable way.

## Strategic, Operating and Financial Review

### Financial Review

#### Key performance indicators

	2013	2012 (restated)	Movement
Revenue from continuing operations, including joint ventures and associates	1,041.5	978.2	+6.5%
Total operating profit	26.2	28.8	-9.0%
EBITDA before exceptionals, including joint ventures and associates	30.5	33.5	-9.0%
Operating cash flow	61.3	22.5	2.7x
Increase in cash in the year	16.2	5.9	2.7x
Gearing using debt (excluding cash and overdrafts) and net assets (excluding pension liabilities)	26.5%	47.1%	+20.6%

#### Turnover

Group turnover from continuing operations, including share of joint ventures and associates, increased to £1,041.5m from £978.2m in the prior year, after restatement to reflect operations that have been discontinued in 2013, reflecting growth of 6.5%.

#### Operating profit before exceptional items

Total operating profit before exceptional items was £26.2m (2012 - £28.8m), a reduction on prior year performance, but in the context of the highly competitive environment in which customers and suppliers are both squeezing operating margins.

#### Exceptional items

The Group reports exceptional items totalling £11.2m during the year (2012 - £13.0m) relating to revisions to estimates made in relation losses on disposal in previous years and also charges incurred during the year due to the strategic decision to exit certain operations in the Leisure & Marine sector. Further information can be found in note 4 to the financial statements.

In addition, a £21.1m charge has arisen in the year in respect of amounts written off investments. Further information can be found in note 12 to the financial statements.

#### Profit before interest and tax

After accounting for the exceptional items and amounts written-off investments, the Group reports a loss before interest and tax of £6.1m for the year (2012 – profit of £15.8m).

#### Interest and other financial income and charges

Net interest payable for the year reduced from £3.7m in 2012 to £3.1m. The net other finance charge of £5.6m reflects the net financing charge on pension schemes of £5.0m (2012 - £5.9m), resulting from the lower return of the pension schemes' assets compared with the interest on liabilities, as prescribed by FRS 17, together with the charge on unwinding of discounting on provisions and accruals of £0.6m (2012 - £0.7m).

#### Tax

The overall tax charge for the year is £3.6m (2012 - £3.4m), which is relatively high compared to the loss before tax reported as the amounts written off investments does not attract tax relief. In addition, this is due to impact of the reduction in the UK rate of Corporation Tax, which requires a reduction in the deferred tax asset resulting in a charge in the profit and loss account.

#### Funding position

The Group reports a net cash position as at 31 December 2013 of £25.2m, an improvement of £42.0m from the net debt of £16.8m reported at 31 December 2012 due to positive operating cashflow from underlying profitability and reduced working capital levels, in particular a reduction in inventory. The Group continues to have significant borrowing facilities available and the net cash position, together with the combined borrowing facilities, mean there is sufficient funding available to finance the on-going activities of the Group.

## Strategic, Operating and Financial Review

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### Shareholders' funds

The net assets of the Group (before the net pension deficit) have reduced to £76.3m, from £97.5m, mainly due to amounts written off investments (£21.1m). The total deficit in shareholders' funds at 31 December 2013, of £202.2m, has increased by £96.1m since the last annual report, reflecting the investment write down and the £74.9m increase in the deficit on the pension schemes.

### 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. A Scheme Specific Funding Plan for the Group's two largest schemes was with the Trustees and implemented based on the 31 January 2010 actuarial valuation.

As at 31 December 2013, the net deficit under FRS 17 on the Group's defined benefit pension schemes had risen to £278.5m (2012 - £203.6m). Whilst returns on the assets held by the pension schemes during 2013 were positive and ahead of expected returns, the increase in liabilities experienced was significantly greater leading to the overall increase in net deficit. At 31 December 2013, the difference between the discount rate and inflation rate assumptions had reduced to 1.41%, compared to 1.90% in 2012. This, along with the impact of current market conditions, gives rise to an increased deficit in 2013 compared to 2012.

### Going concern

The Group accounts have been prepared on a going concern basis. Account has been taken for the deficit on shareholders' funds set out above, however the Group remains profitable before exceptional items and continues to generate cash with continuing operating profit before exceptional items of £27.2m (2012 - £31.5m) and net cash from operating activities of £61.3m (2012 - £22.5m). The Group continues to have significant borrowing facilities available and sufficient headroom is available in respect of these combined facilities to finance the on-going activities of the Group.

### Dividends

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

### 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 2013. 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 creditworthiness.

## Strategic, Operating and Financial Review

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### 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 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 pensions' 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 28.

#### (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.

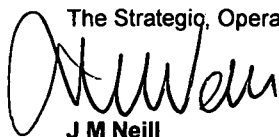
#### (e) Political and economic

Political, regulatory, economic and legal systems in emerging markets may be less predictable than in countries with more stable institutional structures. Since we operate in, and are exposed to, emerging markets, our local operations in these markets may be adversely affected by political, regulatory, economic, tax and legal developments which are beyond our control. We consult with professional advisors in all markets we operate in to ensure compliance with local regulations to minimise this risk, and periodically review the level of investments maintained in overseas territories.

#### (f) IT vulnerability

The risk of breaches to IT security, which can lead to the loss or corruption of controlled data due to unauthorised access, is mitigated by the deployment of multiple layers of software and processes, including web and mail gateways, filtering, firewalls, intrusion detection and vulnerability assessment. The Group has established multi-modal security awareness campaigns and bases its security and risk regime on enterprise policy.

The Strategic, Operating and Financial Review was approved by the Board and signed on its behalf.



**J M Neill**

Chairman & Group Chief Executive

21 March 2014

## Board of Directors

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### **J M Neill CBE** **Chairman & Group Chief Executive**

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 was appointed Chairman in July 2012.

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 and the non-executive Chairman of Atlantis Resources Limited. He is a former director 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. He was also awarded the Honorary Degree of Doctor of the University of Strathclyde in recognition of the success of Unipart, its growth and expansion and, in particular, the implementation of The Unipart Way as a model for creating exceptional levels of performance through employee engagement.

### **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 in place long-term banking facilities for the Group.

### **J D Clayton** **Managing Director**

John Clayton manages the Group's interests in the Rail, Commercial Vehicle and Leisure and Marine sectors. This includes Board responsibility for the Rail Joint Venture in Australia. He is a member of the Group Executive Committee and chairs the Group's Supplier Engagement Forum. Since joining Unipart in 1983, he has held senior financial and general management 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 in Newcastle-upon-Tyne 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 the Group's Manufacturing Joint Venture interests, along with the Group's Consultancy Practices.

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. During the year, Frank was appointed as a Major in the Engineer and Logistics Staff Corps RE(V), which is a group of industry advisors to the MOD.

## Board of Directors

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### **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. He is also a director of a private family fund management company and several public 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 1980-1986.

### **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, principally as 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.

### **B S Jackson**

#### **Non-executive Director**

Bryan Jackson was appointed to the Board in April 2013. He is also Chairman of Wesleyan Assurance Society, Chairman of Sharing in Growth and, until January 2014, Chairman of the Royal Orthopaedic Hospital in Birmingham. He was the Managing Director of Toyota Motor Manufacturing (UK) Limited until his retirement in 2004. Between 2004 and 2009 he was an advisor to Toyota in Europe. He is a past Chairman of the East Midlands Development Agency and the East Midlands CBI.

He received an OBE in 2000 for services to manufacturing and a CBE for services to economic development and manufacturing in the 2012 New Year Honours.

## Directors' Report

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2013.

### Results and dividends

The Group reports an operating profit for continuing operations of £27.2m (2012 (restated) - £31.5m), with a total operating profit of £26.2m (2012 - £28.8m). The Company has not paid, nor is it proposing to pay, any dividends in respect of the financial year ended 31 December 2013 (2012 - £nil). A more detailed review of the results can be found in the Strategic, Operating and Financial Review.

### Business review

Details of the Group's principal activities and an indication of likely future developments are described in the Chairman's Statement and the Strategic, Operating and Financial Review.

### Directors and directors' interests

The current directors served throughout the year and up to the date of signing of the report, with the exception of B S Jackson, who was appointed on 2 April 2013. The biographical details of the current directors are listed on pages 11 to 12. 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 1/2p each	31 December 2013 Number	1 January 2013 Number
<b>Beneficial holdings</b>		
J M Neill	7,767,082	7,767,082
A J Mourgue	1,397,324	1,397,324
J D Clayton	282,583	282,583
F W Burns	112,002	112,002
A M Vinton	275,000	275,000
S R Johnson	12,000	12,000
<b>Non-Beneficial holdings</b>		
J M Neill	898,020	898,020
<b>Ordinary 'A' shares under option in the Company</b>		
J D Clayton	145,000	145,000
F W Burns	395,000	395,000

No options were granted or exercised during the year.

There was no contract with the Company or its subsidiaries subsisting during or at the end of the financial year in which any director of the Company had a material interest; however, during the year, an indemnity from the Company was 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 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 Strategic, Operating and Financial Review.

## Directors' Report

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### Employees

The Group continues to involve employees in the decision-making process and communicates with all staff on various areas, including the economic and financial factors affecting the Group, via regular briefings, on-site training, employee forums and through our in-house news programme, Grapevine, which is available online and via DVD. Staff 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 members of staff 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.

### Corporate Responsibility

The Group is fully committed to forming a culture based in responsible business. Details are described in the Strategic, Operating and Financial Review.

### 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.

### Overseas branches

Details are set out in note 33 to the financial statements.

### Going concern

The Board has 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 reports £26.2m operating profit before exceptional items and 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.

### Independent auditors

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



## Directors' Report

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### Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the audited consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare audited consolidated financial statements for each financial year. Under that law the directors have prepared the Group and parent Company 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 Group and the Company and of the profit or loss of the Group for that period. In preparing these audited consolidated financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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;
- prepare the audited consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.


The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the audited consolidated financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Group and the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Group and the Company's auditors are aware of that information.

This report was approved by the Board and signed on its behalf.



**A J Mourgue**  
Group Finance Director

Oxford, 21 March 2014

## Independent Auditors' Report to the Members of Unipart Group of Companies Limited

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### Report on the financial statements

#### Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 December 2013 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.

This opinion is to be read in the context of what we say below.

#### What we have audited

The Group financial statements and parent Company financial statements (the "financial statements"), which are prepared by Unipart Group of Companies Limited, comprise:

- the Group and parent Company Balance Sheets as at 31 December 2013;
- the Group Profit and Loss Account and Statement of Total Recognised Gains and Losses for the year then ended;
- the Note of Group Historical Cost Profits and Losses for the year then ended;
- the Group Cash Flow Statement for the year then ended;
- the Reconciliation of Net Cash Flow to Movement in Net Funds/Debt for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

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).

In applying the financial reporting framework, the directors have made a number of subjective judgments, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

#### What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## **Independent Auditors' Report to the Members of Unipart Group of Companies Limited**

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### **Opinion on matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic, Operating and Financial Review and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Other matters on which we are required to report by exception**

#### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

#### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law have not been made. We have no exceptions to report arising from this responsibility.

### **Responsibilities for the financial statements and the audit**

#### **Our responsibilities and those of the directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 15, 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 ISAs (UK & 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.



Andrew Hammond (Senior Statutory Auditor)

for and on behalf of

**PricewaterhouseCoopers LLP**

Chartered Accountants and Statutory Auditors

Birmingham, 21 March 2014

**Group Profit and Loss Account**  
**For the Year Ended 31 December 2013**

		<b>2013</b>		<b>2012</b>	
	<b>Note</b>	<b>Continuing £M</b>	<b>Discontinued £M</b>	<b>Continuing (restated) £M</b>	<b>Discontinued (restated) £M</b>
<b>Turnover</b>					
Total turnover		<b>1,041.5</b>	<b>14.8</b>	<b>978.2</b>	<b>32.6</b>
Less: Share of joint ventures and associates		<b>(132.2)</b>	<b>-</b>	<b>(104.9)</b>	<b>-</b>
<b>Group turnover</b>	<b>2</b>	<b>909.3</b>	<b>14.8</b>	<b>873.3</b>	<b>32.6</b>
<b>Operating profit/(loss)</b>					
Group operating profit/(loss)	<b>3</b>	<b>20.5</b>	<b>(1.0)</b>	<b>27.1</b>	<b>(2.7)</b>
Share of operating profit in joint ventures		<b>3.2</b>	<b>-</b>	<b>2.9</b>	<b>-</b>
Share of operating profit in associates		<b>3.5</b>	<b>-</b>	<b>1.5</b>	<b>-</b>
<b>Total operating profit/(loss)</b>		<b>27.2</b>	<b>(1.0)</b>	<b>31.5</b>	<b>(2.7)</b>
Loss on disposal or termination of business	<b>4</b>	<b>-</b>	<b>(11.2)</b>	<b>-</b>	<b>(13.0)</b>
Amounts written off investments	<b>12</b>	<b>-</b>	<b>(21.1)</b>	<b>-</b>	<b>-</b>
<b>Profit/(loss) on ordinary activities before interest and taxation</b>		<b>27.2</b>	<b>(33.3)</b>	<b>31.5</b>	<b>(15.7)</b>
<i>Group net interest payable</i>			<b>(3.0)</b>		<b>(3.6)</b>
<i>Share of joint ventures</i>			<b>(0.1)</b>		<b>(0.1)</b>
Net interest payable and similar charges	<b>5</b>		<b>(3.1)</b>		<b>(3.7)</b>
Net other finance charge	<b>6</b>		<b>(5.6)</b>		<b>(6.6)</b>
<b>(Loss)/profit on ordinary activities before taxation</b>			<b>(14.8)</b>		<b>5.5</b>
Tax on (loss)/profit on ordinary activities	<b>7</b>		<b>(3.6)</b>		<b>(3.4)</b>
<b>(Loss)/profit on ordinary activities after taxation</b>			<b>(18.4)</b>		<b>2.1</b>
Equity minority interests	<b>22</b>		<b>(0.4)</b>		<b>(0.4)</b>
<b>(Loss)/profit for the financial year</b>			<b>(18.8)</b>		<b>1.7</b>

**Group Statement of Total Recognised Gains and Losses**  
**For the Year Ended 31 December 2013**

	Note	2013 £M	2012 £M
<b>(Loss)/profit for the financial year</b>			
Group		<b>(23.7)</b>	(1.6)
Share of joint ventures and associates		<b>4.9</b>	3.3
	22	<u><b>(18.8)</b></u>	<u>1.7</u>
Actuarial loss recognised on Group pension schemes	22,28	<b>(79.3)</b>	(56.3)
Deferred tax relating to actuarial loss on Group pension schemes	22	<b>15.9</b>	13.0
Effect of change in tax rate on deferred tax relating to Group pension schemes	22	<b>(10.5)</b>	(5.9)
Unrecognised asset relating to Group pension schemes	22,28	<b>(0.4)</b>	(0.1)
Deferred tax on unrecognised asset relating to Group pension schemes	22	<b>0.1</b>	-
Actuarial loss recognised on joint ventures' pension schemes	22	<b>(0.5)</b>	-
Revaluation of freehold land and buildings	11,22	<b>(1.8)</b>	0.4
Foreign exchange adjustments		<b>(0.7)</b>	(1.5)
<b>Total losses recognised relating to the year</b>		<u><b>(96.0)</b></u>	<u><b>(48.7)</b></u>

**Note of Group Historical Cost Profits and Losses**  
**For the Year Ended 31 December 2013**

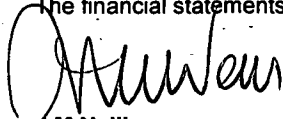
	2013 £M	2012 £M
(Loss)/profit on ordinary activities before taxation	<b>(14.8)</b>	5.5
Difference between historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	<b>0.4</b>	0.4
<b>Historical cost (loss)/profit on ordinary activities before taxation</b>	<u><b>(14.4)</b></u>	<u>5.9</u>
<b>Historical (loss)/profit for the year after taxation</b>	<u><b>(18.4)</b></u>	<u>2.1</u>

The notes on pages 23 to 53 form part of these financial statements.

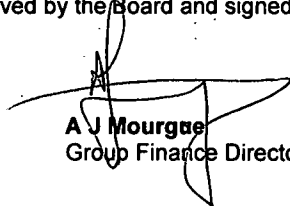
**Consolidated Balance Sheet**  
**As at 31 December 2013**

	Note	£M	2013 £M	£M	2012 £M
<b>Fixed assets</b>					
Intangible assets	10		0.9		1.1
Tangible assets	11		39.2		42.0
Trade investments	12		-		21.1
Investments in joint ventures					
-Share of gross assets		32.0		29.2	
-Share of gross liabilities		(19.2)		(18.3)	
	12		12.8		10.9
Investments in associates	12		5.0		4.6
			57.9		79.7
<b>Current assets</b>					
Stocks	13	71.8		102.7	
Debtors: amounts falling due after more than one year	14	17.8		22.4	
Debtors: amounts falling due within one year	14	143.6		125.3	
Cash at bank and in hand		47.6		30.7	
		280.8		281.1	
<b>Creditors: amounts falling due within one year</b>	15	(221.1)		(211.1)	
<b>Net current assets</b>			59.7		70.0
<b>Total assets less current liabilities</b>			117.6		149.7
<b>Creditors: amounts falling due after more than one year</b>	16		(17.0)		(30.9)
Provisions for liabilities	19		(24.3)		(21.3)
<b>Total net assets (excluding pension scheme liabilities)</b>			76.3		97.5
Net pension deficit	28		(278.5)		(203.6)
<b>Total net liabilities including pension scheme liabilities</b>			(202.2)		(106.1)
<b>Capital and reserves</b>					
Called up share capital	20		0.4		0.4
Share premium account	22		4.4		4.4
Revaluation reserve	22		17.6		19.8
Capital redemption reserve	22		11.5		11.5
Profit and loss account	22		(236.6)		(142.8)
<b>Total shareholders' funds</b>	23		(202.7)		(106.7)
<b>Equity minority interests</b>	22		0.5		0.6
			(202.2)		(106.1)

The financial statements on pages 18 to 53 were approved by the Board and signed on its behalf on 21 March 2014.



**J M Neill**  
Chairman & Group Chief Executive



**A J Mourgue**  
Group Finance Director

Registered No. 01994997

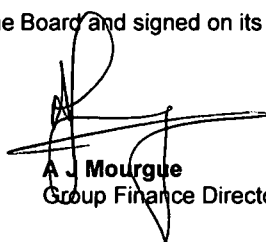
**Company Balance Sheet**  
**As at 31 December 2013**

	Note	£M	2013 £M	£M	2012 £M
<b>Fixed assets</b>					
Investments	12		<b>58.6</b>		57.8
<b>Current assets</b>					
Debtors: amounts falling due after more than one year	14	<b>1.8</b>		2.6	
Debtors: amounts falling due within one year	14	<b>14.0</b>		15.7	
Cash at bank and in hand		<b>0.4</b>		6.6	
		<b>16.2</b>		<b>24.9</b>	
<b>Creditors: amounts falling due within one year</b>	15	<b>(20.0)</b>		<b>(28.0)</b>	
<b>Net current liabilities</b>			<b>(3.8)</b>		<b>(3.1)</b>
<b>Total net assets</b>			<b>54.8</b>		<b>54.7</b>
<b>Capital and Reserves</b>					
Called up share capital	20		<b>0.4</b>		0.4
Share premium account	22		<b>4.4</b>		4.4
Capital redemption reserve	22		<b>11.5</b>		11.5
Profit and loss account	22		<b>38.5</b>		38.4
<b>Total shareholders' funds</b>	23		<b>54.8</b>		<b>54.7</b>

The financial statements on 18 to 53 were approved by the Board and signed on its behalf on 21 March 2014.



**J M Neill**  
Chairman & Group Chief Executive



**A J Mourgue**  
Group Finance Director

Registered No. 01994997

**Consolidated Cash Flow Statement**  
**For the Year Ended 31 December 2013**

	<b>Note</b>	<b>2013 £M</b>	<b>2012 £M</b>
Net cash flow from operating activities	24	61.3	22.5
Dividends received from joint ventures and associates		1.8	0.8
Returns on investments and servicing of finance	25	(2.9)	(2.4)
Taxation		(1.8)	(1.7)
Capital expenditure and financial investment	25	(5.6)	(1.9)
Acquisitions and disposals	25	(10.9)	(18.0)
<b>Cash inflow/(outflow) before financing</b>		<b>41.9</b>	<b>(0.7)</b>
Financing	25	(25.7)	6.6
<b>Increase in cash in the year</b>		<b>16.2</b>	<b>5.9</b>

**Reconciliation of Net Cash Flow to Movement in Net Funds/Debt**  
**For the Year Ended 31 December 2013**

		<b>2013 £M</b>	<b>2012 £M</b>
Increase in cash in the year	26	16.2	5.9
Cash inflow/(outflow) from decrease in debt and lease financing	26	25.7	(6.6)
<b>Change in net debt resulting from cash flows</b>		<b>41.9</b>	<b>(0.7)</b>
Currency translation differences		(0.2)	0.2
Capitalisation of bank fees		0.6	
Amortisation of capitalised fees		(0.3)	(0.5)
<b>Movement in net funds/(debt) in the year</b>		<b>42.0</b>	<b>(1.0)</b>
Net debt at 1 January	26	(16.8)	(15.8)
<b>Net funds/(debt) at 31 December</b>	26	<b>25.2</b>	<b>(16.8)</b>

The notes on pages 23 to 53 form part of these financial statements.



## Notes to the Financial Statements

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### 1. Accounting Policies

A summary of the significant accounting policies adopted by the Group and the Company is given in the following paragraphs. The policies are consistent with the previous year.

#### 1.1 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 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.

#### 1.2 Restatement of comparatives

The comparative information has been restated to show the results of the Unipart Leisure and Marine Limited product markets that were exited during the year as discontinued. The 2012 restated discontinued operations include the results of the discontinued operations of Unipart Leisure and Marine Limited and the results of the UK Intertruck Commercial Vehicle branch network, which was disposed of in the prior year.

#### 1.3 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 or terminated. 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.

#### 1.4 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 sales of goods are recognised at the point at which the risks and rewards of ownership are transferred, in accordance with the individual sales' contracts. 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. Income derived from gain share arrangements is recognised when the benefits are agreed with customers and are certain.

## Notes to the Financial Statements

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### 1. Accounting Policies (continued)

#### 1.5 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 and 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 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 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.

#### 1.6 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 that represent the useful economic lives of those assets, which are all between 8 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.

#### 1.7 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 20 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.

## Notes to the Financial Statements

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### 1. Accounting Policies (continued)

#### 1.8 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 that 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 / long leasehold buildings	-	35 to 50 years
Short-term leasehold buildings	-	Over the lease term
Plant and machinery	-	1 to 10 years

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

#### 1.9 Impairment of fixed assets and goodwill

Fixed and intangible assets are reviewed annually for indicators of 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.

#### 1.10 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 joint ventures and associates in the Group Balance Sheet is calculated by reference to the Group's equity in the net assets of such joint ventures and associates.

#### 1.11 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.

#### 1.12 Stocks

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.

#### 1.13 Warranties

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

#### 1.14 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.

## Notes to the Financial Statements

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### 1. Accounting Policies (continued)

#### 1.15 Property provisions

Provision is made for the best estimate of the 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, where material, 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.

#### 1.16 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, in accordance with FRS 19 'Deferred tax'. 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 the 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 is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted, or substantively enacted, by the Balance Sheet date. Deferred tax balances are not discounted.

#### 1.17 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.

#### 1.18 Finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of 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 Group Profit and Loss Account in proportion to the reducing capital element.

#### 1.19 Operating leases

Operating lease rentals are charged to the Group Profit and Loss Account on a straight line basis over the lease term.

## Notes to the Financial Statements

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### 1. Accounting Policies (continued)

#### 1.20 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.

#### 1.21 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.

#### 1.22 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 tangible and intangible assets, provisions and, in certain instances, in revenue recognition.

#### 1.23 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 analysis

It is the directors' judgment 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:

	2013 £M	Group turnover 2012 (restated) £M
Continuing operations		
United Kingdom	556.9	567.7
Other Europe	159.1	132.7
Rest of the World	194.0	172.9
Group turnover on continuing operations	910.0	873.3
Group turnover on discontinued operations (United Kingdom)	14.1	32.6
Group turnover	924.1	905.9
Share of joint ventures (United Kingdom)	66.4	75.2
Share of joint venture and associate (Other Europe)	10.4	9.2
Share of associate (Rest of the World)	55.4	20.5
Total turnover including share of joint ventures and associates	1,056.3	1,010.8

The geographical analysis of turnover, profit before tax and net liabilities by origin is as follows:

	2013 £M	Group turnover 2012 (restated) £M
Continuing operations		
United Kingdom	773.4	759.4
Other Europe	78.4	67.2
Rest of the World	58.2	46.7
Group turnover from continuing operations	910.0	873.3
Group turnover from discontinued operations (United Kingdom)	14.1	32.6
Group turnover	924.1	905.9
Share of joint ventures (United Kingdom)	69.1	77.2
Share of joint venture and associate (Other Europe)	7.9	7.6
Share of associate (Rest of the World)	55.2	20.1
Total turnover including joint ventures and associates	1,056.3	1,010.8

## Notes to the Financial Statements

## 2. Segmental analysis (continued)

	2013 £M	Profit before tax 2012 £M
United Kingdom	4.5	5.8
Other Europe	8.8	8.8
Rest of the World	3.2	6.2
	<hr/>	<hr/>
Loss on disposal or termination of businesses (United Kingdom)	16.5	20.8
Amounts written off investments (United Kingdom)	(11.2)	(13.0)
Net finance charge	(21.1)	-
	(5.6)	(6.6)
	<hr/>	<hr/>
Total (before joint ventures and associates)	(21.4)	1.2
Share of joint ventures (United Kingdom)	3.0	2.7
Share of joint venture and associate (Other Europe)	0.3	0.4
Share of associate (Rest of the World)	3.3	1.2
	<hr/>	<hr/>
Total (including joint ventures and associates)	(14.8)	5.5
	<hr/>	<hr/>
	2013 £M	Net liabilities 2012 £M
United Kingdom	(27.7)	28.3
Other Europe	65.2	73.1
Rest of the World	13.6	12.9
	<hr/>	<hr/>
Net cash/(debt)	51.1	114.3
	25.2	(16.8)
	<hr/>	<hr/>
Total net assets (excluding pension scheme liabilities)	76.3	97.5
Net pension deficit	(278.5)	(203.6)
	<hr/>	<hr/>
Total net liabilities including pension scheme liabilities	(202.2)	(106.1)
	<hr/>	<hr/>

## Notes to the Financial Statements

## 3. Group operating profit

	2013			2012		
	Continuing £M	Discontinued £M	Total £M	Continuing (restated) £M	Discontinued (restated) £M	Total £M
Group turnover	909.3	14.8	924.1	873.3	32.6	905.9
Cost of sales	(658.0)	(11.9)	(669.9)	(632.7)	(25.0)	(657.7)
Gross profit	251.3	2.9	254.2	240.6	7.6	248.2
Distribution costs	(115.0)	(2.9)	(117.9)	(112.3)	(4.1)	(116.4)
Administrative expenses	(115.8)	(1.0)	(116.8)	(101.2)	(6.2)	(107.4)
Group operating profit	20.5	(1.0)	19.5	27.1	(2.7)	24.4

The profit is stated after charging/(crediting):

	2013 £M	2012 £M
Amortisation of goodwill and other intangible fixed assets	0.2	0.2
Depreciation of tangible fixed assets owned by the Group	4.1	4.5
Operating lease rentals:		
- other	8.8	9.1
- land and buildings	23.9	24.1
Sublet income from land and buildings	(2.5)	(3.6)
Loss/(profit) on disposal of tangible fixed assets	0.1	(0.1)

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

	2013 £M	2012 £M
Audit of Group and Company financial statements	0.1	0.1
Other services to the Group		
Audit of the Company's subsidiary financial statements pursuant to legislation	0.3	0.3
Taxation compliance services	0.5	0.5
Taxation advisory services	0.1	0.1
Other non-audit services	0.5	0.1

During the year, fees payable by the Group's associated pension schemes to the Group's auditors were £nil (2012 - £0.1m).



## Notes to the Financial Statements

## 4. Loss on disposal of business

	2013 £M	2012 £M
<b>Recognised after arriving at operating profit</b>		
<b>Discontinued operations</b>		
Loss on termination of business (i)	(4.2)	-
Loss on disposal of business sold in prior years (ii)	(2.5)	(5.0)
Loss on disposal of business sold in prior year (iii)	(4.5)	(8.0)
	<u>(11.2)</u>	<u>(13.0)</u>

(i) During the year, the Group incurred a loss on the strategic decision to exit certain product markets. This loss has been treated as allowable for corporation tax purposes.

(ii) During the prior year, the Group incurred a net loss on disposal of £5.0m on the trade and assets of the Intertruck UK branch network. An additional loss of £2.5m was incurred on this disposal in the current year. The additional cost has been treated as allowable for corporation tax purposes.

(iii) During the year, a charge of £4.5m has arisen as a result of a reassessment of the estimates made for costs in relation to a business sold in a prior year. This charge is treated as allowable for tax purposes. During the prior year, a charge of £8.0m arose in relation to contingent payments in respect of the same disposal. This charge was treated as disallowable for corporation tax purposes.

## 5. Net interest payable and similar charges

	2013 £M	2012 £M
<b>Interest payable and similar charges</b>		
Bank loans and overdrafts	3.0	3.3
Share of joint ventures' interest	0.1	0.1
Finance lease interest	-	0.1
Amortisation of issue costs on bank facilities	0.5	0.5
	<u>3.6</u>	<u>4.0</u>
Interest receivable and similar income	(0.5)	(0.3)
	<u>3.1</u>	<u>3.7</u>

## 6. Net other finance charge

	2013 £M	2012 £M
<b>Net finance charge on pension schemes (note 28)</b>		
Expected return on pension scheme assets	(29.0)	(27.9)
Interest on pension scheme liabilities	34.0	33.8
	<u>5.0</u>	<u>5.9</u>
Unwinding of discounting of provisions (note 19)	0.4	0.4
Unwinding of discounting of accruals and long term creditors	0.2	0.3
	<u>5.6</u>	<u>6.6</u>

## Notes to the Financial Statements

## 7. Tax on (loss)/profit on ordinary activities

	2013 £M	2012 £M
<b>Analysis of tax charge in the year</b>		
<b>Current tax (see note below)</b>		
UK corporation tax credit on profit for the year	(0.6)	-
Adjustments in respect of prior periods	0.1	(0.2)
	<u>(0.5)</u>	<u>(0.2)</u>
Foreign corporation tax	2.3	2.3
	<u>1.8</u>	<u>2.1</u>
Share of joint ventures' current tax	0.7	0.6
Share of associates' current tax	1.0	0.4
	<u>1.7</u>	<u>1.0</u>
<b>Total current tax</b>	<u>3.5</u>	<u>3.1</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(0.8)	0.9
Effect of change in tax rate	0.7	0.3
Adjustments in respect of prior periods	0.2	(0.9)
	<u>0.1</u>	<u>0.3</u>
<b>Total deferred tax</b>	<u>0.1</u>	<u>0.3</u>
<b>Tax on (loss)/profit on ordinary activities</b>	<u>3.6</u>	<u>3.4</u>

## Factors affecting tax charge for the year

The tax assessed for the year is higher than (2012 - higher than) the standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%). The differences are explained below:

	2013 £M	2012 £M
(Loss)/profit on ordinary activities before tax	<u>(14.8)</u>	<u>5.5</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%)	(3.4)	1.3
<b>Effects of:</b>		
Expenses not deductible for tax purposes	6.7	3.1
Difference between capital allowances and depreciation	(1.4)	(2.5)
Adjustments to tax charge in respect of prior periods	0.1	(0.2)
Pension related items subject to deferred tax	1.2	1.5
Effect of foreign taxation rates	0.1	-
Other timing differences	0.2	(0.1)
	<u>3.5</u>	<u>3.1</u>
<b>Current tax charge for the year (see note above)</b>	<u>3.5</u>	<u>3.1</u>

## Notes to the Financial Statements

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### 7. Tax on (loss)/profit on ordinary activities (continued)

#### 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.

During the year, the tax rate was reduced to 23% effective from 1 April 2013. Legislation was included in the Finance Act 2013 to reduce the main rate of UK corporation tax from 23% to 21% effective from 1 April 2014 and from 21% to 20% effective from 1 April 2015. The relevant deferred tax balances have been remeasured.

### 8. Employees

Staff costs were as follows:

	<b>2013</b>	2012
	<b>£M</b>	£M
Wages and salaries	<b>174.8</b>	181.7
Social security costs	<b>16.8</b>	17.5
Other pension costs (Note 28)	<b>7.3</b>	5.8
	<b>198.9</b>	205.0

The average monthly number of employees, including the directors, during the year was as follows:

	<b>2013</b>	2012
	<b>Number</b>	Number
Direct production	<b>796</b>	761
Indirect production and warehousing	<b>3,266</b>	3,767
Sales, marketing and administration	<b>2,869</b>	2,993
	<b>6,931</b>	7,521

## Notes to the Financial Statements

### 9. Directors' emoluments

The aggregate emoluments of the directors during the year totalled £3,428,820 (2012 - £3,189,104), which includes payments to directors of £573,200 (2012 - £539,258) in lieu of the Group making contributions to the defined contribution pension scheme (a money purchase scheme). No directors (2012 - nil) accrued retirement benefits under a defined benefit scheme or under a money purchase scheme. The highest paid director received emoluments during the year as follows:

	2013 £	2012 £
Salary, bonus and benefits in kind	1,023,693	1,079,238
Payment in lieu of Group pension contributions (see below)	240,438	239,907
Aggregate emoluments of highest paid director	<u>1,264,131</u>	<u>1,319,145</u>

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 no better or worse position than if the contributions had been made. No payments have been made in 2013 to defined contribution arrangements in respect of the highest paid director (2012 - £nil).

In the prior year, included in aggregate emoluments were fees to Lord Sheppard, who retired as a Chairman on 4 July 2012; to this date, in the prior year, he received fees under a contract for services of £29,000 plus expenses.

Also included in aggregate emoluments were fees of £110,000 (2012 - £80,000), which were paid in the year in respect of the 3 (2012 - 2) non-executive directors that served during the year.

### 10. Intangible fixed assets

Group	Goodwill £M	Licences/ Other £M	Total £M
<b>Cost</b>			
At 1 January 2013 and 31 December 2013	21.5	1.0	22.5
<b>Accumulated amortisation</b>			
At 1 January 2013	20.5	0.9	21.4
Charge for the year	0.2	-	0.2
At 31 December 2013	20.7	0.9	21.6
<b>Net book value</b>			
At 31 December 2013	0.8	0.1	0.9
At 31 December 2012	1.0	0.1	1.1

## Notes to the Financial Statements

## 11. Tangible fixed assets

Group	Freehold land and buildings £M	Long leasehold land and buildings £M	Short leasehold land and buildings £M	Plant and machinery £M	Total £M
<b>Cost or valuation</b>					
At 1 January 2013	33.7	3.0	3.0	40.1	79.8
Additions	0.2	0.1	-	2.9	3.2
Disposals	-	-	(0.1)	(1.1)	(1.2)
Revaluation	(2.8)	-	-	-	(2.8)
Exchange adjustment	0.1	-	-	-	0.1
At 31 December 2013	31.2	3.1	2.9	41.9	79.1
<b>Accumulated depreciation</b>					
At 1 January 2013	1.7	1.7	2.3	32.1	37.8
Charge for the year	0.8	0.1	0.1	3.1	4.1
Disposals	-	-	(0.1)	(0.9)	(1.0)
Revaluation	(1.0)	-	-	-	(1.0)
At 31 December 2013	1.5	1.8	2.3	34.3	39.9
<b>Net book value</b>					
At 31 December 2013	29.7	1.3	0.6	7.6	39.2
At 31 December 2012	32.0	1.3	0.7	8.0	42.0

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

Group	2013 £M	2012 £M
Cost	21.0	20.8
Accumulated depreciation	(9.0)	(8.6)
Net book value	12.0	12.2

At 31 December 2013, some of the portfolio of properties were revalued, on the basis of existing use, 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 £29.7m (2012 - £32.0m).

Certain of the freehold properties, including overseas properties, were valued by external valuers Edwards Symmons & Partners, Cater 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 £0.6m (2012 - £0.8m), resulting in an increase in the revaluation reserve of £0.2m (2012 - £0.4m).

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 (2012 - £nil).

## Notes to the Financial Statements

## 12. Fixed asset investments

Group	Net asset investments in joint ventures £M	Investments in associates £M	Other investments £M	Total £M
<b>Cost or valuation</b>				
At 1 January 2013	10.9	4.6	22.2	37.7
Additions	0.8	-	-	0.8
Foreign exchange movement	-	(0.7)	-	(0.7)
Dividends	(0.7)	(1.1)	-	(1.8)
Share of profits retained	1.8	2.2	-	4.0
At 31 December 2013	12.8	5.0	22.2	40.0
<b>Impairment</b>				
At 1 January 2013	-	-	1.1	1.1
Charge for the year	-	-	21.1	21.1
At 31 December 2013	-	-	22.2	22.2
<b>Net book value</b>				
At 31 December 2013	12.8	5.0	-	17.8
At 31 December 2012	10.9	4.6	21.1	36.6

The Group's interests in its principal joint ventures are 50% of the ordinary share capital of each of Kautex Unipart Limited, Unipart Eberspächer Exhaust Systems Limited and Van Wezel Austria GmbH. During the year, preference share capital was issued in Unipart Eberspächer Exhaust Systems Limited, which does not impact the Group's percentage shareholding. The Group provides certain services to its joint ventures, the transactions being disclosed in note 32.

Associated undertakings represent the Group's 29% ordinary shareholding of ACI Auto Components International SRO and the Group's 30% ordinary shareholding of UGL Unipart Rail Services Pty Limited, both of which have been included in the consolidated financial statements using the equity method of accounting.

Other investments include a 48.9% shareholding in Water Newco Holdings Limited. 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 the entity. The directors do not expect the investment to be recovered through benefits in the short to medium term, so have fully impaired it during the year. Other investments also includes a 15% shareholding in Intertruck Limited, which is fully impaired.

## Notes to the Financial Statements

## 12. Fixed asset investments (continued)

Company	Investments in subsidiary companies £M	Investments in joint ventures £M	Total £M
<b>Cost or valuation</b>			
At 1 January 2013	72.0	5.8	77.8
Additions	-	0.8	0.8
At 31 December 2013	72.0	6.6	78.6
<b>Impairment</b>			
At 1 January 2013 and 31 December 2013	20.0	-	20.0
<b>Net book value</b>			
At 31 December 2013	52.0	6.6	58.6
At 31 December 2012	52.0	5.8	57.8

Details of the principal undertakings in the Group and the investments of the Company are shown in note 33.

During the year, preference share capital was issued in Unipart Eberspächer Exhaust Systems Limited, which does not impact the Group's percentage shareholding.

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

## 13. Stocks

	Group		Company	
	2013 £M	2012 £M	2013 £M	2012 £M
Raw materials and consumables	5.6	5.1	-	-
Work in progress	3.2	2.8	-	-
Finished goods and goods for resale	63.0	94.8	-	-
	71.8	102.7	-	-

There is no material difference between carrying value and replacement cost.

## Notes to the Financial Statements

## 14. Debtors

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>
<b>Due after more than one year</b>				
Amounts receivable under finance lease	1.8	2.5	-	-
Deferred tax (note 18)	16.0	19.9	1.8	2.6
	<b>17.8</b>	<b>22.4</b>	<b>1.8</b>	<b>2.6</b>
	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>
<b>Due within one year</b>				
Trade debtors and bills receivable	95.8	89.3	-	-
Amounts owed by Group undertakings	-	-	5.6	8.3
Amounts owed by joint ventures and associates	1.7	0.7	-	-
Amounts receivable under finance lease	0.6	0.7	-	-
Deferred tax (note 18)	3.7	3.3	-	-
Corporation tax	0.3	0.2	0.8	-
Other debtors	17.4	12.2	7.6	7.4
Prepayments and accrued income	24.1	18.9	-	-
	<b>143.6</b>	<b>125.3</b>	<b>14.0</b>	<b>15.7</b>

Amounts receivable under finance leases due after more than one year are due within one and five years.

Amounts owed by Group undertakings and joint ventures are unsecured and have no fixed repayment date. Certain amounts owed by Group undertakings and joint ventures bear interest.

Included within other debtors of the Group and the Company is £7.3m (2012 - £7.3m) owed by the Group Share Trust, which the directors believe is recoverable as a result of the equity interest in the Company held by the Trust.



## Notes to the Financial Statements

**15. Creditors:**  
**Amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>
Bank loans and overdrafts (note17)	12.7	25.3	-	-
Finance leases (note16)	0.1	0.6	-	-
Trade creditors	78.3	71.5	-	-
Amounts owed to Group undertakings	-	-	18.0	22.5
Amounts owed to joint ventures	0.7	0.4	-	-
Corporation tax	0.9	1.1	-	0.4
Other taxation and social security	18.9	17.4	-	-
Deferred tax (note18)	0.6	0.7	-	-
Other creditors	21.0	18.1	-	-
Accruals and deferred income	87.9	76.0	2.0	5.1
	<b>221.1</b>	<b>211.1</b>	<b>20.0</b>	<b>28.0</b>

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

**16. Creditors:**  
**Amounts falling due after more than one year**

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>
Bank loans and overdrafts (note17)	9.6	21.6	-	-
Finance leases	0.1	-	-	-
Accruals and deferred income	7.3	9.3	-	-
	<b>17.0</b>	<b>30.9</b>	<b>-</b>	<b>-</b>

Future minimum payments under finance leases are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>
Less than one year	(0.1)	(0.6)	-	-
Between one and five year	(0.1)	-	-	-
	<b>(0.2)</b>	<b>(0.6)</b>	<b>-</b>	<b>-</b>

## Notes to the Financial Statements

## 17. Borrowings

	Group 2013 £M	Group 2012 £M
<b>Amounts falling due within one year</b>		
Bank overdrafts	(2.2)	(1.6)
Term and credit facility committed until April 2016	(8.7)	(23.7)
Term and credit facility committed until March 2018	(1.8)	-
	<u>(12.7)</u>	<u>(25.3)</u>
	<b>2013 £M</b>	<b>2012 £M</b>
<b>Amounts falling due after more than one year</b>		
Working capital facility committed until December 2015	-	(16.2)
Term and credit facility committed until April 2016	(3.9)	-
Term loan committed until March 2018	(5.7)	(5.4)
	<u>(9.6)</u>	<u>(21.6)</u>

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 falling due within one year is stated net of unamortised issue costs of £0.2m (2012 - £0.2m). The term and credit facility falling due in more than one year is stated net of unamortised issue costs of £0.7m (2012 - £0.6m). The 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. The principal facility is a working capital facility of up to £68.0m (2012 - £68.0m), which is committed until December 2015. In addition, there is a revolving facility of up to £30.0m (2012 - £30.0m) committed until April 2016 and a term and credit facility of £7.5m (2012 - £3.3m) repayable in quarterly installments until April 2016. There is also a term loan of €10m (2012 - €10m) repayable in quarterly installments until March 2018.

## 18. Deferred tax

	Group		Company	
	2013 £M	2012 £M	2013 £M	2012 £M
Accelerated capital allowances	10.4	12.4	-	-
Trading losses and timing differences	8.7	10.1	1.8	2.6
	<u>19.1</u>	<u>22.5</u>	<u>1.8</u>	<u>2.6</u>
Related deferred tax asset included within the net pension deficit (note 28)	69.6	60.8	-	-
	<u>88.7</u>	<u>83.3</u>	<u>1.8</u>	<u>2.6</u>

The Group and the Company do 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 £4.0m (2012 - £4.6m) in respect of trading losses of subsidiaries where it is unlikely that these losses will be utilised in the foreseeable future.

## Notes to the Financial Statements

## 18. Deferred tax (continued)

	Group		Company	
	2013 £M	2012 £M	2013 £M	2012 £M
At 1 January	83.3	76.5	2.6	2.1
Amounts (charged)/credited to the Profit and Loss Account	(0.1)	(0.3)	(0.8)	0.5
Amounts credited to the Statement of Total Recognised Gains and Losses	5.5	7.1	-	-
At 31 December	88.7	83.3	1.8	2.6
<b>Representing:</b>				
Deferred tax included within debtors falling due within one year (note 14)	3.7	3.3	-	-
Deferred tax asset included within debtors falling due in more than one year (note 14)	16.0	19.9	1.8	2.6
Deferred tax liability included within creditors falling due within one year (note 15)	(0.6)	(0.7)	-	-
	19.1	22.5	1.8	2.6
Related deferred tax asset included within the net pension deficit (note 28)	69.6	60.8	-	-
	88.7	83.3	1.8	2.6

## 19. Provisions for liabilities

Group	Warranties £M	Property £M	Total £M
At 1 January 2013	0.3	21.0	21.3
Charge in the year	0.2	5.9	6.1
Utilised in the year	-	(3.3)	(3.3)
Reversed in the year	-	(0.2)	(0.2)
Unwinding of discount	-	0.4	0.4
At 31 December 2013	0.5	23.8	24.3

**Warranties**

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. A discount rate of 1.0% - 3.0% has been applied (2012: 2.5% - 5.5%).

## Notes to the Financial Statements

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### 20. Called 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.

	2013 £M	2012 £M
<b>Allotted, called up and fully paid</b>		
72.3 million 'A' Ordinary shares of ½p each	0.4	0.4
7.0 million 'D' Ordinary shares of ½p each	-	-
2.3 million 'E' Ordinary shares of ½p each	-	-
	<u>0.4</u>	<u>0.4</u>

No individual shareholder is able to exercise control and, as a result, the directors do not consider there to be an ultimate controlling party.

### 21. 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 February 2005 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.

## Notes to the Financial Statements

## 22. Reserves

	Profit and loss account £M	Share premium account £M	Capital redemption reserve £M	Revaluation reserve £M	Minority interests £M
<b>Group</b>					
As at 31 December 2012	(142.8)	4.4	11.5	19.8	0.6
Loss for the financial year	(18.8)	-	-	-	0.4
Revaluations of freehold land and buildings	-	-	-	(1.8)	-
Transfer from revaluation reserve to profit and loss account	0.4	-	-	(0.4)	-
Actuarial loss recognised on pension schemes	(79.3)	-	-	-	-
Deferred tax relating to actuarial loss on pension schemes	15.9	-	-	-	-
Effect of change in tax rate on deferred tax relating to actuarial loss on pension schemes	(10.5)	-	-	-	-
Unrecognised asset on pension schemes	(0.4)	-	-	-	-
Deferred tax relating to unrecognised asset relating to Group pension schemes	0.1	-	-	-	-
Current tax relating to actuarial loss on pension schemes	-	-	-	-	-
Actuarial loss recognised on joint ventures' pension schemes	(0.5)	-	-	-	-
Foreign exchange adjustments	(0.7)	-	-	-	(0.1)
Dividends paid to minority shareholders	-	-	-	-	(0.4)
<b>As at 31 December 2013</b>	<b>(236.6)</b>	<b>4.4</b>	<b>11.5</b>	<b>17.6</b>	<b>0.5</b>
Net pension deficit	278.5				
<b>Profit and loss account excluding pension deficit</b>	<b>41.9</b>				

The cumulative amount of goodwill written off directly to reserves prior to the implementation of FRS 10 'Goodwill and intangible assets' is £17.6m (2012 - £17.6m) in respect of the acquisition of businesses.

The £0.4m transferred between the profit and loss account and the revaluation reserve is comprised of additional depreciation due to the revaluation of property.

## Notes to the Financial Statements

## 22. Reserves (continued)

	Share premium account £M	Capital redemption account £M	Profit and loss account £M
<b>Company</b>			
At 1 January 2013	4.4	11.5	38.4
Profit for the financial year	-	-	0.1
	<u>4.4</u>	<u>11.5</u>	<u>38.5</u>
At 31 December 2013	<u>4.4</u>	<u>11.5</u>	<u>38.5</u>

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 profit for the financial year was £0.1m (2012 - loss of £5.0m).

## 23. Reconciliation of movements in total shareholders' funds

	<b>Group</b>		<b>Company</b>	
	2013 £M	2012 £M	2013 £M	2012 £M
(Loss)/profit for the financial year	(18.8)	1.7	0.1	(5.0)
Other net recognised gains and losses for the financial year	(77.2)	(50.4)	-	-
Movement in total shareholders' funds	(96.0)	(48.7)	0.1	(5.0)
As at 1 January	(106.7)	(58.0)	54.7	59.7
<b>As at 31 December</b>	<b>(202.7)</b>	<b>(106.7)</b>	<b>54.8</b>	<b>54.7</b>

## 24. Net cash flow from operating activities

	2013 £M	2012 £M
Operating profit	19.5	24.4
Amortisation of intangible fixed assets	0.2	0.2
Depreciation of tangible fixed assets	4.1	4.5
Loss/(profit) on disposal of tangible fixed assets	0.1	(0.1)
Decrease in stocks	29.1	1.6
(Increase)/decrease in debtors	(20.5)	6.0
Increase/(decrease) in creditors	26.6	(14.7)
Increase in provisions	3.1	0.6
Difference between pension service charge and cash contributions	(0.9)	0.2
<b>Net cash inflow from operating activities</b>	<b>61.3</b>	<b>22.5</b>

## Notes to the Financial Statements

## 25. Analysis of cash flows for headings netted in cash flow statement

	2013 £M	2012 £M
<b>Returns on investments and servicing of finance</b>		
Interest received	0.5	0.3
Interest paid	(3.0)	(3.7)
Interest element of finance lease rentals	-	(0.1)
Repayment of loan notes receivable	-	1.5
Dividends paid to minority interests	(0.4)	(0.4)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(2.9)</b>	<b>(2.4)</b>
	<b>2013 £M</b>	<b>2012 £M</b>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(3.2)	(2.4)
Sale of tangible fixed assets	0.1	0.5
Issue of loan notes receivable	(2.5)	-
<b>Net cash outflow from capital expenditure</b>	<b>(5.6)</b>	<b>(1.9)</b>
	<b>2013 £M</b>	<b>2012 £M</b>
<b>Acquisitions and disposals</b>		
Investment in joint venture	(0.8)	-
Investment in associated undertakings	-	(1.6)
Proceeds on sale of business	-	2.5
Costs in relation to sale of businesses	-	(13.9)
Costs in relation to sale of businesses in prior year	(10.1)	(5.0)
<b>Net cash outflow from acquisitions and disposals</b>	<b>(10.9)</b>	<b>(18.0)</b>
	<b>2013 £M</b>	<b>2012 £M</b>
<b>Financing</b>		
(Decrease)/Increase in debt due within one year	(13.1)	19.1
Decrease in debt due in more than one year	(12.1)	(11.5)
Capital element in finance lease payments	(0.5)	(1.0)
<b>Net cash (outflow)/inflow from financing</b>	<b>(25.7)</b>	<b>6.6</b>

## Notes to the Financial Statements

## 26. Analysis of changes in net debt

	1 January 2013 £M	Cash flow £M	Non-cash movement £M	31 December 2013 £M
Cash at bank and in hand	30.7	16.8	0.1	47.6
Bank overdraft	(1.6)	(0.6)		(2.2)
	<u>29.1</u>	<u>16.2</u>	<u>0.1</u>	<u>45.4</u>
<b>Debt:</b>				
Finance leases	(0.6)	0.5	-	(0.1)
Debts due within one year	(23.7)	13.1	0.1	(10.5)
Debts falling due after more than one year	(21.6)	12.1	(0.1)	(9.6)
	<u>(45.9)</u>	<u>25.7</u>	<u>-</u>	<u>(20.2)</u>
<b>Total debt excluding cash and overdrafts</b>	<u>(45.9)</u>	<u>25.7</u>	<u>-</u>	<u>(20.2)</u>
<b>Net debt</b>	<u>(16.8)</u>	<u>41.9</u>	<u>0.1</u>	<u>25.2</u>

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

## 27. Disposal of businesses

	2013 £M	2012 £M
<b>Net assets disposed:</b>		
Fixed assets	-	0.5
Stock	-	5.6
Debtors	-	5.3
Creditors	-	(4.6)
	<u>-</u>	<u>6.8</u>
Costs of disposal	-	1.7
Costs in relation to prior year disposals	7.0	8.0
Loss on disposal	(7.0)	(13.0)
	<u>-</u>	<u>3.5</u>
<b>Cash received</b>	<u>-</u>	<u>3.5</u>

The sale of the UK intertruck branch network was completed on 24 April 2012. Consideration was received in full in 2012. Some of the costs were paid in 2012, with additional costs being paid in 2013.



## Notes to the Financial Statements

### 28. 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. Total contributions to these two schemes made in the year were £1.1m (2012 - £nil).

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 the Group's schemes were £5.1m (2012 - £4.1m). At the year end there was an accrual for unpaid pension contributions of £0.4m (2012 - £0.1m).

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, as reviewed in preparation for the actuarial valuation as at 31 January 2013, the value of the schemes' liabilities has been updated by AON Hewitt Limited to assess the liabilities of the schemes at 31 December 2013 for the purposes of FRS 17. Scheme assets are stated at their market value at 31 December 2013.

The disclosures for all of the Group's defined benefit arrangements are aggregated below. As with previous years, the Company accounts 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 £3.9m.

The key financial and other assumptions used to calculate the scheme liabilities are:

	2013	2012
Rate of general increase in salaries	3.22%	2.80%
Rate of increase in pensions in payment	2.99%	2.68%
Rate of increase in deferred pensions	2.37%	2.75%
RPI inflation rate	3.22%	2.80%
Discount rate	4.63%	4.70%

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	22 years
Retirement in 2032 for male pensioners at age 65	23 years
Retirement in this year for female pensioners at age 65	24 years
Retirement in 2032 for female pensioners at age 65	25 years

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.

## Notes to the Financial Statements

## 28. Pension commitments (continued)

The assets in the schemes and the expected rates of return were:

	Long term rate of expected return	2013 £M	Long term rate of expected return	2012 £M
Equities/absolute return funds	8.5%	312.6	8.5%	311.3
Government bonds	3.5%	9.8	3.0%	11.4
Corporate bonds	4.5%	47.3	4.0%	31.3
Property/infrastructure	7.0%	76.7	7.0%	64.6
Other	4.0%	82.0	3.4%	86.4
Total market value of assets		528.4		505.0
Present value of funded pension plans' liabilities		(876.0)		(769.2)
Deficit in funded plans		(347.6)		(264.2)
Liability for unfunded pension plans		-		(0.1)
Unrecognised asset due to surplus restriction		(0.5)		(0.1)
Total deficit in plans		(348.1)		(264.4)
Related deferred tax asset		69.6		60.8
Net pension deficit		(278.5)		(203.6)

The Group net pension deficit of £278.5m (2012 - £203.6m) includes £7.8m (2012 - £6.5m) in respect of the employers' share of the deficit under sections of the Railways Pension Scheme, which is a 'shared cost' scheme, whereby costs are split 60:40 between employers and members.

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:

	2013 £M	2012 £M
Liabilities at 1 January	(769.2)	(693.9)
Current service cost	(2.2)	(2.1)
Interest cost	(34.0)	(33.8)
Contributions by members	(1.0)	(0.9)
Benefits paid	28.9	29.3
Actuarial loss	(96.1)	(66.0)
Past service costs	-	0.4
Members share	(2.4)	(2.2)
Liabilities at 31 December	(876.0)	(769.2)

## Notes to the Financial Statements

## 28. Pension commitments (continued)

The movements in the fair value of scheme assets in plans during the year were:

	2013 £M	2012 £M
Assets at 1 January	505.0	492.0
Expected return on scheme assets	29.0	27.9
Actuarial gain	16.8	9.8
Benefits paid	(28.9)	(29.3)
Contributions by members	1.0	0.9
Contributions by Company	3.1	1.5
Members share	2.4	2.2
	<u>528.4</u>	<u>505.0</u>
Assets at 31 December		

Scheme assets include a holding of shares in the Company valued at £4.9m (2012 - £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 gain of £45.8m (2012 - £37.7m).

The performance statements include the following amounts:

	2013 £M	2012 £M
<b>Amounts charged to operating profit</b>		
Current cost	(2.2)	(2.1)
Past service cost	-	0.4
	<u>(2.2)</u>	<u>(1.7)</u>
Defined contribution schemes	(5.1)	(4.1)
	<u>(7.3)</u>	<u>(5.8)</u>
Total operating charge		

	2013 £M	2012 £M
<b>Analysis of amounts charged to other finance charge</b>		
Expected return on pension scheme assets	29.0	27.9
Interest on pension scheme liabilities	(34.0)	(33.8)
	<u>(5.0)</u>	<u>(5.9)</u>
Net return		

	2013 £M	2012 £M
<b>Amounts included within the Group Statement of Total Recognised Gains and Losses</b>		
Actual return less expected return on pension scheme assets	16.8	9.8
Experience gains and losses arising on the scheme liabilities	(29.4)	(4.6)
Changes in assumptions underlying the present value of the scheme liabilities	(66.7)	(61.4)
Restriction of pension asset	(0.4)	(0.1)
	<u>(79.7)</u>	<u>(56.3)</u>
Actuarial loss recognised in the Group Statement of Total Recognised Gains and Losses		

## Notes to the Financial Statements

## 28. Pension commitments (continued)

	2013 £M	2012 £M	2011 £M	2010 £M	2009 £M
<b>History of experienced gains and losses</b>					
Liabilities	(876.0)	(769.2)	(693.9)	(639.6)	(646.9)
Plan assets	528.4	505.0	492.0	537.0	503.0
Scheme deficit	(347.6)	(264.2)	(201.9)	(102.6)	(143.9)
Experience gains and losses on scheme assets	16.8	9.8	(61.4)	13.2	28.8
Experience gains and losses on scheme liabilities	(29.4)	(4.6)	(5.7)	8.3	2.1
Actuarial (loss)/gain recognised in the statement of total recognised gains and losses	(79.7)	(56.3)	(104.7)	37.3	(91.3)

## 29. Capital commitments

At 31 December 2013 the Group had capital commitments as follows:

	<b>Group</b>	
	2013 £M	2012 £M
Contracted as at the year end but not provided for in the financial statements	0.1	0.1

## 30. Contingent liabilities and financial commitments

	<b>Group</b>		<b>Company</b>	
	2013 £M	2012 £M	2013 £M	2012 £M
Guarantees for export trading and loan facilities	1.4	2.0	-	-

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 2013 was £nil (2012 - £16.9m).

## Notes to the Financial Statements

### 31. Operating lease commitments

At 31 December 2013 the Group had annual commitments under non-cancellable operating leases as follows:

Group	Land and buildings		2013 £M	Other 2012 £M
	2013 £M	2012 £M		
<b>Expiry date:</b>				
Within 1 year	2.0	1.7	1.8	1.9
Between 2 and 5 years	8.5	10.4	4.7	5.1
After more than 5 years	11.6	12.2	-	-

The Company had no operating lease commitments at 31 December 2013 (2012 - £nil)

### 32. 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 £9.3m (2012 - £8.8m) and amounts owed to the Group at 31 December 2013 were £0.2m (2012 - £0.3m). Total payments made by Kautex Unipart Limited on behalf of the Group amounted to £0.2m (2012 - £0.1m).

During the year, the total payments made on behalf of Unipart Eberspächer Exhaust Systems Limited amounted to £2.3m (2012 - £3.1m) and amounts owed to the Group at 31 December 2013 were £1.5m (2012 - £0.4m). The total payments made by Unipart Eberspächer Exhaust Systems Limited on behalf of the Group amounted to £1.9m (2012 - £0.9m) and amounts owed to Unipart Eberspächer Exhaust Systems Limited by the Group were £0.7m (2012 - £0.4m).

## Notes to the Financial Statements

### 33. Principal Group undertakings

At the year end, the Group's principal subsidiary undertakings were as set out below. Unless otherwise stated, the holdings are 100% of the voting rights and ordinary shares.

#### Distribution and logistics management

##### Europe and the Middle East

Serck Services (Bahrain) EC	Bahrain
Van Wezel Autoparts NV	Belgium
Unipart NV	Belgium
E W (Holdings) Limited	England
HCSU29 Limited (formerly Unipart Service Company Limited)	England
Unipart Accelerated Logistics 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 Security Limited (formerly Secura-Cam (UK) Limited)	England
TNPR20 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
Unipart Services Spain, S.L.	Spain
Intertruck Holding Limited	UAE
Intertruck MENA LLC (49%)(ii)	UAE
Serck Services (Gulf) Limited (49%) (ii)	UAE
Serck Services Company LLC (49%) (ii)	UAE

##### Africa, 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
Intertruck Africa Limited	Kenya
Unipart Korea Yuhan Hoesa	Korea
U Logistics OOO	Russia
UL Logistics PTY Ltd	South Africa
Unipart Services America Inc	USA
Serck Services Inc	USA
Intertruck Africa Limited	Zambia

#### 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
Gresty Road 2005 Limited	England
Unipart International Holdings Limited	England
HCSU10 Limited (formerly Unipart Service Company Holdings Limited)	England
UGC Holdings BV	Netherlands

(i) Shares held directly by the Company.

(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.

## Notes to the Financial Statements

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### 33. Principal Group undertakings (continued)

The Group's principal interests in joint ventures and associates are set out below. 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

UGL Unipart Rail Services Pty Limited (30%)

Australia

#### **Manufacture of automotive components**

Kautex Unipart Limited (i)

England

Unipart Eberspächer Exhaust Systems Limited (i)

England

(i) Shares held directly by the Company.

As well as those undertakings listed above, the Group also has branches in Australia, China and Japan.

<b>Company secretary</b>	M D Rimmer
<b>Registered number</b>	01994997
<b>Registered office</b>	Unipart House Cowley Oxford OX4 2PG
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Cornwall Court 19 Cornwall Street Birmingham B3 2DT
<b>Registrar</b>	Equiniti Aspect House Spencer Road Lancing West Sussex BN99 6ZX

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