Registered number: 01994997

Unipart Group of Companies Limited

Annual Report

For the Year Ended 31 December 2017

Unipart Group of Companies Limited

Company Information

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Company secretary	R P D O'Brien
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Unipart Group of Companies Limited

Contents

This publication comprises the full Annual Report and Financial Statements of Unipart Group of Companies Limited for 2017, prepared in accordance with the Companies Act 2006 and United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102"), 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 2017.

Chairman's Statement

2017 Financial Highlights

Turnover £m	Profit before interest and tax £m	Net assets £m (excluding net pension deficit)	Net (debt)/funds £m
757.6	**26.9**	**206.5**	**(3.0)**
2016 747.7	**2016** 23.8	**2016** 189.7	**2016** 15.2

In 2017 Unipart continued to invest strongly in the core digital technologies that will continue to deliver growth across the Group. Turnover increased by 1.3% to £757.6m (2016: £747.7m). Group profit before interest and tax, after exceptional items, has grown with consolidated profits of £26.9m reported (2016: £23.8m). I am also pleased to report that the Group's balance sheet is in an increasingly strong position with net assets of £206.5m (2016: £189.7m), before the net pension deficit.

Digital technologies have and will continue to outpace human adaptability according to Astro Teller, Head of Moonshots at Google. We recognised this some years ago although the consequences are yet to be fully understood for both business and society. We know that the so-called Fourth Industrial Revolution is well underway and so we have invested and will continue to invest in the core enabling technologies that will enable us to be leaders in our sector.

We are continuing to invest in developing our digital capabilities. We believe this is critical to our ability to live up to our philosophy which is "To meet the real and perceived needs of our customers better than anyone else and serve them better than anyone else".

We have continued to seek innovative approaches to benefit our customers since the Group's formation, due in no small part to the development of The Unipart Way over a period of 30 years. The Unipart Way is at the heart of everything we do as a Group, as we continue to make this philosophy of working second nature for our employees. We will continue to add digital components to the Unipart Way Ecosystem particularly to help our employees become more proficient with the tools and techniques and progress on their personal 'Gate to Great' journeys.

We have always recognised that we need to develop the products and services to enable our company to participate in the markets of the future. As an example, this year Unipart commenced participation in a new government-funded research project, collaborating with other partners to develop the battery technology for high performance electric vehicles. This technology seeks to achieve significant CO_2 savings, promoting the UK as a global leader in low emissions. In addition, Unipart Rail has been announced as a key industry player in the UK Rail Research and Innovation Network (UKRRIN), a government-funded partnership between the rail supply industry and a consortium of eight universities to make the UK a world-leading centre of railway excellence. We now have a key role to play in shaping the focus of research and are well placed to capitalise on the innovation that the initiative will foster.

I am pleased to report that the first cohort of students have completed their three year engineering degree programmes at the Advanced Manufacturing and Engineering Institute ("AME"), a collaboration between Unipart Manufacturing and Coventry University. The AME focuses on developing industry-ready, very well trained and educated engineering graduates, and we are pleased to have offered some of them full time roles within Unipart.

Building on the experience of the AME we will be partnering with Coventry University to set up a new Advanced Supply Chain Institute in Oxford alongside the Unipart University. This is an exciting development which will provide industry-ready technologies and a cadre of young men and women with the knowledge and skills to harness the ever-increasing combination of digital technologies which will be required by our customers to remain competitive.

Chairman's Statement

Opportunities for growth across the Group remain strong. In particular, we continue to seek to expand our international reach through both growth within existing overseas markets, and expansion into new ones. During the year our logistics presence in the USA has been bolstered by the launch of two distribution centres in Illinois and Florida for Volvo Cars, and a new distribution hub for McLaren Automotive. Unipart has also reinforced our growth in China in recent years with the implementation of new supply chain services for Tesla, Inc. Our Rail offering has expanded to provide supply chain solutions to Middle Eastern markets, as well as establishing a distributorship agreement in South Africa which is due to be finalised in early 2018.

Once again, I am pleased to report that the Group has been the recipient of a number of awards in 2017, including:-

- The coveted Supply Chain Excellence Award 2017 being awarded to the Unipart-Centrica partnership, rewarding Unipart's design and implementation of new equipment that simulates the boiler environment for tests to be conducted safely. We are proud that this innovation was externally recognised.
- The Fujitsu Award for Responsible Business in the Digital Age at the 2017 Business in the Community annual awards event at the Albert Hall, recognising the successful steps we are taking to put digital into the bloodstream of our organisation.
- We received a unique honour at the British Safety Council's International Safety Awards. With this being the 60th anniversary of the British Safety Council, Unipart was granted an outstanding achievement award for being the only organisation in the world to have achieved the Sword and Globe of Honour awards for five consecutive years.

The Group received a record 13 Swords of Honour and five Globes of Honour from the British Safety Council, the highest number we have received and more than any other company. The awards underline the utmost importance we place on health, safety and environmental management in our operations.

Our regular Mark in Action award ceremonies recognise the contributions of our employees and 3,100 people have now been recognised since the awards began in 1987. The awards recognise those employees who have gone above and beyond to understand the real and perceived needs of our customers better than anyone else and serve them better than anyone else.

Our employees' unwavering commitment to The Unipart Way has enabled us to continuously improve quality, cost and delivery which is so critical to supporting the continuing competitiveness of our customers. The digital agenda is being enthusiastically embraced, as growing numbers of our employees grasp the fact that they need to continuously learn and develop if our company is to remain competitive and for our colleagues to remain employable.

I would like to thank all of my colleagues for their hard work, passion and enthusiasm which is so powerfully manifested through the stories our nominators tell at the regular Mark in Action award ceremonies, as well as our regular employee news video, Grapevine, which reports on exceptional actions by our colleagues to take care of our customers.

I am inspired by the many events I am able to attend which result in the presentation of certificates of recognition to teams and individuals working hard to progress on their 'Gate to Great' journeys. The annual Ten(d) To Zero award ceremony provides compelling evidence of the incredible dedication of people throughout our company who are always striving to improve everything we do.

Strategy

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

We have long-term, enduring relationships with some of the world's most prestigious and challenging blue chip companies. We have supported these customers as they expand their opportunities across the globe, which in turn has contributed to our own strategy for international growth.

In 2017, in particular, we welcomed a number of new customers across a wide variety of sectors, strengthened our relationship with existing customers and entered into a number of new collaborations. We also saw the further development of our relationships with university partners that have enabled research and development projects to turn into market-driven products providing benefits to our customers.

With long experience in each of our key sectors, we have been able to approach customers with insights about how they can improve their processes and in turn deliver more for their customers. Increasingly, this has involved strategies that are focused on The Fourth Industrial Revolution – the adoption of a wide range of convergent technologies such as predictive analytics, artificial intelligence and robotics. These 'disruptive' technologies have the potential to change markets forever.

Unipart has had a long and solid foundation of identifying and deploying appropriate technologies across our businesses. We have implemented strategies to address the accelerating pace of digital transformation through the establishment of a digital team and changes to our operational structure that enable faster implementation of innovative ideas that will keep our businesses ahead of the curve.

We have challenged all of our employees to devote their creative energies to enabling our company to lead The Fourth Industrial Revolution. We have encouraged colleagues to develop their skills and insights in the application of digital technologies through additional training and a weekly focus on developing innovative digital approaches to their teams' operations. We have also introduced a growing number of digital champions to enable ideas to be turned into digital products very quickly.

We believe that for Unipart to deliver outstanding levels of performance to our customers, we need to challenge and inspire our people to progress on their personal learning journeys including increasing their knowledge and expertise in digital technologies.

We call this development programme 'Gate to Great'. It is a concept designed to empower our people to master The Unipart Way, our own philosophy of working that is underpinned by a set of tools and techniques necessary to solve problems every day. This requires us to build and sustain a culture in which we create leaders at every level in the business. Their role is pivotal in driving and sustaining employee engagement and continuous improvement.

Sustaining The Unipart Way has required us to develop a strong culture of employee engagement within our company. Culture change is not rocket science; it is harder than that, and it takes many years of strategic commitment to develop people to levels of mastery that exceed even their own expectations.

We have invested nearly 30 years in building The Unipart Way and we continue to strive to make this philosophy of working second nature, both in our own companies and also for the benefit of our customers, thereby driving productivity and delivering operational excellence.

The Unipart Way is based on a profound belief in people and we remain committed to helping them unlock their potential through various initiatives that have been implemented globally, including:

- The Unipart U – This is one of the longest established corporate learning institutes in the UK. It was opened in 1993 with the Mission Statement: 'to train and inspire Unipart's people to achieve world-class performance within the company and amongst its stakeholders'.

- Faculties on the Floor – This concept has been developed as a direct extension of the Unipart U, to bring learning directly on to the shop floor. It enables individual employees to develop the key knowledge and skills that are required to improve quality and productivity in their day-to-day jobs. It also enables teams to tackle production issues in real-time using proven problem solving tools and techniques within the faculty and then immediately prove their learning by implementing solutions directly on the production line.

- We implemented the Faculty on the Floor model in our collaboration with Coventry University called the Institute of Advanced Manufacturing and Engineering ("AME"). The AME extends our strategy of developing 'great people' by providing undergraduate engineering students with formal education in a 'state of the art' manufacturing facility. The goal is to develop industry-ready young engineers for Britain.

- eCoaching – Our electronic coaching system is a comprehensive, cost effective system that enables our expert practitioners to train and coach people anywhere in the world. They can provide coaching in the moment by using technology to create a virtual 'go and see' environment to help people apply the right tools in the right sequence at the right time.

This continuing strategy for Unipart's development is based on the knowledge and confidence that we can extend The Unipart Way to people working in virtually any sector and in any geography. Unipart's commitment to continuous development of our people with a focus on enabling everyone in the company to solve problems at their own level, has supported our strategy that has fueled our company's growth and reputation. It is our investment in this philosophy that has led to global brands trusting us with their business.

The Unipart Way is a complete ecosystem that yields many benefits. We have coupled this with two digital ecosystems and a matrix of digital products and services aligned to customers' requirements. Perhaps one of the most important benefits these ecosystems provide is sustained productivity improvement. Productivity has been cited as the route to improving living standards for everyone in the UK.

The Fourth Industrial Revolution provides the potential to deploy technologies that will enhance the day-to-day performance of our businesses and to increase productivity. To achieve this, we will continue to rely on the creative energies of people in every part of the Group to continue to meet the real and perceived needs of our customers. 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 within Unipart cannot be copied. It continues to be our strategic advantage and our cornerstone for growth.

Operating Review

The Unipart Group of Companies (the "Group") provides supply chain and logistics solutions to its customers across a diverse range of market sectors, which are considered below.

Automotive

Unipart has developed and refined its end-to-end logistics capability that goes beyond traditional automotive logistics services, encompassing vendor and dealer management, customer services, inventory forecasting and supply chain management. The physical logistics services are complemented by the Unipart Business System, an innovative and world-class IT system that enables detailed control of inventory, whilst seamlessly integrating with dealers, warehousing, and financial systems. It is this unique ecosystem of logistics, IT and The Unipart Way philosophy of working, coupled with the highest level of employee engagement, which drives productivity improvements and tangible benefits for the Group's automotive customers.

2017 has seen further significant growth in the Automotive business built on the firm foundations of the continued support of premium Automotive customers, such as Jaguar Land Rover and McLaren Automotive. During the year Unipart has established a new distribution centre in Stratford-upon-Avon on behalf of Jaguar Land Rover to extend the Automotive component packaging business.

Unipart's international reach has expanded considerably during the year. The business' USA presence was enhanced by the successful launch of new distribution centres in Chicago, Illinois and Jacksonville, Florida for Volvo Cars, and a new North American distribution hub for McLaren Automotive. In China, Unipart has continued to build upon the substantial growth achieved in recent years with the implementation of new supply chain services for Tesla, Inc.

In order to remain at the forefront of the increasingly important Industry 4.0, Unipart has increased its digital capability by further investment in and development of its innovative Unipart Business System and Unipart Digital Enterprise System. Such systems provide world class, finger-tip control of warehouse operations and global supply chains for both aftermarket and lineside logistics whilst seamlessly integrating with clients' customer and financial systems.

The Group's Van Wezel brand enjoyed another highly impressive year, further establishing its position as the leading provider of aftermarket products and services across Europe. In 2017, attention was also focussed on consolidating Van Wezel's position in Benelux markets and extending their presence into other international, including non-European, markets.

Intertruck continued to grow in 2017 despite difficult market conditions, particularly in non-European markets. Intertruck Zambia experienced rapid growth as a result of further investment in physical capability and inventory, whilst also seeing steady growth in Indonesia with the introduction of supplies to a major fleet operator.

Technology

The year has seen the consolidation and strengthening of relationships with a number of key partners, with innovation and digital being key imperatives at the core of the Group strategy.

Unipart is proud to have signed a five year contract extension with Sky, Europe's leading entertainment company, further cementing the long-term partnership that has been in place since 2004. The array of end-to-end services provided by Unipart has expanded, and covers supporting Sky's engineers and customers at home, to logistics, recycling, call centre services, fleet management, and the provision of innovative supply chain services such as software flashing and customisation. Unipart underpins Sky's commitment to its customers through ensuring that engineers are equipped with the right tools, equipment and consumables to enable repairs and installations to be completed on their first visit to customers. In 2017, Unipart provided support for Sky Mobile and the launch of Now TV in Spain.

In 2017, Unipart became Liberty Global's European partner for mobile device reverse logistics, strengthening the partnership which already included the provision of reverse logistics services in the UK for their Virgin Mobile business. Unipart will now also support Liberty Global's international activities through the provision of repair services in Ireland, Belgium, Hungary and Switzerland to ensure the consistent delivery of service excellence. Underpinning Unipart's service is the deployment of its innovative U-Serve system which serve to provide digital solutions across Liberty Global's customer base. This strategic partnership is expected to continue to grow in 2018 with further territories being added.

Technology (continued)
Unipart's Apple Authorised Service Provider business went from strength to strength during 2017 with the addition of a large number of business and telecoms customers in London, combined with an increased range of products and services.

Retail
Unipart has extended its long-term partnership with Waterstones, the UK's leading bookseller, for an additional five years. The agreement will see Unipart continue to distribute books and related products to 280 shops and to customers at home from its distribution hub in Burton-on-Trent. This marks a further strengthening of the productive relationship enjoyed by Waterstones and Unipart which previously saw the two companies collaboratively win four awards at the European Supply Chain Excellence Awards. Key to the successful partnership has been Unipart's innovative supply chain thinking and agile delivery of change in a rapidly changing retail environment. Over the past 12 months, Unipart has reconfigured its service to Waterstones' shops, harnessing the power of The Unipart Way and digital technology to deliver significant and cost effective service improvements.

Utilities
Unipart is pleased to have been awarded a new contract with Centrica to provide a unique reverse logistics solution. This follows a particularly successful year with the Unipart-Centrica partnership winning the coveted 2017 Supply Chain Excellence Award for Innovation in Supply Chain. The accolade rewards the design and implementation by Unipart of new equipment that simulates the boiler environment for tests to be conducted safely. Unipart is proud that this innovation was externally recognised.

Rail
Unipart provides a wide range of products and services as well as a full spectrum of logistics and distribution services to almost all of the rail operators and contractors in the UK rail market, and also has a growing presence internationally. In addition to providing customers with solutions to complex supply chains, the Group also offers a comprehensive product reconditioning and repair service as well as operating manufacturing operations.

Unipart expanded its reach in traditional rail markets as well as diversifying its products and services portfolio both in the UK and internationally. This is a particularly noteworthy achievement when set against the backdrop of the current marketplace. Although the UK rail industry has seen significant investment over several years following privatisation, there are a number of challenges mainly stemming from Network Rail's fluctuating spend patterns and the replacement of the legacy rolling stock fleets which have historically represented a significant core of the UK market.

The Group continues to seek growth through acquisition, with three acquisitions completed in early 2017; Key Fasteners, an established distributor of fastener and consumable materials; Samuel James Engineering, a leading provider of low voltage control and switchgear systems; and Instrumentel, a world leader in the design and manufacture of telemetry systems. Together these acquisitions further complement Unipart Rail's offering to the Rail industry and its strategy to diversify into new products and markets.

The international reach of Unipart has expanded in 2017, with the Group entering into a new joint venture with the Arabian Railway Company, securing supply chain and product supply business in the region during 2017. A distributorship agreement has also been developed with a South African business which is due to be finalised in early 2018.

Innovation and new product development continues to play a crucial role in Unipart's strategy to counter market challenges. Of particular note is the groundbreaking government-funded Closer project which utilises digital technology to address operator needs around seat reservation, wayfinding and customer loyalty.

Unipart is also heavily involved in the UK Rail Research and Innovation Network (UKRRIN), a partnership between the rail supply industry and a consortium of eight universities. It has secured £92 million of government and private investment to fund research aimed at establishing the UK as a world-leading centre of railway excellence. The application of new digital technology is a key element of the research. As one of the key industry players and investors, Unipart will help shape the research focus and is well placed to capitalise on the innovation that the initiative will foster.

Rail (continued)

Industry 4.0 is increasingly influencing changes in the business. The acquisition of Instrumentel, a leader in the design and manufacture of telemetry systems for remote condition monitoring (RCM), will help drive the digital modernisation of railways and deliver cost savings and efficiencies through predictive or condition-based maintenance. Existing and new products are being considered for how RCM and other digital technologies can be applied to improve productivity and add greater customer value. One area of interest where Unipart Rail will look to develop its position is in the Condition Based Supply Chain, whereby Unipart will supply required parts to maintenance facilities directly as a result of information supplied by sensors on the equipment.

Consulting

During the year, Unipart's expert practitioners have been involved in a number of exciting projects that have driven benefits for our manufacturing clients, including Jaguar Land Rover, Rosti and DS Smith, both within the UK and across Europe. Through the use of The Unipart Way, coupled with Unipart's supply chain expertise, Unipart has demonstrably reduced its clients' processing costs, improved quality of products and services, and increased the resilience of their supply chains.

In addition to the manufacturing industry, Unipart's expertise has been applied to the financial sector through its engagement with Bank of Ireland, as well as the marine sector through a number of projects delivered for Sunseeker International. Unipart is delighted to have been awarded a number of new contracts with manufacturing clients operating in the automotive, energy and marine sectors.

Unipart is proud of its partnership with National Grid and continued to support their major performance excellence training and coaching programme.

Unipart has been involved as a partner to Sharing in Growth UK, an organisation focused on leadership, strategy, culture, skills and operational excellence that will improve the global competitiveness of the UK supply chain for the aerospace industry. As part of Sharing in Growth's ambitious programme, Unipart has provided expertise in the role of Supplier Development Manager and Supplier Development Leader as well as programme leadership and lean expertise.

In the healthcare sector, Unipart successfully concluded an organisation-wide improvement project with a major UK Health Trust that delivered significant financial savings and performance improvements in theatre utilisation, clinic throughput and bed management. Unipart's partnership with Chris O'Brien Lifehouse, a cancer hospital in Australia, has broadened to encompass the provision of a supply chain support contract for operating theatres.

In the public sector, Unipart is delighted to have been selected as the chosen partner of the Student Loans Company as part of their operational excellence programme, and Unipart has also embarked on a significant project with one of the world's leading academic institutions.

Manufacturing

The Group continues to be a leading provider of technology led, high quality, innovative products that fulfil the needs of customers in the manufacturing and engineering sectors. Unipart are a major supplier of advanced technology products to several leading global vehicle manufacturers, delivering engineering innovation whilst developing a skilled workforce to ensure future strategic success.

Unipart Powertrain Applications Limited ("UPAL") continues to work closely with the Institute of Advanced Manufacturing and Engineering ("AME"), a collaboration between Unipart Manufacturing and Coventry University based at UPAL's Coventry site, to develop and manufacture a variety of components. These include not only current programmes such as high pressure fuel rails, fuel filler pipes, steel fuel tanks, exhaust systems and engine components, but also the next generation products to support future electrification for many of the Automotive Original Equipment Manufacturers ("OEMs") in the UK and overseas. Through the application of The Unipart Way, UPAL has continued to significantly improve its productivity, manufacturing and delivering over 1.5 million units across its product groups.

The AME focuses on developing industry-ready, well trained and educated engineering graduates. This facility has a full cohort of undergraduates, together with Masters and PhD students and internal staff participating in technical and CPD training. During 2017 the first cohort of students completed their three year engineering degree programme, with a number electing to continue their studies on a Masters course, whilst others entered the employment market, including a number that are now part of a graduate scheme within Unipart. This demonstrates the success of the AME programme in enabling capable, industry-ready graduates to be able to immediately contribute to this exciting growth area of the automotive market.

Manufacturing (continued)

During the year Unipart has commenced participation in a new government-funded research project for high performance electric vehicle technology. The ambitious project seeks to build a high performance, flexible battery manufacturing facility called the H1PERBAT project which could be the largest independent battery manufacturer in the UK. This project will focus on innovations in design for manufacture, recycling and reuse with the objective of making significant CO2 savings to help the UK to become a global leader in low emissions technology and address significant gaps in the electrification supply chain.

MetLase, a joint venture formed with Rolls-Royce, designs and manufactures high quality, extremely strong, and very precise tooling in very short cycle times. Located on the Advanced Manufacturing Park in Sheffield, a team of dedicated engineers is now providing tooling solutions in the aerospace, automotive, defence, motorsport, nuclear and construction sectors. During the year, MetLase has become a member of the Advanced Manufacturing Research Centre and the National Composite Centre which is enhancing its ability to grow in new sectors as well as developing its Industry 4.0 capability. Digital technology is enabling the development of 'intelligent fixturing' ensuring that value can be added to products and processes, with current research being targeted at developing solutions within the medical sector.

Through the Serck brand the Group continues to provide a full range of heat exchange and pressure vessel related products and services to a broad customer base across a wide range of sectors. This included refurbishment, design and manufacture, installation and consultancy work for FTSE 100 and global blue chip companies within Power Generation, Marine, Utilities and Rail sectors. Unipart also supplied a range of advanced products and services to the Automotive and Motor Sport sectors.

The General Industrial sector in the UK has in recent years been a difficult marketplace and 2017 was no exception. The focus continues to be on providing first class services to customers.

2017 was a challenging year across our overseas markets as well against a poor economic backdrop in the oil and mining sectors, particularly following the adverse impact on activity following the fall in global oil prices in 2016. In response, the business upheld high service, productivity and quality levels driven by the ongoing use of The Unipart Way.

Kautex Unipart Limited ("KUL"), a joint venture manufacturing operation with Kautex Textron Inc. supplies advanced multi-layer plastic fuel tank systems to the automotive industry. These components are central to Unipart's customers' goals of achieving lower weight, reduced emissions and fuel economy at lower cost. During the year KUL manufactured a record number of fuel systems and advanced its evolution of the next generation fuel systems technology, investing in new machines and equipment.

Corporate Responsibility

Doing well by doing good is not a new concept for Unipart and was core to the original thinking which created Business in the Community. Responsible business is embedded within the "DNA" of Unipart where the benefits of long-term stakeholder relationships based on mutual benefits are recognised. Since the 1980s, the Group has included Corporate Responsibility within its continuous improvement philosophy. Unipart has always recognised the value of its people and embedded this in the Group Value Set in 1987. Integral to this was an engaged and diverse workforce where all have the opportunity to contribute and reach their potential.

As we look to the challenges of the Fourth Industrial Revolution this has never been more relevant. The pace of technological change is revolutionary and will have massive implications for the structure of industry, the ownership of companies, distribution systems and the regulatory environment in which we work.

Many industry observers are concerned by what they see as a skills gap. In 1993, Unipart recognised that to be competitive we need to renew our skills every three years. That is even more relevant today. It is not just digital skills from new recruits; it is the continuous re-skilling of every one of our colleagues that will provide us with the capability for digital innovations to remain relevant in the future. The convergence of digital technologies is creating a revolution in our markets and our industry sectors. Some will deploy digital technologies as a blunt tool to reduce headcount costs. We have chosen a different view. Unipart believes that we can develop the skills within our people to enable them to create innovative digital products and services that will provide business growth while enhancing the quality and value in their jobs. Our fundamental issue is to accelerate this development programme at a pace that is truly revolutionary and enables us to compete based on the culture, commitment and creativity of our people.

Corporate Responsibility (continued)
Unipart has challenged all our people to become leaders of the Fourth Industrial Revolution in our sector. The challenge is ambitious; although Unipart has a strong track record in deploying appropriate technologies to meet the real and perceived needs of customers, we are not a technology only company. Our commitment to this goal is not a discrete programme, it is an integral part of every aspect of our operations. Activity is facilitated by a team of digital experts who develop, teach and coach, but is driven at every level of the organisation by colleagues who deliver digital innovation in their day-to-day roles.

We are exceptionally proud that our approach has been recognised as exemplary amongst the UK's leading businesses and we were inaugural winners of the Fujitsu Award for Responsible Business in the Digital Age.

We continue to recognise the importance of being inclusive and promoting diversity across our workforce which in turn drives innovation and creativity and is in the long term interests of our business. It is the responsibility of every employee to conduct themselves in a manner which is consistent with our values and helps us to maintain a diverse workforce with people from different ethnic, national, educational and socio-economic backgrounds and a wide age range. There is zero tolerance of discrimination, harassment or bullying in the workplace and where any cultural or religious assimilation or balanced workforce issues arise they are addressed.

Unipart has reported our gender pay gap over a number of years and welcomes the new transparency that mandatory reporting brings. Our gender pay gap is better than the national average and we continue to focus on programmes to encourage more women to apply for roles in our business, as well as looking to our key talent pipelines to encourage and develop a wide range of applicants for every job – particularly at senior levels.

We have maintained our focus on employee wellbeing through our group-wide wellbeing strategy – Unipart Workwell. During 2017 we continued to focus on making mental health a discussable subject, managing stress and supporting people in developing greater levels of resilience. At a more local level, each of our sites has a Wellbeing Champion who organises events and promotions that fit with the needs of each site. These have varied from learning how to cook a healthy pizza to weight loss challenges, to 'know your numbers' sessions and cancer awareness.

In addition, through our Employee Assistance Programme, Unipart Cares, we are able to provide professional advice and support to our people when they need it.

Being able to help others is proven to enhance employee wellbeing and engagement. Supporting our local communities and being a good neighbour helps maintain our employer brand and attract the best candidates when we are recruiting. We therefore encourage our employees to take the opportunity to participate in community projects. Unipart people are passionate about raising money to support local and national charities and organise themselves at site level to do just that – through fun activities such as dress down days, cake bakes, sporting challenges and family activities.

Our community audit process enables us to measure the effectiveness of our community programmes and also helps to spread ideas and best practice; and sites that do this particularly effectively are recognised on an annual basis through our own internal 'Oscars', the Unipart Way Awards.

Unipart has a long history of working to improve the prospects of young people and those with barriers to employment by helping them make the transition from education to successful working lives through our Unipart Inspires activities. We know that this work will become increasingly important as education struggles to keep up with the new skills that the Digital Age requires; and the impact of Brexit becomes apparent.

In 2017 we continued to champion this important cause through our proud sponsorship of a prestigious Responsible Business Award – The Unipart Outstanding Employment Award. Through this we are able to encourage other businesses to describe their programmes and tell their stories to promote the wide ranging benefits to the individuals concerned, to business and to the UK economy.

Our approach to continuous improvement and of putting 'creativity before capital' continues to deliver results. Our environmental performance as a Group has continued to improve. We have continued to make investment where appropriate to accelerate our performance and in 2017, for the second year in a row, 5 of our UK sites were awarded the British Safety Council Globe of Honour. These awards represent the pinnacle of achievement in the world of environmental management.

Corporate Responsibility (continued)

Our customers have their own, very challenging, environmental objectives and we work closely with them to seek new ways of reducing costs and turning environmental risk into opportunity. As a result we have developed a suite of sustainable products and services including repair and repair avoidance, reverse logistics and disposition, fleet services and recovery and recycling.

We continue to reduce our footprint on the environment. Our carbon emissions fell by 14% in absolute terms. In addition, our electricity consumption decreased by 15% due to the installation of efficient LED lighting and gas consumption decreased by 17% due to better heating management systems in our distribution centres. Water consumption went down by 30% compared to 2016. We have reduced overall waste generated by 5% and recycled 92% of our waste. Four of our sites were audited externally by the British Safety Council and achieved the Globe of Honour, and Unipart's environmental management system is accredited to ISO14001-2015 environmental standard.

The Group's vision of zero workplace accidents remains strong resulting in an unrelenting focus on ensuring safety in the workplace, and we were proud to be recognised at all of our major UK sites with a record number of the highly prestigious Swords of Honour at the British Safety Council Awards 2017.

Financial Review

Key performance indicators

	2017	**2016**	*Movement*
Turnover	757.6	747.7	*+1.3%*
Profit before interest and tax after exceptional items	26.9	23.8	*+13.0%*
Net (debt)/funds	(3.0)	15.2	*-119.7%*
Net assets excluding net pension deficit	206.5	189.7	*+8.9%*
Net assets excluding net pension deficit and tax balances	125.5	113.1	*+10.9%*
Return on net assets using profit before interest and tax after exceptional items and net assets excluding net pension deficit and tax balances	21.3%	21.0%	*+0.3%*

Turnover
Group turnover increased to £757.6m from £747.7m in the prior year, reflecting sales growth of 1.3% across the Group (excluding joint ventures and associates). Strong ongoing relationships with existing customers and new business won have both contributed to this turnover growth in the year.

Exceptional items
The Group's share of profit after taxation from joint ventures and associates is £5.6m before exceptional items, which is lower than 2016 (£6.3m) due to competitive pressure on sales prices and the adverse impact of weakened sterling on purchases. The consolidated Profit and Loss Account also includes the Group's share of exceptional items from associated undertakings of £5.2m. This charge relates to the estimated losses expected to be incurred on a long-term engineering contract and is stated after taxation.

Profit before interest and tax
Profit before interest and tax after exceptional items was £26.9m (2016: £23.8m), with the increase in profits after absorbing significant investment in digital technologies that will help to deliver future profits across the Group and drive operational excellence across the organisation.

Interest and other financial income and charges
Net interest payable for the year decreased from £1.9m in 2016 to £1.7m. The net other finance charge of £11.2m (2016: £10.9m) reflects the net interest cost on pension schemes of £11.0m (2016: £10.7m), as prescribed by FRS 102, together with the charge on unwinding of discounting on provisions and accruals of £0.2m (2016: £0.2m).

Tax
The overall tax credit for the year is £0.1m (2016: £2.3m charge), a decrease on the prior year as a result of the deferred tax charges arising on the significant exceptional credit item recognised last year.

Funding position

The Group reports a net debt position as at 31 December 2017 of £(3.0)m (2016: net funds of £15.2m). The Group has significant borrowing facilities available for the mid to long-term, and there is sufficient headroom available under these facilities to finance the on-going activities of the Group.

Shareholders' funds

The net assets of the Group, excluding the net pension deficit, have increased to £206.5m from £189.7m. The total deficit in shareholders' funds at 31 December 2017, of £170.8m, has decreased from £192.4m, reflecting the profits generated during the year.

Pensions

Future accruals to the Group's two main defined benefit schemes ceased in 2005. Since then, the Group has undertaken significant activity to address its obligations to these schemes. A Scheme Specific Funding Plan for the Group's two largest schemes has been agreed with the Pension Scheme Trustees during the year based on the 31 December 2014 actuarial valuation, which should result in both schemes being fully funded within 20 years.

As at 31 December 2017, the deficit under FRS 102 on the Group's defined benefit pension schemes had decreased to £377.3m (2016: £382.1m). This is due to the contributions made by the Group and the strong investment returns on the assets held by the pension schemes more than outweighing the increase in liabilities, which have again been adversely impacted by a fall in the discount rate from 2.86% to 2.63%, due to a corresponding reduction in Corporate AA bond yields.

Going concern

The Group financial statements 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 and has a long-term payment plan for the pension deficit. The Group continues to have significant long-term borrowing facilities available, which the directors have a reasonable expectation will continue to be available on a similar basis, and sufficient headroom is available in respect of these combined facilities to finance the ongoing 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, 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' may be used for appropriate proportions of the debt as required.

(b) Foreign currency risk

The Group's net transactional currency exposures, arising principally in U.S. Dollar, Euro, Australian Dollar and Japanese Yen, are hedged to 'protect' forecast gross profits and cover short term currency exposure where appropriate. The hedges are enacted through forward and spot currency contracts and options entered into on the basis of trading projections.

The Group enters into foreign exchange and interest rate contracts as part of its normal course of trading when material. The fair value of these derivatives is wholly immaterial 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 medium-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.

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 and the development of digital capability across the Group.

(b) Customer contracts
Over a number of years, the Group has developed a significant number of long-term partnerships with its customers, with both sides investing in the relationship for mutual benefit. As a result, the loss of any major customers would represent a risk to the Group. However, this risk is mitigated through continued diversification with new customers, close client management at various levels and long-term contractual relationships. The Group manages varying degrees of its customers' 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 customers' inventory.

(c) Pension deficit
The Group's risks in the pension deficits 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 pension schemes is set out in note 23.

(d) 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 Unipart operates in, and is 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. Unipart consults with professional advisors in all markets in which the Group operates to ensure compliance with local regulations to minimise this risk, and periodically review the level of investments maintained in overseas territories.

Following the vote in June 2016 by the people of the United Kingdom to leave the European Union, the UK Government's ongoing "Brexit" negotiations with the European Union have meant continued uncertainty over the implications of this referendum result to the Group. Unipart will continue to stay alert to both the risks and opportunities that the uncertainty regarding the impact of "Brexit" brings with it to the UK economic environment.

(e) IT vulnerability
The Group recognises that there is a growing global risk, and increasing severity, of complex cyber attacks. The Group Information Security department continues to monitor and focus on such risks as they emerge, but recognises that it is not possible to defend from all attacks all the time, instead focusing on a risk-based approach. The risk of breaches to IT security, which can lead to the loss or corruption of 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 a collection of policy documents which define the strategy, rules and procedures for defending the organisation.

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

J M Neill CBE
Chairman & Group Chief Executive
28 March 2018

Board of Directors

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. 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 Executive Board Member of the Society of Motor Manufacturers and Traders (SMMT). He is also 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 Rolls Royce Plc, 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 buyback 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 appropriate banking facilities for the Group.

J D Clayton
Director
John Clayton managed the Group's interests in the Rail sector until 31 March 2017. As part of an agreed retirement plan for John, Noel Travers was appointed to succeed John as Managing Director from 1 April. Since joining Unipart in 1983, John has held senior financial and general management roles in the Group. He is a Board Member of the Railway Industry Association (RIA), which is the Trade Association for UK based suppliers. John remained on the Group Board throughout 2017 and also supported Noel on Rail, particularly in Australia and the Rail Associate companies.

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 interest. In 1999 he moved into the Logistics arena and was appointed Managing Director during 2006.

B S Jackson CBE
Non-executive Director
Bryan Jackson was appointed to the Board in April 2013. He is also Chairman of Sharing in Growth and Chairman of John Smedley Limited. 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. Bryan retired as Chairman of Wesleyan Assurance Society in December 2017.

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.

The directors of Unipart Group of Companies Limited (the "Company") present their report and the audited consolidated financial statements for the year ended 31 December 2017.

Results for the year

The Group reports profit on ordinary activities after taxation of £14.1m (2016: £8.7m). The Company has not paid, nor is it proposing to pay, any dividends in respect of the financial year ended 31 December 2017 (2016: £nil).

A more detailed review of the results can be found in the Chairman's Statement and 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 directors listed on page 15 and UGC GP Scotland Limited served throughout the year and up to the date of signing of the report. Dr Hamid Mughal was appointed as a non-executive director to the Board on 31 January 2018. The biographical details of the directors who served during the year are listed on page 15. The beneficial interests of the current directors 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 2017 Number**	31 December 2016 Number
Beneficial Holdings		
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
Non-Beneficial holdings		
J M Neill	**898,020**	898,020
Ordinary 'A' shares under option in the Company		
J D Clayton	**75,000**	75,000
F W Burns	**325,000**	325,000

No options were granted or exercised during the year (2016: none).

There was no contract subsisting during the year or at the date of approval of the financial statements in which any director of the Company had a material interest; however, during the year and at the date of approval of the financial statements, a qualifying third party 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.

Future developments

A review of the business and an indication of likely future developments are included in the Strategic Report.

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.

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 schemes, 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 provide equality of opportunity regardless of sex, nationality, religion or ethnic origin or any other characteristic. 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. The same principles are applied when an employee is affected by long-term illness, where the Group has a strong track record of supporting and rehabilitating our employees back to work. The Group applies an increased focus on 'prevention' through the introduction of Unipart Workwell, our Employee Health and Wellbeing Programme.

Corporate Responsibility

The Group is fully committed to forming a culture based on 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 an independent trustee 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 is of the view that the Group has adequate resources to continue in operational existence for the foreseeable future. Although the deficit on the pension schemes has resulted in a deficit on shareholders' funds, the Group reports profit before interest and taxation £26.9m (2016: £23.8m) and in considering the going concern, the directors have considered the cash flow requirement of the Group. The Group has sufficient long-term borrowing facilities available as disclosed in note 19, and with sufficient borrowing headroom for future investments and to finance the ongoing activities of the Group. 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' responsibilities statement

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

Company law requires the directors to prepare 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, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 parent Company and of the profit or loss of the Group and parent Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and parent Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the Group and parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' responsibilities statement (continued)

In the case of each director in office at the date the Directors' Report is approved:

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

This report was approved by the Board and signed by its order.

R P D O'Brien
Company Secretary
28 March 2018
Registered number: 01994997

Report on the audit of the financial statements

Opinion

In our opinion, Unipart Group of Companies Limited's Group financial statements and Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2017 and of the Group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated and Company Balance Sheets as at 31 December 2017; the Consolidated Profit and Loss Account and the Consolidated Statement of Comprehensive Income for the year then ended; the Consolidated Cash Flow Statement for the year then ended; the Consolidated and Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's and Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Reporting on other information (continued)
In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements
As explained more fully in the Directors' Responsibilities Statement set out on page 18, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report
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.

Other required reporting

Companies Act 2006 exception reporting
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 Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the Company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Andrew Lyon (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

East Midlands
28 March 2018

Unipart Group of Companies Limited

Consolidated Profit and Loss Account
For the Year Ended 31 December 2017

	Note	2017 Operating results (before exceptional items) £m	2017 Exceptional items £m	2017 Total £m	2016 Operating results (before exceptional items) £m	2016 Exceptional items £m	2016 Total £m
Turnover	5	**757.6**	**-**	**757.6**	747.7	-	747.7
Profit before interest and taxation, before share of profit after taxation of joint ventures and associates	6	**26.5**	**-**	**26.5**	22.0	(4.5)	17.5
Share of profit after taxation of joint ventures and associates	14	**5.6**	**(5.2)**	**0.4**	6.3	-	6.3
Profit on ordinary activities before interest and taxation		**32.1**	**(5.2)**	**26.9**	28.3	(4.5)	23.8
Net interest payable and similar charges	7			**(1.7)**			(1.9)
Net other finance charge	8			**(11.2)**			(10.9)
Profit on ordinary activities before taxation				**14.0**			11.0
Tax on profit on ordinary activities	11			**0.1**			(2.3)
Profit on ordinary activities after taxation				**14.1**			8.7
Non-controlling interests				**(0.2)**			(0.5)
Profit for the financial year				**13.9**			8.2

The notes on pages 30 to 68 form part of these financial statements.

Unipart Group of Companies Limited

Consolidated Statement of Comprehensive Income
For the Year Ended 31 December 2017

	Note	2017 £m	2016 £m
Profit for the financial year		**13.9**	8.2
Revaluation of freehold and long leasehold land and buildings	13	**2.7**	0.5
Deferred tax relating to revaluation of freehold and long leasehold land and buildings		**(0.2)**	-
Actuarial gain/(loss) recognised on Group pension schemes	23	**6.9**	(111.1)
Deferred tax relating to actuarial gain/(loss) on Group pension schemes		**(1.2)**	22.2
Effect of change in tax rate on deferred tax relating to Group pension schemes		**0.1**	(8.4)
Unrecognised asset relating to Group pension schemes		**(0.4)**	(0.2)
Deferred tax on unrecognised asset relating to Group pension schemes		**0.1**	-
Actuarial gain/(loss) recognised on joint venture's pension schemes		**0.1**	(0.3)
Effect of change in tax rate on deferred tax relating to revaluation reserve		**0.3**	-
Reversal of unrealised gain on acquisition of associate		**(0.2)**	-
Foreign exchange adjustments		**(0.3)**	7.3
Other comprehensive income/(expense) for the year		**7.9**	(90.0)
Total comprehensive income/(expense) for the year		**21.8**	(81.8)
Profit for the financial year attributable to:			
Non-controlling interest		**0.2**	0.5
Owners of the parent Company		**13.9**	8.2
		14.1	8.7
Total comprehensive income/(expense) attributable to:			
Non-controlling interest		**0.2**	0.5
Owners of the parent Company		**21.8**	(81.8)
		22.0	(81.3)

Unipart Group of Companies Limited

Consolidated Balance Sheet
As at 31 December 2017

	Note		2017 £m		2016 £m
Fixed assets					
Intangible assets	12		**8.5**		1.9
Tangible assets	13		**55.2**		52.7
Investments	14		**21.9**		24.3
			85.6		78.9
Current assets					
Stocks	15	**89.4**		81.3	
Debtors: amounts falling due after more than one year	16	**88.1**		78.8	
Debtors: amounts falling due within one year	16	**133.0**		128.7	
Cash at bank and in hand		**62.4**		51.9	
		372.9		340.7	
Creditors: amounts falling due within one year	17	**(209.0)**		(187.9)	
Net current assets			**163.9**		152.8
Total assets less current liabilities			**249.5**		231.7
Creditors: amounts falling due after more than one year	18		**(23.7)**		(24.1)
Provisions for liabilities			**(19.3)**		(17.9)
Net assets excluding pension liability			**206.5**		189.7
Pension liability	23		**(377.3)**		(382.1)
Net liabilities			**(170.8)**		(192.4)
Capital and reserves					
Called up share capital	24		**0.4**		0.4
Share premium account	26		**4.4**		4.4
Revaluation reserve	26		**25.7**		22.8
Capital redemption reserve	26		**11.5**		11.5
Profit and loss account	26		**(213.3)**		(232.2)
Total shareholders' deficit			**(171.3)**		(193.1)
Non-controlling interests			**0.5**		0.7
Total equity			**(170.8)**		(192.4)

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 28 March 2018.

J M Neill CBE
Chairman & Group Chief Executive

A J Mourgue
Group Finance Director

Registered number: 01994997

Unipart Group of Companies Limited

Company Balance Sheet
As at 31 December 2017

	Note		2017 £m		2016 £m
Fixed assets					
Intangible assets	12		**0.1**		0.1
Investments	14		**41.6**		41.6
			41.7		41.7
Current assets					
Debtors: amounts falling due after more than one	16	**21.6**		20.9	
Debtors: amounts falling due within one year	16	**6.5**		6.1	
Cash at bank and in hand		**19.4**		15.4	
		47.5		42.4	
Creditors: amounts falling due within one year	17	**(1.4)**		(2.8)	
Net current assets			**46.1**		39.6
Total assets less current liabilities			**87.8**		81.3
Creditors: amounts falling due after more than one year	18		**-**		(1.0)
Net assets excluding pension liability			**87.8**		80.3
Pension liability	23		**(45.1)**		(54.1)
Net assets			**42.7**		26.2
Capital and reserves					
Called up share capital	24		**0.4**		0.4
Share premium account	26		**4.4**		4.4
Capital redemption reserve	26		**11.5**		11.5
Profit and loss account	26		**26.4**		9.9
Total shareholders' funds			**42.7**		26.2

As permitted by Section 408(3) of the Companies Act 2006, the Company has not presented its own Profit and Loss Account. The Company's profit for the financial year was £11.2m (2016: £10.1m).

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 28 March 2018.

J M Neill CBE
Chairman & Group Chief Executive

A J Mourgue
Group Finance Director

Registered number: 01994997

Unipart Group of Companies Limited

Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2017

	Called up share capital £m	Share premium account £m	Capital redemption reserve £m	Revaluation reserve £m	Profit and loss account £m	Total shareholders' deficit £m	Non-controlling interests £m	Total equity £m
At 1 January 2017	0.4	4.4	11.5	22.8	(232.2)	**(193.1)**	0.7	**(192.4)**
Profit for the financial year	-	-	-	-	13.9	**13.9**	0.2	**14.1**
Other comprehensive income for the year	-	-	-	2.7	5.2	**7.9**	-	**7.9**
Dividends paid to non-controlling interests	-	-	-	-	-	-	(0.3)	**(0.3)**
Transfer between reserves	-	-	-	0.2	(0.2)	-	-	-
Foreign exchange adjustments	-	-	-	-	-	-	(0.1)	**(0.1)**
As at 31 December 2017	0.4	4.4	11.5	25.7	(213.3)	**(171.3)**	0.5	**(170.8)**

Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2016

	Called up share capital £m	Share premium account £m	Capital redemption reserve £m	Revaluation reserve £m	Profit and loss account £m	Total shareholders' deficit £m	Non-controlling interests £m	Total equity £m
At 1 January 2016	0.4	4.4	11.5	22.9	(150.7)	**(111.5)**	0.6	**(110.9)**
Profit for the financial year	-	-	-	-	8.2	**8.2**	0.5	**8.7**
Other comprehensive income/(expense) for the year	-	-	-	0.5	(90.5)	**(90.0)**	-	**(90.0)**
Dividends paid to non-controlling interests	-	-	-	-	-	-	(0.5)	**(0.5)**
Transfer between reserves	-	-	-	(0.8)	0.8	-	-	-
Foreign exchange adjustments	-	-	-	0.2	-	**0.2**	0.1	**0.3**
As at 31 December 2016	0.4	4.4	11.5	22.8	(232.2)	**(193.1)**	0.7	**(192.4)**

Company Statement of Changes in Equity
For the Year Ended 31 December 2017

	Called up share capital £m	Share premium account £m	Capital redemption reserve £m	Profit and loss account £m	Total shareholders' funds £m
At 1 January 2017	0.4	4.4	11.5	9.9	**26.2**
Profit for the financial year	-	-	-	11.2	**11.2**
Other comprehensive income for the year	-	-	-	5.3	**5.3**
As at 31 December 2017	**0.4**	**4.4**	**11.5**	**26.4**	**42.7**

Company Statement of Changes in Equity
For the Year Ended 31 December 2016

	Called up share capital £m	Share premium account £m	Capital redemption reserve £m	Profit and loss account £m	Total shareholders' funds £m
At 1 January 2016	0.4	4.4	11.5	9.3	**25.6**
Profit for the financial year	-	-	-	10.1	**10.1**
Other comprehensive expense for the year	-	-	-	(9.5)	**(9.5)**
As at 31 December 2016	**0.4**	**4.4**	**11.5**	**9.9**	**26.2**

Unipart Group of Companies Limited

Consolidated Cash Flow Statement
For the Year Ended 31 December 2017

	Note	2017 £m	2016 £m
Net cash from operating activities	28	**(6.1)**	14.9
Taxation paid		**(5.1)**	(3.4)
Net cash (used in)/generated from operating activities		**(11.2)**	11.5
Cash flow from investing activities			
Acquisition of businesses		**(5.4)**	-
Purchase of intangible assets		**-**	(0.1)
Purchase of tangible assets		**(6.7)**	(8.2)
Proceeds from disposals of tangible assets		**4.7**	2.5
Dividends paid to minority interests		**(0.3)**	(0.5)
Dividends received from joint ventures and associates		**2.7**	5.0
Net cash used in investing activities		**(5.0)**	(1.3)
Cash flow from financing activities			
Increase/(decrease) in debt due within one year		**26.1**	(4.2)
Decrease in debt due in more than one year		**0.3**	5.4
Finance lease repayments		**-**	0.1
Interest paid		**(1.6)**	(1.9)
Net cash generated from/(used in) financing activities		**24.8**	(0.6)
Net increase in cash and cash equivalents		**8.6**	9.6
Cash and cash equivalents at 1 January		**35.5**	25.0
Exchange gains on cash and cash equivalents		**-**	0.9
Cash and cash equivalents at 31 December		**44.1**	35.5
Cash and cash equivalents consists of:			
Cash at bank and in hand		**62.4**	51.9
Bank overdrafts		**(18.3)**	(16.4)
Cash and cash equivalents	28	**44.1**	35.5

1 General information

The Company is a trading company within the United Kingdom.

The Company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is Unipart House, Cowley, Oxford, OX4 2PG.

2 Statement of compliance

The consolidated financial statements of Unipart Group of Companies Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3 Accounting policies

A summary of the significant accounting policies adopted by the Group and the Company is given in the following paragraphs. The policies have been consistently applied to all years presented, unless otherwise stated.

3.1 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. In considering the going concern assumption, the directors have therefore considered the cash flow requirements of the Group.

The Group has significant borrowing facilities available, which the directors have a reasonable expectation will continue to be available on a similar basis, as disclosed in note 19, 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 revaluation of investment property and freehold and long leasehold land and buildings measured at fair value through profit and loss.

3.2 Basis of consolidation

The Group financial statements comprise a consolidation of the financial statements of the Company and all of its subsidiary undertakings, except where control is subject to severe long-term restrictions, 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.

3.3 Cash flow statement

The Company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a cash flow statement on the basis that it is a qualifying entity and the Company's cashflows are included in the Consolidated Cash Flow Statement.

3 Accounting policies (continued)

3.4 Turnover

Turnover is recognised as the fair value of consideration receivable on 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. Turnover derived from gain share arrangements is recognised when the benefits are agreed with customers and are certain.

3.5 Exceptional items

Where items are of a one-off nature and so material that separate presentation is relevant to the consolidated financial performance, then such items are presented as exceptional items on the face of the Consolidated Profit and Loss Account.

3.6 Pension costs

For defined contribution schemes, contributions are charged to the Consolidated Profit and Loss Account as payable in respect of the accounting year.

For defined benefit schemes, the amounts charged to operating profit are the scheme administration costs, current service costs, excluding the costs of servicing the investments, and gains and losses on settlements and curtailments. They are charged or credited to the Consolidated Profit and Loss Account headings to which they relate. Past service costs are recognised immediately in the Consolidated Profit and Loss Account. The net interest cost is shown as other finance charge adjacent to interest. Actuarial gains and losses are recognised immediately in the Consolidated Statement of Comprehensive Income.

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

The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The resulting defined benefit asset or liability is presented separately after other net assets on the face of the Balance Sheet.

3.7 Intangible assets

Expenditure incurred to acquire licences to manufacture certain products are capitalised and amortised on a straight line basis over the estimated economic life of the manufacturing activity, or the life of the licence, which are all between 5 and 10 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.

3 Accounting policies (continued)

3.8 Tangible fixed assets

All tangible fixed assets, with the exception of investment properties and freehold and long leasehold land and buildings, are carried at cost less depreciation and provision for impairment, where considered appropriate. 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.

Investment properties and freehold and long leasehold land and buildings are carried at valuation, being fair value determined annually by external valuers.

With the exception of freehold land, investment properties and assets in the course of construction, which are 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.

The estimated useful lives range as follows:

Freehold land	-	Not depreciated
Investment properties	-	Not depreciated
Freehold buildings	-	35 to 50 years
Long leasehold land and buildings	-	35 to 50 years
Short leasehold land and buildings	-	Over the lease term
Plant and machinery	-	1 to 15 years
Assets in the course of construction	-	Not depreciated

3.9 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.

3.10 Investment properties

Investment properties are included in the Balance Sheet at fair value, in accordance with FRS 102 section 16 "Investment Property". This treatment is contrary to the Companies Act 2006 which states that fixed assets should be depreciated.

3.11 Investments

Investments in the Company Balance Sheet are shown at cost less provision for impairment. Impairment reviews are performed by the directors when there has been an indicator of potential impairment.

3.12 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.

3 Accounting policies (continued)

3.13 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.

3.14 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.

3.15 Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

3.16 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. 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 to be probable that the asset will 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.

3.17 Share based payments

The fair value of share plans, where material, is recognised as an expense in the Consolidated 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.

3 Accounting policies (continued)

3.18 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 turnover 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 Consolidated Profit and Loss Account in proportion to the reducing capital element.

3.19 Operating leases

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

3.20 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 Consolidated Profit and Loss Account over the term of the facility.

3.21 Foreign currency

Monetary assets and liabilities denominated in foreign currencies are translated into sterling rates of exchange ruling at the Balance Sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange gains and losses are recognised in the Consolidated Profit and Loss Account.

The Profit and Loss Accounts of overseas activities are translated into sterling at average rates of exchange. The Balance Sheets of overseas activities 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.

3 Accounting policies (continued)

3.22 Business combinations and goodwill

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

On acquisition of a business, fair values are attributable to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

Goodwill is written off to the Consolidated Profit and Loss Account on a straight line basis over periods that represent the estimated useful economic lives of those assets which are between 5 and 20 years.

The Group has taken advantage of the exemption in respect of applying FRS 102 section 19 "Business Combinations and Goodwill" to business combinations effected before the date of transition.

3.23 Financial instruments

The Group has chosen to adopt FRS 102 Section 11 "Basic Financial Instruments" and FRS 102 Section 12 "Other Financial Instruments Issues" in respect of financial instruments.

Basic financial assets, including trade and other receivables and cash and bank balances, are initially measured at transaction price. Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow Group companies are initially recognised at transaction price. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Fees paid on the establishment of loan facilities are capitalised as a prepayment and amortised over the period of the facility to which it relates.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Changes in fair value of derivatives are recognised in profit or loss in finance costs or income, as appropriate.

The Group does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

4 Judgments in applying accounting policies and key sources of estimation uncertainty

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, particularly in relation to the accounting for pension costs, the valuation of investment properties and freehold and long leasehold land and buildings, the useful economic lives of fixed tangible and intangible assets, the recognition of provisions and the recognition of deferred tax assets. Actual results could differ from those estimates.

The Group has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including life expectancy, salary increases, asset valuations and the discount rate based on the return on high quality corporate bonds. Management estimates these factors in determining the net pension obligation in the Balance Sheet. The assumptions reflect historical experience and current trends. See note 23 for the assumptions used in accounting for defined benefit pension schemes.

Investment property and freehold and long leasehold land and buildings are measured at fair value in these financial statements. Fair value is deemed to be an open market basis valuation and is reassessed annually. They are amended when necessary, to reflect current estimates. See note 13 for the carrying value of investment property and freehold and long leasehold land and buildings.

The annual depreciation charge for tangible and intangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful lives and residual values are reassessed annually. They are amended when necessary, to reflect current estimates. See note 12 for the carrying value of intangible fixed assets and note 13 for the carrying value of tangible fixed assets.

Stocks are stated after provisions for impairment. These are reassessed annually and amended, when necessary, to reflect current estimates. See note 15 for the carrying value of provisions.

Provisions are made for the best estimates in relation to warranties, onerous property leases and dilapidations. These are reassessed annually and amended, when necessary, to reflect current estimates. See note 22 for the carrying value of provisions.

Deferred tax assets are only recognised to the extent to which it can be regarded as more likely than not that the Group will generate sufficient future taxable profits from which the reversal of the underlying timing differences can be deducted. See note 20 for details of deferred tax assets recognised.

5 Turnover

It is the directors' judgment that all sales in the current and prior year relate to one class of business, that of the provision of global supply chain and logistics solutions.

An analysis of turnover by category is as follows:

	2017 £m	2016 £m
Sale of goods	**449.8**	431.6
Provision of services	**307.8**	316.1
Statutory Group Turnover	**757.6**	747.7
Share of joint ventures (i)	**54.1**	50.1
Share of associates (i)	**77.9**	71.4
Total turnover (including joint ventures and associates)	**889.6**	869.2

The Group has joint ventures and associates, the turnover of which is not included within Group turnover in accordance with FRS 102. However, the Group's share of such turnover is shown above.

(i) The share of joint ventures' and associates' turnover is based on the percentage of shares the Group owns (see note 33).

6 Group operating profit

	2017 £m	2016 £m
Group turnover	**757.6**	747.7
Cost of sales	**(580.9)**	(580.1)
Gross profit	**176.7**	167.6
Distribution costs	**(36.1)**	(33.0)
Administration expenses	**(114.1)**	(112.6)
Group operating profit (before exceptional items)	**26.5**	22.0

The operating profit is stated after charging/(crediting):

	2017 £m	2016 £m
Depreciation of tangible fixed assets	**5.0**	4.8
Amortisation of intangible assets, including goodwill	**1.1**	0.4
Amount of stock expensed	**279.9**	277.6
Operating lease rentals	**31.4**	30.2
Sublet income from land and buildings	**(2.0)**	(2.2)
Profit on disposal of fixed assets	**(4.1)**	(0.8)

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

	2017 £m	2016 £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	**0.4**	0.4
Taxation compliance services	**0.4**	0.5
Taxation advisory services	**0.1**	0.1
Other non-audit services	**0.1**	-

7 Net interest payable and similar charges

	2017 £m	2016 £m
Interest payable and similar charges		
Bank loan interest payable	**1.5**	1.6
Finance lease interest	**0.1**	0.1
Amortisation of issue costs on bank facilities	**0.3**	0.3
	1.9	2.0
Interest receivable and similar income	**(0.2)**	(0.1)
Net interest payable	**1.7**	1.9

8 Net other finance charge

	2017 £m	2016 £m
Net finance charge on pension schemes (note 23)	**11.0**	10.7
Unwinding of discounting of provisions (note 22)	**0.2**	0.2
Net other finance charge	**11.2**	10.9

9 Employees

Staff costs were as follows:

	2017 £m	2016 £m
Wages and salaries	**175.3**	178.1
Social security costs and other taxes	**18.7**	18.3
Other pension costs	**7.2**	7.2
	201.2	203.6

Other pension costs relate to contributions to defined contribution pension schemes and current service costs and administration costs relating to defined benefit pension schemes.

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

	2017 No.	2016 No.
Direct production	**803**	795
Indirect production and warehousing	**3,725**	3,578
Sales, marketing and administration	**1,521**	1,819
	6,049	6,192

10 Directors' emoluments

The aggregate emoluments of the directors during the year totalled £3,784,718 (2016: £4,776,180). No directors (2016: nil) accrued retirement benefits under a defined benefit scheme or under a money purchase scheme. The highest paid director received aggregate emoluments during the year of £1,522,921 (2016: £1,774,525).

Also included in aggregate emoluments were fees of £73,075 (2016: £72,025), which were paid in the year in respect of the non-executive director who served during the year (2016: 1).

The aggregate emoluments of key management personnel during the year totalled £8,481,856 (2016: £8,969,952).

Family members of either directors or key management personnel were employed by the Group during the year and were each paid a salary appropriate for the tasks and responsibilities of their roles. The positions of these family members employed during the year were: Propositions and Innovation Director; Chief Digital Officer; General Manager for a large logistics contract; Member of the Learning & Development team in Unipart's consultancy business; Member of the Marketing team in Unipart's automotive parts business; Warehouse Operative; and Graduate Trainee.

11 Tax on profit on ordinary activities

	2017 £m	2016 £m
Analysis of tax (credit)/charge in the year		
Current tax		
UK corporation tax credit on profit for the year	**(0.7)**	(0.5)
Adjustments in respect of prior years	**(0.7)**	(0.7)
	(1.4)	(1.2)
Foreign corporation tax	**4.7**	3.5
Total current tax	**3.3**	2.3
Deferred tax		
Origination and reversal of timing differences	**(0.9)**	1.1
Effect of change in tax rates	**0.2**	(1.8)
Adjustments in respect of prior years	**(3.0)**	0.5
Foreign deferred tax	**0.3**	0.2
Total deferred tax	**(3.4)**	-
Tax on profit on ordinary activities	**(0.1)**	2.3

Factors affecting tax (credit)/charge for the year

The tax assessed for the year is lower than (2016: higher than) the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are explained below:

	2017 £m	2016 £m
Profit on ordinary activities before taxation	**14.0**	11.0
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.25% (2016: 20%)	**2.7**	2.2
Effects of:		
Expenses not deductible for tax purposes	**1.3**	2.1
Adjustments in respect of prior years	**(3.6)**	(0.2)
Effect of foreign taxation rates	**1.8**	1.1
Share of joint ventures' and associates' tax reported within profit on ordinary activities	**(0.7)**	(1.2)
Non taxable income	**(1.5)**	-
Effects of changes in tax rates	**0.2**	(1.8)
Deferred tax not previously recognised	**0.1**	-
Deferred tax relating to Group pension schemes	**(0.4)**	-
Utilisation of tax losses	**-**	0.1
Total tax (credit)/charge for the year	**(0.1)**	2.3

11 Tax on profit on ordinary activities (continued)

Factors that may affect future tax changes

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.

The UK corporation tax rate was reduced from 20% to 19% on 1 April 2017. During the prior year, it was substantively enacted that the UK corporation tax rate will be reduced to 17% from 1 April 2020. As a result, the relevant deferred tax balances have been remeasured.

12 Intangible assets

Group

	Goodwill £m	Goodwill on acquisitions £m	Licences /Other £m	Total £m
Cost				
At 1 January 2017	21.5	-	1.1	22.6
Additions	-	7.7	-	7.7
Disposals	-	-	(0.2)	(0.2)
At 31 December 2017	21.5	7.7	0.9	30.1
Accumulated amortisation				
At 1 January 2017	19.7	-	1.0	20.7
Charge for the year	-	1.1	-	1.1
Disposals	-	-	(0.2)	(0.2)
At 31 December 2017	19.7	1.1	0.8	21.6
Net book value				
At 31 December 2017	1.8	6.6	0.1	8.5
At 31 December 2016	1.8	-	0.1	1.9

Goodwill on acquisitions includes:

	£m
Brand names	2.0
Copyrights, patents and other IPR	0.2
Know-how	2.0
Designs and prototypes	0.1
Customer lists	1.0
Employee contracts	0.7
Non-attributed goodwill	1.5
Goodwill on acquisition of remaining 50% of Van Wezel Austria GmbH	0.2
Goodwill on acquisitions	7.7

Company

	Licences /Other £m
Cost and Net book value	
At 1 January and 31 December 2017	0.1

13 Tangible assets

Group

	Freehold and long leasehold investment properties £m	Freehold land and buildings £m	Long leasehold land and buildings £m	Short leasehold land and buildings £m	Plant and machinery £m	Total £m
Cost or valuation						
At 1 January 2017	4.3	32.0	5.2	3.2	47.9	92.6
Additions	-	0.1	-	0.4	6.5	7.0
Disposals	-	(2.2)	-	(0.1)	(2.5)	(4.8)
Revaluations	0.2	2.2	0.3	-	-	2.7
Foreign exchange	-	0.2	0.1	(0.1)	(0.5)	(0.3)
At 31 December 2017	**4.5**	**32.3**	**5.6**	**3.4**	**51.4**	**97.2**
Accumulated depreciation						
At 1 January 2017	-	1.0	-	2.7	36.2	39.9
Charge for the year	-	0.1	-	0.2	4.7	5.0
Disposals	-	-	-	(0.1)	(2.1)	(2.2)
Revaluations	-	(0.2)	-	-	-	(0.2)
Foreign exchange	-	-	-	(0.1)	(0.4)	(0.5)
At 31 December 2017	**-**	**0.9**	**-**	**2.7**	**38.4**	**42.0**
Net book value						
At 31 December 2017	**4.5**	**31.4**	**5.6**	**0.7**	**13.0**	**55.2**
At 31 December 2016	4.3	31.0	5.2	0.5	11.7	52.7

Included within plant and machinery are assets held under finance leases with a cost of £3.4m (2016: £2.7m) and accumulated depreciation of £1.6m (2016: £1.2m).

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

	2017 £m	2016 £m
Group		
Cost	19.1	19.6
Accumulated depreciation	(6.2)	(6.0)
Net book value	**12.9**	13.6

Of the total revaluation reserve of £25.7m (2016: £22.8m), an amount of £25.2m (2016: £22.6m) relates to freehold and long leasehold land and buildings and an amount of £0.5m (2016: £0.2m) relates to investment properties.

13 Tangible assets (continued)

At 31 December 2017, the portfolio of investment, freehold and long leasehold properties was revalued, on an open market basis, giving a total aggregate value of £41.6m (2016: £40.5m).

The investment, freehold and long leasehold properties, including overseas properties, were valued by external valuers Cushman & Wakefield, being qualified valuers and members of the Royal Institution of Chartered Surveyors (RICS). All valuations were carried out in accordance with the RICS Appraisal and Valuation Standards.

The revaluation of investment properties and the revaluation of freehold and long leasehold properties only to the extent that a revaluation decrease exceeds the revaluation gains accumulated in equity in respect of an asset, or to the extent that a revaluation increase reverses a revaluation decrease of the same asset previously recognised in profit or loss, are reported in the Consolidated Profit and Loss Account. All other revaluation gains and losses are reported in other comprehensive income. During the year, total revaluation gains of £0.2m (2016: £0.3m) are included within profit and loss and revaluation gains of £2.7m (2016: £0.5m) are included within other comprehensive income.

Revaluations of properties recognised in profit or loss, along with the revaluation surplus realised on the disposal of property, are transferred between the Profit and Loss Account and the Revaluation reserve.

Deferred tax is recognised except to the extent that there are sufficient capital losses available within the Group to utilise any capital gains that arise on the future sale of the revalued properties. A deferred tax liability of £0.9m (2016: £0.6m) has been recognised.

14 Investments

Group

	Investment in joint ventures £m	Investments in associates £m	Total £m
Cost			
At 1 January 2017	**10.3**	**14.0**	**24.3**
Share of profits retained	**2.2**	**3.4**	**5.6**
Share of exceptional items	**-**	**(5.2)**	**(5.2)**
Share of other comprehensive income	**0.1**	**-**	**0.1**
Cessation of equity accounting	**(0.3)**	**-**	**(0.3)**
Dividends	**(1.3)**	**(1.4)**	**(2.7)**
Foreign exchange	**-**	**0.1**	**0.1**
At 31 December 2017	**11.0**	**10.9**	**21.9**
Net book value			
At 31 December 2017	**11.0**	**10.9**	**21.9**
At 31 December 2016	10.3	14.0	24.3

The Group's interest in joint ventures is 50% of the ordinary share capital of Kautex Unipart Limited which has been included in the consolidated financial statements using the equity method of accounting.

On 12 July 2017, the Group acquired the remaining 50% of the ordinary share capital of Van Wezel Austria GmbH that it did not already own. As a result, the Group ceased to apply equity accounting and the results of Van Wezel Austria GmbH are fully consolidated from this date.

Associated undertakings represent the Group's 29% ordinary shareholding of ACI Auto Components International SRO, the Group's 40% ordinary shareholding of Lucchini Unipart Rail Limited and the Group's 30% ordinary shareholding of UGL Unipart Rail Services Pty Limited, all of which have been included in the consolidated financial statements using the equity method of accounting.

The Group provides certain services to its joint ventures and associated undertakings, the transactions being disclosed in note 32.

The share of exceptional items reported by associated undertakings of £5.2m relates to the estimated losses expected to be incurred on a long-term engineering contract.

Details of the Group's undertakings are shown in note 33.

14 Investments (continued)

Company

	Investments in subsidiary companies £m	Investment in joint ventures £m	Total £m
Cost			
At 1 January and 31 December 2017	**70.4**	**4.4**	**74.8**
Impairment			
At 1 January and 31 December 2017	**33.2**	**-**	**33.2**
Net book value			
At 31 December 2017	**37.2**	**4.4**	**41.6**
At 31 December 2016	37.2	4.4	41.6

Details of the investments of the Company are shown in note 33.

15 Stocks

	Group 2017 £m	Group 2016 £m
Raw materials and consumables	**8.6**	7.5
Work in progress	**3.5**	4.0
Finished goods and goods for resale	**77.3**	69.8
	89.4	81.3

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

Stocks are stated after provisions for impairment of £22.3m (2016: £23.6m).

The Company has £nil stocks (2016: £nil).

16 Debtors

	Group 2017 £m	Group 2016 £m	Company 2017 £m	Company 2016 £m
Amounts falling due after more than one year				
Amounts owed by joint ventures and associates (note 32)	**3.2**	-	**3.2**	-
Amounts receivable under finance lease	**-**	0.2	**-**	-
Deferred tax (note 20)	**74.9**	70.1	**11.2**	13.4
Other debtors	**10.0**	8.5	**7.2**	7.5
	88.1	78.8	**21.6**	20.9

	Group 2017 £m	Group 2016 £m	Company 2017 £m	Company 2016 £m
Amounts falling due within one year				
Trade debtors	**93.2**	87.3	**-**	-
Amounts owed by Group undertakings	**-**	-	**3.9**	2.2
Amounts owed by joint ventures and associates (note 32)	**2.8**	1.3	**0.3**	-
Amounts receivable under finance lease	**0.2**	0.5	**-**	-
Corporation tax	**4.1**	3.0	**0.6**	0.3
Deferred tax (note 20)	**3.5**	5.9	**1.2**	-
Other debtors	**7.1**	11.0	**0.5**	3.6
Prepayments and accrued income	**22.1**	19.7	**-**	-
	133.0	128.7	**6.5**	6.1

Trade debtors are stated after provisions for impairment of £5.5m (2016: £5.2m).

Amounts owed by Group undertakings, joint ventures and associates are unsecured and have no fixed repayment date. Certain amounts owed by Group undertakings bear interest based on 3 month LIBOR rates.

17 Creditors: amounts falling due within one year

	Group 2017 £m	Group 2016 £m	Company 2017 £m	Company 2016 £m
Bank loans and overdrafts (note 19)	**49.3**	21.3	-	-
Trade creditors	**73.9**	68.4	-	-
Amounts owed to joint ventures and associates (note 32)	**0.2**	0.7	-	-
Finance leases	**0.5**	0.8	-	-
Corporation tax	**0.2**	1.1	-	-
Other taxation and social security	**12.9**	13.9	-	0.8
Deferred tax (note 20)	**1.2**	1.3	-	-
Other creditors	**14.7**	10.6	-	-
Accruals and deferred income	**56.1**	69.8	**1.4**	2.0
	209.0	187.9	**1.4**	2.8

Amounts owed to Group undertakings, joint ventures and associates are unsecured and are repayable on demand. Certain amounts owed to Group undertakings bear interest based on 3 month LIBOR rates.

18 Creditors: amounts falling due after more than one year

	Group 2017 £m	Group 2016 £m	Company 2017 £m	Company 2016 £m
Bank loans and overdrafts (note 19)	**14.5**	13.8	-	-
Finance leases	**1.1**	0.8	-	-
Other creditors	**7.3**	4.5	-	-
Accruals and deferred income	**0.8**	5.0	-	1.0
	23.7	24.1	-	1.0

The future minimum payments under finance leases due after more than one year are due later than one but not later than five years.

19 Borrowings

	Group 2017 £m	Group 2016 £m
Amounts falling due within one year		
Bank overdrafts	**(18.3)**	(16.4)
Bank loans	**(31.0)**	(4.9)
	(49.3)	(21.3)

	Group 2017 £m	Group 2016 £m
Amounts falling due between one and five years		
Bank loans and working capital facilities	**(13.0)**	(12.2)
	(13.0)	(12.2)

	Group 2017 £m	Group 2016 £m
Amounts falling due after more than five years		
Bank loans and working capital facilities	**(1.5)**	(1.6)
	(1.5)	(1.6)

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 facility falling due within one year is stated net of unamortised issue costs of £0.3m (2016: £0.2m). The facility falling due in more than one year is stated net of unamortised issue costs of £0.1m (2016: £0.6m). The costs are allocated to the Consolidated Profit and Loss Account over the terms of the respective facilities at a constant rate.

The Group has various borrowings facilities available, including a working capital facility of up to £40.0m (2016: £40.0m) currently committed until June 2021, a working capital facility of up to €3.5m (2016: €3.5m) renewable annually, a revolving facility of up to £30.0m (2016: £30.0m) committed until March 2021, a term loan of £6.5m (2016: £8.5m) repayable in quarterly instalments until March 2021, a term loan of €0.5m (2016: €2.6m) repayable in quarterly instalments until March 2018, a term loan of up to €4.9m (2016: €nil) repayable in monthly instalments until November 2021, a revolving loan of €10.0m (2016: €nil) renewable annually and a term loan of up to €2.6m (2016: €2.6m) committed until 2031.

20 Deferred tax

	Group 2017 £m	Group 2016 £m	Company 2017 £m	Company 2016 £m
At 1 January	**74.7**	61.3	**13.4**	12.5
Amounts credited/(charged) to the Profit and Loss Account	**3.4**	-	**(0.2)**	(0.2)
Amounts (charged)/credited to the Statement of Comprehensive Income	**(0.9)**	13.8	**(0.8)**	1.1
Foreign exchange	**-**	(0.4)	**-**	-
At 31 December	**77.2**	74.7	**12.4**	13.4
Representing:				
Deferred tax asset included within debtors falling due within one year (note 16)	**3.5**	5.9	**1.2**	-
Deferred tax asset included within debtors falling due in more than one year (note 16)	**74.9**	70.1	**11.2**	13.4
Deferred tax liability included within creditors falling due within one year (note 17)	**(1.2)**	(1.3)	**-**	-
	77.2	74.7	**12.4**	13.4

	Group 2017 £m	Group 2016 £m	Company 2017 £m	Company 2016 £m
Accelerated capital allowances	**5.9**	3.3	**-**	-
Trading losses and timing differences	**7.1**	6.5	**2.4**	1.8
Capital losses	**-**	-	**2.2**	2.3
Deferred tax asset relating to pension deficit	**64.2**	64.9	**7.8**	9.3
	77.2	74.7	**12.4**	13.4

The Group does not recognise an asset of £17.6m (2016: £28.6m) in respect of UK capital losses generated from disposals in previous years trading losses that have arisen and accelerated capital allowances due to uncertainty concerning the timescale of its recoverability.

The Company does not recognise an asset of £17.6m (2016: £17.8m) in respect of UK capital losses generated from disposals in previous years, trading losses that have arisen and accelerated capital allowances due to the uncertainty concerning the timescale of its recoverability.

21 Financial instruments

The Group has the following financial instruments:

	2017	2016
Financial assets that are debt instruments measured at amortised cost	**£m**	£m
Trade debtors (note 16)	**93.2**	87.3
Amounts receivable under finance lease (note 16)	**0.2**	0.7
Amounts owed by joint ventures and associates (note 16)	**6.0**	1.3
Prepayments and accrued income (note 16)	**22.1**	19.7
Other debtors (note 16)	**17.1**	19.5
	138.6	128.5

	2017	2016
Financial liabilities measured at amortised cost	**£m**	£m
Bank loans, overdrafts and working capital facilities (note 19)	**63.8**	35.1
Finance leases (notes 17,18)	**1.6**	1.6
Amounts owed to joint ventures and associates (note 17)	**0.2**	0.7
Trade creditors (note 17)	**73.9**	68.4
Accruals and deferred income (notes 17,18)	**56.9**	74.8
Other creditors (notes 17,18)	**22.0**	15.1
	218.4	195.7

Financial instruments are measured at fair value.

Derivative financial instruments - Forward contracts

The Group enters into forward foreign contracts to mitigate the exchange rate risk for certain foreign currency transactions. At 31 December 2017, the outstanding contracts all mature within 7 months (2016: 7 months) of the year end.

At 31 December 2017, the Group was committed to sell AUD 5.6m at fixed rates between 1.6642 and 1.7468.

At 31 December 2016, the Group was committed to sell AUD 5.4m at fixed rates between 1.7182 and 1.7867.

At 31 December 2017, the fair value of forward contracts was less than £0.1m (2016: £(0.1)m).

Derivative financial instruments - Interest rate swaps

There were no interest rate swaps outstanding at the year ended 31 December 2017 (2016: nil).

Company

The Company has taken advantage of the exemption, under FRS 102 paragraph 1.12(c), from presenting disclosures in relation to financial instruments on the basis that the Group prepares the equivalent consolidated disclosures.

22 Provisions for liabilities

Group

	Warranties £m	Property £m	Total £m
At 1 January 2017	0.5	17.4	**17.9**
Charge in the year	-	4.3	**4.3**
Reversed in the year	-	(1.4)	**(1.4)**
Unwinding of discount	-	0.2	**0.2**
Utilised in year	(0.1)	(1.6)	**(1.7)**
At 31 December 2017	**0.4**	**18.9**	**19.3**

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 three years.

Property

The property provision is in respect of contractual obligations primarily in relation to onerous leases on vacant properties and in relation to dilapidations. The charge in respect of the unwinding of discounting of provisions is included in net other finance charge (note 8). Where it is probable that the Group will not be required to settle a provision, the provision is released. These provisions are expected to be fully utilised at the end of the respective leases, which vary between 1 and 64 years. A discount rate of between 0.4% - 1.8% has been applied (2016: 0.1% - 1.9%).

23 Pension commitments

The Group operates several pension schemes in the United Kingdom, the largest being the Unipart Group Pension Scheme and the Unipart Group Retirement Benefits Scheme. The assets of these pension schemes are held separately from those of the Group in trustee administered funds. The schemes are principally funded defined benefit schemes. Liabilities are assessed in accordance with the advice of an independent qualified actuary using the projected unit method. 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 the defined benefit sections of these two schemes made in the year were £13.9m (2016: £6.6m).

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.

The latest available formal comprehensive actuarial valuations of the Unipart Group Pension Scheme and the Unipart Group Retirement Benefits Scheme were carried out as at 31 December 2014 by AON Hewitt Limited. Based on this data, the value of the schemes' liabilities has been updated by AON Hewitt Limited to assess the liabilities of the schemes at 31 December 2017 for the purposes of FRS 102. Scheme assets are stated at their market value at 31 December 2017.

The disclosures for all of the Group's defined benefit arrangements are aggregated below. Estimated contributions to be paid into the Group schemes in the coming year are £12.5m.

Total contributions made in the year to defined contribution sections of the Group's schemes were £4.5m (2016: £5.0m). At the year end there was an accrual of £0.3m for unpaid pension contributions (2016: £nil).

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

	2017	2016
Rate of general increase in salaries	**3.14%**	3.19%
Rate of increase in pensions in payment	**2.94%**	2.97%
Rate of increase in deferred pensions	**2.29%**	2.34%
RPI inflation rate	**3.14%**	3.19%
Discount rate	**2.63%**	2.86%

A review of mortality for scheme members was conducted in preparation for the actuarial valuations as at 31 December 2014 and the demographic assumptions used in assessing the FRS 102 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 2036 for male pensioners at age 65	23 years
Retirement in this year for female pensioners at age 65	24 years
Retirement in 2036 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.

23 Pension commitments (continued)

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.

Group

The fair value of total scheme assets was:

	2017 £m	2016 £m
Equities / absolute return funds	**249.2**	246.7
Government bonds	**36.8**	36.3
Corporate bonds / LDI	**159.3**	113.7
Property / infrastructure	**65.0**	63.0
Other	**89.5**	102.0
Total fair value of assets	**599.8**	561.7
Present value of funded pension plans' liabilities	**(976.0)**	(943.1)
Deficit in funded plans	**(376.2)**	(381.4)
Unrecognised assets due to surplus restriction	**(1.1)**	(0.7)
Total deficit in plans	**(377.3)**	(382.1)

The Group pension deficit of £377.3m (2016: £382.1m) includes £9.2m (2016: £8.7m) in respect of the employers' share of the deficit of the Railways Pension Scheme, which is a 'shared cost' scheme, whereby costs are split 60:40 between employers and members.

The movements in the fair value of scheme assets and present value of scheme liabilities during the year were:

	Liabilities £m	Assets £m	Total £m
At 1 January 2017	(943.1)	561.7	(381.4)
Scheme administration costs	-	(0.9)	(0.9)
Current service cost	(1.3)	-	(1.3)
Interest (cost)/income	(25.8)	14.8	(11.0)
Contributions by members	(0.6)	0.6	-
Contributions by Company	-	11.5	11.5
Benefits paid	29.4	(29.4)	-
Actuarial (loss)/gain	(32.9)	39.8	6.9
Members' share	(1.7)	1.7	-
At 31 December 2017	**(976.0)**	**599.8**	**(376.2)**

23 Pension commitments (continued)

Scheme assets include an interest in shares in the Company valued at £16.0m (2016: £14.2m). Scheme assets do not include any property occupied by any members of the Group. The actual total return on scheme assets in the year was a gain of £54.6m (2016: £79.2m).

The Consolidated Profit and Loss Account includes the following amounts:

	2017	2016
	£m	£m
Current service cost	**(1.3)**	(1.1)
Scheme administration costs	**(0.9)**	(1.1)
Interest costs	**(11.0)**	(10.7)
	(13.2)	(12.9)

23 Pension commitments (continued)

Company

The Company operates the Unipart Group Retirement Benefit Scheme.

The fair value of total scheme assets was:

	2017 £m	2016 £m
Equities / absolute return funds	**27.7**	29.6
Corporate bonds / LDI	**28.2**	15.3
Property / infrastructure	**10.8**	11.5
Other	**17.9**	17.7
Total fair value of assets	**84.6**	74.1
Present value of funded pension plan's liabilities	**(129.7)**	(128.2)
Total deficit in plan	**(45.1)**	(54.1)

The movements in the fair value of scheme assets and present value of scheme liabilities during the year were:

	Liabilities £m	Assets £m	Total £m
At 1 January 2017	(128.2)	74.1	(54.1)
Scheme administration costs	-	(0.1)	(0.1)
Interest (cost)/income	(3.6)	2.1	(1.5)
Contributions by Company	-	4.5	4.5
Benefits paid	5.4	(5.4)	-
Actuarial (loss)/gain	(3.3)	9.4	6.1
At 31 December 2017	**(129.7)**	**84.6**	**(45.1)**

Scheme assets include an interest in shares in the Company valued at £3.8m (2016: £2.4m). Scheme assets do not include any property occupied by any members of the Group. The actual total return on scheme assets in the year was a gain of £11.5m (2016: £11.9m).

The Company Profit and Loss Account includes the following amounts:

	2017 £m	2016 £m
Scheme administration costs	**(0.1)**	(0.1)
Interest costs	**(1.5)**	(1.7)
	(1.6)	(1.8)

Total contributions made by the Company in the year to defined contribution section of the Company's schemes were £0.3m (2016: £0.5m). At the year end there was no accrual for unpaid pension contributions (2016: £nil).

24 Called up share capital

The share capital comprises 'A', 'D' and 'E' Ordinary shares of ½p each. 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.

Group and Company	**2017**	2016
	£m	£m
72.3 million (2016: 72.3 million) 'A' Ordinary shares of ½p each	0.4	0.4
7.0 million (2016: 7.0 million) 'D' Ordinary shares of ½p each	-	-
2.3 million (2016: 2.3 million) 'E' Ordinary shares of ½p each	-	-
	0.4	0.4

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

25 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 between July 2008 and September 2010 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.

26 Reserves

Share premium account

The share premium account represents amounts received above par value in return for shares within the Company.

Revaluation reserve

Revaluation reserve represents accumulated revaluation gains and losses for the year and prior years.

Capital redemption reserve

The capital redemption reserve is non-distributable and represents amounts that have been transferred following the purchase of the Company's own shares.

Profit and loss account

The profit and loss account represents accumulated comprehensive income for the year and prior years less dividends paid.

27 Acquisitions

On 20 January 2017, the Group acquired 100% of the ordinary share capital of Key Fasteners Limited.

The assets and liabilities acquired are as follows:

	Fair Value
	£m
Net assets	0.9
Cash at bank	0.8
	1.7
Consideration paid	(3.6)
Contingent consideration	(0.9)
Goodwill	**(2.8)**

The goodwill is expected to be amortised over five to 10 years.

Since the date of acquisition, turnover of £2.5m and a profit of £0.4m in relation to Key Fasteners Limited has been included in the Consolidated Profit and Loss Account.

On 3 February 2017, the Group acquired 86.78% of the ordinary share capital of Instrumentel Limited.

The assets and liabilities acquired are as follows:

	Fair Value
	£m
Net liabilities	(0.5)
Consideration paid	(0.6)
	(1.1)
Minority interest	0.1
Goodwill	**(1.0)**

The goodwill is expected to be amortised over five to 10 years.

Since the date of acquisition, turnover of £0.5m and no profit in relation to Instrumentel Limited has been included in the Consolidated Profit and Loss Account.

27 Acquisitions (continued)

On 10 February 2017, the Group acquired 100% of the ordinary share capital of Samuel James Engineering Limited.

The assets and liabilities acquired are as follows:

	Fair Value
	£m
Net assets	0.5
Cash at bank	3.9
	4.4
Consideration paid	(6.5)
Contingent consideration	(1.6)
Goodwill	**(3.7)**

The goodwill is expected to be amortised over five to 10 years.

Since the date of acquisition, turnover of £5.8m and a profit of £0.8m in relation to Samuel James Engineering Limited has been included in the Consolidated Profit and Loss Account.

On 12 July 2017, the Group acquired the remaining 50% of the ordinary share capital of its former joint venture investment Van Wezel Austria GmbH.

The assets and liabilities acquired are as follows:

	Fair Value
	£m
Tangible fixed assets	0.1
Stocks	0.6
Other net current liabilities	(0.5)
	0.2
Consideration paid	(0.4)
Goodwill	**(0.2)**

The goodwill is expected to be amortised over 10 years.

Since the date of acquisition, turnover of £3.0m and a profit of £0.1m in relation to Van Wezel Austria GmbH has been included in the Consolidated Profit and Loss Account.

28 Notes to the cash flow statement

	2017	2016
	£m	£m
Profit on ordinary activities after taxation	**14.1**	8.7
Adjustments for:		
Tax on profit	**(0.1)**	2.3
Net interest expense	**12.9**	12.8
Exceptional items	**5.2**	4.5
Income from interests in associated undertakings	**(5.6)**	(6.3)
Operating profit	**26.5**	22.0
Amortisation of intangible assets	**1.1**	0.4
Depreciation of tangible assets	**5.0**	4.8
Profit on disposal of tangible assets	**(4.1)**	(0.7)
Gain on revaluation of property	**(0.2)**	(0.3)
Working capital movements:		
- Increase in stock	**(7.2)**	(4.4)
- (Increase)/decrease in debtors	**(7.0)**	4.4
- Decrease in creditors	**(12.1)**	(6.7)
Increase in provisions	**1.2**	2.0
Cash relating to exceptional items	**-**	(0.3)
Difference between pension service charge and cash contributions	**(9.3)**	(6.3)
Cash flow from operating activities	**(6.1)**	14.9

Analysis of changes in net funds/(debt)

	1 January 2017	Cash flow	Non-cash movement	31 December 2017
	£m	£m	£m	£m
Cash at bank and in hand	**51.9**	10.6	(0.1)	**62.4**
Bank overdrafts	**(16.4)**	(2.0)	0.1	**(18.3)**
Cash and cash equivalents	**35.5**	**8.6**	**-**	**44.1**
Debt:				
Finance leases	**(1.6)**	-	-	**(1.6)**
Debts due within one year	**(4.9)**	(26.1)	-	**(31.0)**
Debts falling due after more than one year	**(13.8)**	(0.3)	(0.4)	**(14.5)**
Total debt excluding cash and overdrafts	**(20.3)**	**(26.4)**	**(0.4)**	**(47.1)**
Net funds/(debt)	**15.2**	**(17.8)**	**(0.4)**	**(3.0)**

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

29 Capital commitments

At 31 December, the Group and Company had capital commitments as follows:

	2017	2016
	£m	£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

	Group	Group	**Company**	Company
	2017	2016	**2017**	2016
	£m	£m	**£m**	£m
Guarantees for export trading and loan facilities	**0.9**	0.9	**-**	-

Under the Group's banking arrangements, the Company, together with certain of its subsidiary undertakings, has given security, by way of fixed charges over certain assets, to guarantee bank loans provided to the Group. The amount guaranteed by the Company outstanding at 31 December 2017 was £5.2m (2016: £6.3m).

31 Operating lease commitments

At 31 December, the Group had total future minimum lease payments under non-cancellable operating leases as follows:

	2017	2016
	£m	£m
Expiry date		
Within 1 year	**27.9**	28.4
Between 2 and 5 years	**57.8**	58.0
After more than 5 years	**10.4**	15.7

The Company had no operating lease commitments at 31 December 2017 (2016: £nil).

32 Related party transactions

During the year the Group entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading balances outstanding at 31 December, are as follows:

	2017	2016
	£m	£m
Entities over which the Group has joint control or significant influence		
Sales to related parties	12.2	5.3
Purchases from related parties	4.3	5.5
Payments made on behalf of related parties	13.4	12.4
Balances due from related parties (note 16)	6.0	1.3
Balances owed to related parties (note 17)	0.2	0.7
Dividends from related parties	2.7	5.0

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made by the Group for doubtful debts in respect of the amounts owed by related parties.

Information regarding transactions with key management personnel is included in note 10.

The Company has taken advantage of the exemption, under FRS 102 paragraph 1.12(e), from disclosing transactions with other wholly owned Group companies and from representing disclosures in relation to key management personnel on the basis that the Group prepares the equivalent consolidated disclosure.

33 Group undertakings

33.1 Subsidiary undertakings

At the year end, the Group's 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	
Van Wezel Austria GmbH	Austria
Schloßmühlstraße 15b, 2320 Schwechat, Austria	
Serck Services (Bahrain) EC	Bahrain
PO Box 3214, Manama, Bahrain	
Van Wezel Autoparts NV	Belgium
Industriepark 3300, Tienen, Belgium	
Unipart NV	Belgium
Industriepark 3300, Tienen, Belgium	
Unipart Logistics s.r.o	Czech Republic
Praha 1, Nove Mesto, Vaclavske namesti 832/19, Czech Republic	
Instrumentel Limited *	England
Key Fasteners Limited *	England
Park Signalling Limited *	England
Samuel James Engineering Limited *	England
Unipart Accelerated Logistics Limited *	England
Unipart Exports Limited *	England
Unipart Group Limited * (i)	England
Unipart Logistics Limited *	England
Unipart North America Limited *	England
Unipart Rail Limited *	England
Unipart Security Solutions Limited *	England
Unipart DCM Service GmbH i.L	Germany
Stockstadter Str. 10,63763 Grossostheim, Germany	
Van Wezel GmbH	Germany
Südfeld 7, 59174 Kamen, Germany	
Intertruck Deutschland GmbH	Germany
Siemensstraße 31, 47533, Kleve, Germany	
Intertruck Benelux BV	Netherlands
Koddeweg 10, 3194 DH Hoogvliet, Netherlands	
Van Wezel Nederland BV	Netherlands
Koddeweg 10, 3194 DH Hoogvliet, Netherlands	
HD Fleet Solutions BV	Netherlands
Koddeweg 10, 3194 DH Hoogvliet, Netherlands	
Serck Services (Oman) LLC (49%) (ii)	Oman
PO Box 1056, Ruwi 112, Sultanate of Oman	
Unipart Services Spain, S.L.	Spain
Avenida del Sistema Solar, 19, Nave 5 y 6, San Fernando de Henares, 28830, Spain	
Intertruck Holding Limited	UAE
Level 15 Rolex Tower, Sheikh Zayed Rd, Dubai, UAE	
Intertruck MENA LLC (49%) (ii)	UAE
1068-0 Apricot Building, Dubai, UAE	
Serck Services (Gulf) Limited (49%) (ii)	UAE
PO Box 5834, Sharjah, UAE	
Serck Services Company LLC (49%) (ii)	UAE
PO Box 4439, Abu Dhabi, UAE	

33 Group undertakings (continued)

Africa, Americas and Rest of the World	
Unipart Group Australia Pty Limited	Australia
PricewaterhouseCoopers, 201 Sussex Street, Sydney, NSW 2000, Australia	
Unipart Services Canada Inc	Canada
317 Rutherford Road South, Brampton, Ontario, L6W 3R5, Canada	
Unipart Logistics (Suzhou) Trading Co., Limited	China
No.88 Xian Dai Avenue, Suzhou Industrial Park, China	
Unipart (Suzhou) Logistics Co., Limited	China
Room 901, 9th Floor, Xian Dai Logistics Tower, No.88 Xian Dai Avenue, Suzhou Industrial Park, China	
Unipart Kabushiki Kaisha	Japan
6F Seifun-Kaikan, 15-6 Nihonbashi-Kabutocho, Chuo-ku, Tokyo, 103-0026, Japan	
Unipart Services India Private Limited	India
Office No. 224, Sector 30-A, Platinum Techno Park, Vashi, Navi Mumbai - 400703, Maharashtra, India	
Intertruck Africa Limited	Kenya
1/1228 Chaka Place, Argwings Khodek Rd, Nairobi, Kenya	
Unipart Korea Yuhan Hoesa	Korea
4F The Exchange Seoul Bldg., 21 Mukyo-ro, Jung-gu, Seoul 100-722, Korea	
Rail Supply Chain Services Malaysia Sdn Bhd	Malaysia
Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No.1, Leboh Ampang, 50100 Kuala Lumpar, Malaysia	
Unipart Rail Malaysia Sdn Bhd	Malaysia
Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No.1, Leboh Ampang, 50100 Kuala Lumpar, Malaysia	
UL Logistics Pty Ltd	South Africa
2 Eglin Road, Sunninghill, 2157, South Africa	
Unipart Services America Inc	USA
85 Chestnut Ridge Rd, Suite 211, Montvale, NJ 07645, USA	
Serck Services Inc	USA
5501 Pearl Street, Denver, CO 80216, USA	
Intertruck Africa Limited	Zambia
Plot 6940, Buyantanshi Road, Lusaka, Zambia	
Manufacturing and engineering solutions	
Metlase Limited (80%) * (i)	England
Unipart International Holdings Limited *	England
Unipart Powertrain Applications Limited *	England
Group vehicle and property holding companies	
LGUA17 Limited *	England
Unipart Fleet Services Limited *	England
UGC Properties Limited * (i)	England
Unipart Property Netherlands BV	Netherlands
Koddeweg 10, 3194 DH Hoogvliet, Netherlands	

33 Group undertakings (continued)

Intermediate holding companies

UGC(2015) Limited * (i)	England
Unipart Rail Holdings Limited * (i)	England
UGC Holdings BV Koddeweg 10, 3194 DH Hoogvliet, Netherlands	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.

* Registered address is Unipart House, Garsington Road, Cowley, Oxford, OX4 2PG, England

33.2 Joint ventures and associates

The Group's 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

UGL Unipart Rail Services Pty Limited (30%) Level 10, 40 Miller Street, North Sydney, NSW, 2060 Australia	Australia
ACI Auto Components International SRO (29%) Delostrelecka 190/19, 162 00 Praha 6, Czech Republic	Czech Republic
Lucchini Unipart Rail Limited (40%) Ashburton Park Wheel Forge Way, Trafford Park, Manchester, M17 1EH, England	England

Manufacturing and engineering solutions

Kautex Unipart Limited * (i)	England

(i) Shares held directly by the Company

* Registered address is Unipart House, Garsington Road, Cowley, Oxford, OX4 2PG, England

33 Group undertakings (continued)

33.3 Non-trading subsidiaries and associates

The Group's non-trading subsidiary undertakings are set out below. Unless otherwise stated, the holdings are 100% of the voting rights and ordinary shares.

Carbitz Otley Limited *	England
Dorman Traffic Products Limited *	England
Dorman Traffic Products Pension Trustees Limited *	England
EW (Holdings) Limited *	England
Gresty Road 2005 Holdings Limited *	England
Gresty Road Supplies Limited *	England
H.Burden Pension Trustees Limited * (i)	England
HCSU10 Limited * (i)	England
HCSU13 Limited *	England
HCSU16 Limited *	England
LGUA15 Limited *	England
LGUA16 Limited * (i)	England
LGUA18 Limited *	England
Lucchini UK Limited (40%)	England
Ashburton Park, Wheel Forge Way, Trafford Park, Manchester, M17 1EH, England	
Partco Limited *	England
Railpart (UK) Limited *	England
Secura-Cam (U.K.) Limited *	England
Serck Limited * (i)	England
Truck & Trailer Components Limited *	England
Truckparts Limited *	England
UGC JV Pension Trustees Limited * (i)	England
UGC Pension Trustees Limited * (i)	England
UGC Rail Investments Limited * (i)	England
UGC Retirement Benefits Trustees Limited * (i)	England
UJF Limited * (i)	England
Unipart PA Trustees Limited * (i)	England
Unipart Rail Logistics Limited *	England
UGC Pension Shareholding Limited	Isle of Man
1st Floor, Sixty Circular Road, Douglas, IM1 1AE, Isle of Man	
UGC Pension Funding LP (ii)	Scotland
50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, Scotland	
UGC GP Scotland Limited (i)	Scotland
50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, Scotland	

(i) Shares held directly by the Company

(ii) A Scottish Limited Partnership

* Registered address is Unipart House, Garsington Road, Cowley, Oxford, OX4 2PG, England.

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