

Registered No. 658368 (England)

Unipart Automotive Limited

Report and Accounts

For the year ended 31 December 2005



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Company information

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Directors:

P M Dessain
C Etherington
J J Healey
A J Mourgue
J M Neill

Secretary:

M D Rimmer

Registered Office:

Unipart House
Cowley
Oxford
OX4 2PG

Registered Number:

658368

Auditors:

PricewaterhouseCoopers LLP
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

Directors' report

For the year ended 31 December 2005

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The directors present their report together with the audited financial statements for the year ended 31 December 2005.

Principal activity and review of business

The principal activity of Unipart Automotive Limited (the "Company") continues to be the distribution of components to the automotive aftermarket in the United Kingdom.

During the year, the Company acquired the trade and net assets of Truck and Trailer Components and Unipart Marine and Leisure from E W (Holdings) Limited and H Burden Limited respectively, both fellow subsidiaries of the Unipart Group of Companies. In addition, the shares of UGC Europe Limited, an intermediate holding company and a fellow subsidiary, were transferred from Unipart Automotive Holdings Limited to the Company during the year. These transactions were settled by means of intercompany accounts with the respective companies. These acquisitions have resulted in all of the Unipart Automotive businesses being held within the Company, part of the reorganisational strategy of the business. The Company also remains the immediate parent company of Port Brake Services Limited, a non-trading company.

The directors are satisfied with the financial performance and position of the Company and look forward to increased activity in the coming financial year.

Results for the year

The results for the year are set out in the profit and loss account on page 6. The directors do not propose the payment of a dividend (2004 - £nil).

Directors and directors' interests

The current directors are shown on page 2 and have served throughout the year. None of the directors serving at the year-end had any interest, at any time during the year, in the share capital of the Company or any of the Company's subsidiaries. There was no contract subsisting during or at the end of the financial year in which any director of the Company had a material interest; however, during the year an indemnity from the Company was available to the directors against liabilities incurred by them in defending proceedings against them in relation to the affairs of the Company. The indemnity is subject to the provisions of the Companies Act and is set out in the Articles of Association.

C Etherington, A J Mourgue and J M Neill are directors of the ultimate holding company, UGC Limited, and their interests in the shares of that company are disclosed in the UGC Limited Annual Report.

The interests of other directors in the share capital of UGC Limited are shown below.

	'A' Ordinary shares of 0.5p each		'E' Ordinary shares of 0.5p each	
	2005 Number	2004 Number	2005 Number	2004 Number
Beneficial Holdings				
P M Dessain	76,596	76,596	180,000	180,000
J J Healey	33,900	33,900	37,500	37,500
Non Beneficial Holdings				
P M Dessain	28,025	28,025	-	-
Ordinary shares under option		2005 Number		2004 Number
P M Dessain		200,000		200,000
J J Healey		220,000		220,000

As employees of the Unipart Group of Companies, each of the above directors is deemed by Section 324 of the Companies Act 1985 to be interested in the shares held by the Group Share Trust for the benefit of Group employees. The interest of the Group Share Trust in the shares of UGC Limited was as follows:-

	2005 Number	2004 Number
'A' Ordinary shares of 0.5p each	15,191,387	15,190,202

Unipart Automotive Limited

Employees

The Company 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 Company, via regular briefings, on-site training, employee forums and through our in-house video, Grapevine. Staff involvement in the Company's performance is encouraged through employee bonus and share schemes. The Company's aim for all members of staff and applicants for employment is to fit the qualifications, aptitude and ability of each individual to the appropriate job, and to provide equal opportunity regardless of sex, religion or ethnic origin. The Company 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.

Overseas branches

The Company principally operates in the United Kingdom, however the Company does operate a branch in Belgium and a branch in the Republic of Ireland.

Going concern

The board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements, which are shown on pages 6 to 19.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution to reappoint them will be proposed at the annual general meeting.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. The directors are required to prepare financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently except for the adoption of FRS 21, 'Events after the balance sheet date', the presentation requirements of FRS 25, 'Financial instruments: Disclosure and presentation' and FRS 28, 'Corresponding amounts' as detailed on page 8. They also confirm that reasonable and prudent judgements and estimation techniques have been made in preparing the financial statements for the year ended 31 December 2005 and that applicable accounting standards have been followed. The directors confirm that the going concern basis has been applied in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. They are also responsible for taking such steps as would be expected to avail themselves of any relevant audit information and to establish that the auditors of the Company are aware of that information.

The directors confirm that these financial statements comply with the aforementioned requirements and that as far as they are aware there is no relevant audit information of which the auditors of the Company are unaware.

On behalf of the Board



M D Rimmer
Company Secretary

Oxford, 6 March 2006

Independent auditors' report to the members of Unipart Automotive Limited

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We have audited the financial statements of Unipart Automotive Limited for the year ended 31 December 2005 which comprise the profit and loss account, balance sheet and statement of total recognised gains and losses together with the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of directors' responsibilities, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
Birmingham, 6 March 2006

Unipart Automotive Limited

Financial Statements

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Profit and loss account			
<i>For the year ended 31 December 2005</i>			
	Note	Year ended 31 Dec 2005 £000	Year ended 31 Dec 2004 £000
Turnover	2	328,224	342,017
Operating loss before exceptional items		(2,646)	(6,019)
Exceptional items within operating loss	4(a)	5,608	-
Operating profit/(loss) after exceptional items	3	2,962	(6,019)
Income from fixed asset investments		11,700	-
Loss on disposal of businesses	4(b)	(1,057)	-
Profit/(loss) on operating activities before interest and taxation		13,605	(6,019)
Net interest payable	8	(1,885)	(1,811)
Profit/(loss) on ordinary activities before taxation		11,720	(7,830)
Taxation on profit/(loss) on ordinary activities	9	3,366	3,822
Profit/(loss) for the financial year	19	15,086	(4,008)

The results for the year relate to continuing operations.

There was no difference between the profit reported above and the profit on a historical cost basis.

Statement of total recognised gains and losses			
<i>For the year ended 31 December 2005</i>			
		Year ended 31 Dec 2005 £000	Year ended 31 Dec 2004 £000
Profit/(loss) for the financial year	19	15,086	(4,008)
Exchange adjustments	19	(22)	19
Total gains and losses recognised relating to the year		15,064	(3,989)

The notes on pages 8 to 19 form part of these financial statements.

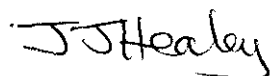
Unipart Automotive Limited

Balance Sheet

As at 31 December 2005

	Note	2005 £000	2004 £000
<i>Fixed assets</i>			
Intangible assets	10	522	562
Tangible assets	11	10,608	9,900
Investments	12	25,000	-
		<u>36,130</u>	<u>10,462</u>
<i>Current assets</i>			
Stocks	13	54,470	50,785
Debtors - amounts falling due within one year	14	207,701	225,511
Debtors - amounts falling due after more than one year	14	3,105	1,655
Cash at bank and in hand		3,106	6,352
		<u>268,382</u>	<u>284,303</u>
Creditors - amounts falling due within one year	15	(244,014)	(230,035)
<i>Net current assets</i>		<u>24,368</u>	<u>54,268</u>
<i>Total assets less current liabilities</i>		<u>60,498</u>	<u>64,730</u>
Creditors - amounts falling due after more than one year	16	(5,173)	(25,198)
Provisions for liabilities and charges	17	(12,840)	(12,318)
Net pension liabilities	21	(207)	-
Net assets		<u>42,278</u>	<u>27,214</u>
<i>Capital and reserves</i>			
Called up share capital	18	25,678	25,678
Share premium account	19	3,978	3,978
Profit and loss reserve	19	12,622	(2,442)
Total shareholders' funds	20	<u>42,278</u>	<u>27,214</u>

The financial statements on pages 6 to 19 were approved by the board of directors on 6 March 2006 and were signed on its behalf by



J J HEALEY - Director

The notes on pages 8 to 19 form part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2005

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1 Accounting policies

The financial statements have been prepared in accordance with applicable United Kingdom law and accounting standards. The policies are consistent with the previous year except for the adoption in the year of FRS 21, 'Events after the balance sheet date', the presentation requirements of FRS 25, 'Financial instruments: Disclosure and presentation' and FRS 28, 'Corresponding amounts'. The adoption of these standards has not impacted the comparative figures and therefore there is no prior year adjustment. As a result, it has not been necessary for the Company to take advantage of the exemption afforded by FRS 25 not to restate the prior year comparatives. A summary of the principal accounting policies is given in the following paragraphs.

Accounting convention

The financial statements are prepared under the historical cost convention.

Consolidated financial statements

Consolidated financial statements have not been prepared by the Company as it and its subsidiary undertakings ('the Group') are included by full consolidation in the consolidated financial statements of its ultimate parent company, UGC Limited, a company registered in England and Wales.

Cash flow statement

The Company is a wholly owned subsidiary of a group whose ultimate parent company is UGC Limited. The financial statements of UGC Limited, which are publicly available, include a consolidated cash flow statement. Accordingly, the Company has taken advantage of the exemption from preparing a cash flow statement, under the terms of FRS 1 (revised 1996), 'Cash flow statements'.

Goodwill

Goodwill, being the excess of the purchase consideration of businesses acquired over the Group's share of the fair value of assets and liabilities acquired, is being written off through the profit and loss account on a straight line basis over periods up to twenty years, which represent the useful economic lives of those assets.

Tangible fixed assets

All tangible fixed assets are carried at cost less depreciation with provision for impairment. Depreciation on the cost of tangible fixed assets is provided over the following periods on a straight-line basis, to write off the assets over their estimated useful lives from the date they are brought into use.

Asset	Estimated Useful Life
Long and short leasehold land and buildings	The period of the lease up to a maximum of 40 years
Fixed plant, machine tools and major equipment	6 to 10 years
Computer controlled factory equipment	6 to 8 years
Office equipment and furniture	8 years
Works equipment, shop fittings and special tools	4 to 8 years
Computer equipment and software	1 to 4 years
Vehicles	3 years

Investments

Fixed asset investments, which include only subsidiary undertakings, are included in the balance sheet at cost.

Impairment of fixed assets and goodwill

Impairment provisions are calculated by comparing the net book value of fixed assets or goodwill with the higher of the post-tax net realisable value and the value in use. The value in use of an asset is calculated using a comparison of the associated future expected cash flows and the net book value of the asset.

Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

1 Accounting policies (continued)**Stocks**

Stocks are stated at the lower of cost and net realisable value. Net realisable value is calculated as the actual selling price, net of trade discounts, less any costs to completion and all related selling and distribution costs.

Property provisions

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

In addition, provision is made for the best estimate of unavoidable future lease payments when the lease becomes onerous, net of amounts that can be reasonably expected to be recovered from sub-tenants to which the respective property has been sub-let and discounted where material.

Pension costs

The Company accounts for pension and post-retirement benefit schemes in accordance with FRS 17, 'Retirement benefits'. The Company is a participating employer in the UGC Limited Group defined benefit schemes and is unable to identify its share of the underlying assets and liabilities in those schemes on a consistent and reasonable basis. The Company therefore accounts for its contributions to the scheme as if it were a defined contribution scheme in accordance with FRS 17.

The company also operates a defined benefit scheme. For defined benefit schemes where the amounts of the underlying liabilities and assets can be identified the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Where defined benefit schemes are funded, the assets of the scheme are held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred taxation, is presented separately after other net assets on the face of the balance sheet.

Foreign currencies

The profit and loss accounts of overseas activities are translated into sterling at average rates of exchange. Balance sheet accounts 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 period end adjustment to closing rates of profit and loss accounts translated at average rates, are taken to reserves.

Exchange differences arising in the normal course of trading and on the translation of monetary assets and liabilities are taken through the profit and loss account.

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 profit and loss account over the term of the facility.

1 Accounting policies (continued)**Related party transactions**

The Company is controlled by UGC Limited. The Company has taken advantage of the exemption afforded by FRS 8, 'Related party disclosures', paragraph 3, and as such, the financial statements do not disclose transactions with other Group companies.

Deferred taxation

Deferred taxation is accounted for to recognise timing differences between the recognition of gains and losses in the financial statements and their recognition for taxation purposes, in accordance with FRS 19, 'Deferred tax'. A deferred tax liability is recognised if transactions or events result in the Company 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 Company the right to pay less tax in future, and it is considered to be more likely than not that the asset will be recovered. Deferred tax balances are not discounted.

Significant estimation techniques

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

Turnover

Turnover is based on the invoiced value of goods and services supplied during the year, net of discounts. Rental income from operating leases is recognised on a straight-line basis over the period of the lease. Turnover excludes VAT and other sales taxes.

2 Segmental reporting

In the opinion of the directors, the Company operates in a single business segment and principally in the United Kingdom, where all significant operations are controlled and thus where turnover originates.

Notes to the financial statements (continued)

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For the year ended 31 December 2005

3 Operating profit/(loss) after exceptional items

	Year ended 31 Dec 2005 £000	Year ended 31 Dec 2004 £000
Turnover	328,224	342,017
Cost of sales	(202,705)	(210,488)
Gross profit	125,519	131,529
Distribution costs	(113,816)	(117,647)
Administrative expenses	(8,741)	(19,901)
Operating profit/(loss)	2,962	(6,019)

Included within the distribution costs and administrative expenses are exceptional charges of £5,608,000 (2004: £nil). See note 4.

	Year ended 31 Dec 2005 £000	Year ended 31 Dec 2004 £000
Operating profit/(loss) is stated after charging:		
Depreciation of owned tangible fixed assets (includes impairment release of £311,000, 2004: £795,000)	2,240	2,208
Amortisation of goodwill	40	40
Loss on the disposal of fixed assets	506	647
Lease of land and buildings	8,689	8,974
Hire of plant and other machinery	6,721	8,070
Auditors' remuneration for audit work	186	211
Auditors' remuneration for non-audit work	193	12

4 Exceptional items

	Year ended 31 Dec 2005 £000	Year ended 31 Dec 2004 £000
<i>a) Recognised in arriving at operating profit/(loss)</i>		
Re-organisation costs (i)	(4,399)	-
Loan waiver (ii)	10,007	-
Total recognised in arriving at operating profit/(loss)	5,608	-
<i>b) Recognised after operating profit/(loss)</i>		
Loss on disposal of businesses (iii)	(1,057)	-
Total recognised after operating profit/(loss)	(1,057)	-

(i) Costs of £4,399,000 have arisen during the year in respect of a re-organisation of the business, including costs incurred in the closure and merger of certain branches within the network; redundancies resulting from changes to the management structure; and losses incurred on the disposal of certain loss-making operations.

(ii) A credit of £10,007,000 arose during the year on the waiver of an intercompany loan owed by the Company to its ultimate parent company, UGC Limited.

(iii) A charge of £1,057,000 has been made in the accounts to provide against certain costs the Company is likely to incur as the result of International Radiators (a business previously disposed of by the Company) falling into administration.

Notes to the financial statements (continued)

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For the year ended 31 December 2005

5 Acquisitions

The Company acquired the net trading assets of E W (Holdings) Limited at 30 November 2005 and of H Burden Limited at 31 December 2005. The transaction has been satisfied through an intercompany loan account with those companies. There is no goodwill arising on these transactions and no fair value adjustments are required.

	E W Holdings Limited £000	H Burden Limited £000	Total £000
Book and fair value of assets and liabilities acquired on acquisition:			
Tangible fixed assets	95	1,668	1,763
Stocks	3,300	4,370	7,670
Trade debtors	2,400	5,846	8,246
Other debtors	34,249	4,189	38,438
Overdrafts	(2,241)	(1,130)	(3,371)
Trade creditors	(2,520)	(4,333)	(6,853)
Other creditors and accruals	(30,498)	(6,063)	(36,561)
Net pension liability (see note 21)	-	(207)	(207)
	4,785	4,340	9,125
Consideration satisfied by:			
Intercompany indebtedness	4,785	4,340	9,125

6 Staff numbers and costs

	Year ended 31 Dec 2005 Number	Year ended 31 Dec 2004 Number
<i>The average number of employees including directors during the year was :</i>		
Indirect production and warehouse	114	120
Sales, marketing and administration	3,747	3,845
	3,861	3,965
<i>The aggregate payroll cost was:</i>	£000	£000
Wages and salaries	63,910	64,682
Social security costs	4,948	4,830
Pension costs	3,689	4,133
	72,547	73,645

7 Directors' emoluments

Messrs J M Neill, A J Mourgue and P M Dessain received their remuneration in respect of services to the Unipart Group of Companies as a whole and received no remuneration from the Company. The other directors received remuneration for their services to the Company based on an apportionment as appropriate of their total remuneration as follows:

	Year ended 31 Dec 2005 £000	Year ended 31 Dec 2004 £000
Aggregate emoluments of directors	396	526

During the year, retirement benefits accrued to 1 (2004 - 1) director under a defined benefit pension scheme and to 1 (2004 - 1) director under a money purchase scheme. The contributions paid into money purchase schemes during the year totalled £42,622 (2004 - £42,622).

	Year ended 31 Dec 2005 £000	Year ended 31 Dec 2004 £000
Emoluments of the highest paid director were:		
Aggregate emoluments of director	284	383
Contributions into money purchase schemes	43	43

Notes to the financial statements (continued)

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For the year ended 31 December 2005

8 Net interest payable	Year ended 31 Dec 2005 £000	Year ended 31 Dec 2004 £000
<i>Payable in respect of:</i>		
Bank overdrafts	(1,340)	(1,375)
Amortisation of issue costs	(101)	(101)
Amounts payable to fellow subsidiaries	(186)	(67)
Unwinding of discounting of provisions	(258)	(268)
Net interest payable	(1,885)	(1,811)

9 Taxation on profit/(loss) on ordinary activities	Year ended 31 Dec 2005 £000	Year ended 31 Dec 2004 £000
<i>Current Tax:</i>		
UK Corporation Tax at 30% (2004 - 30%) for the financial year	2,742	2,484
Adjustments in respect of prior periods	128	(138)
Foreign tax for the financial year	(67)	(101)
Total current tax	2,803	2,245
<i>Deferred Tax:</i>		
Origination and reversal of timing differences	(50)	1,152
Adjustments in respect of prior periods	613	425
Total deferred tax	563	1,577
Tax credit on profit/(loss) on ordinary activities	3,366	3,822

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 30% (2004 - 30%). The actual tax credit for the year and for the previous year was lower than the standard rates. The principal reconciling items are illustrated below:

	Year ended 31 Dec 2005 £000	Year ended 31 Dec 2004 £000
Profit/(loss) on ordinary activities before tax	11,720	(7,830)
Profit/(loss) before tax multiplied by the UK tax rate of 30%	(3,516)	2,349
Capital allowances for the year in excess of depreciation	59	(580)
Movement on other timing differences	(9)	316
Permanent differences	6,673	298
Group relief surrendered without compensation	(485)	
Unrelieved overseas tax	(47)	-
Adjustments in respect of prior periods	128	(138)
Current tax credit for the year	2,803	2,245

Factors that may affect future tax charges:

Based on current capital investment plans and the level of fixed asset timing differences included within the deferred tax asset (note 14) the Company expects to continue to be able to continue to claim capital allowances in excess of depreciation in future years at a similar level to the current year.

Notes to the financial statements (continued)

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For the year ended 31 December 2005

10 Intangible fixed assetsTotal
£000*Cost*

At 1 January 2005 and 31 December 2005	1,186
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Amortisation

At 1 January 2005	624
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Charge for the year	40
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At 31 December 2005	664
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Net book value

At 31 December 2005	522
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At 31 December 2004	562
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11 Tangible fixed assets

	Land and buildings		Plant and machinery	Total
	Long leasehold	Short leasehold		
	£000	£000	£000	£000
<i>Cost</i>				
At 1 January 2005	-	7,036	31,801	38,837
External additions	-	569	1,197	1,766
External disposals	-	(507)	(2,700)	(3,207)
Intragroup additions	1,375	8	380	1,763
Intragroup disposals	-	-	(26)	(26)
Foreign exchange	-	-	4	4
At 31 December 2005	1,375	7,106	30,656	39,137
<i>Accumulated depreciation</i>				
At 1 January 2005	-	4,813	24,124	28,937
Charge for the year	-	256	1,984	2,240
External disposals	-	(347)	(2,292)	(2,639)
Intragroup disposals	-	-	(15)	(15)
Foreign exchange	-	-	6	6
At 31 December 2005	-	4,722	23,807	28,529
<i>Net book value</i>				
At 31 December 2005	1,375	2,384	6,849	10,608
At 31 December 2004	-	2,223	7,677	9,900

Included within the balance of accumulated depreciation at 1 January 2005 is an amount of £1,263,000 relating to impairments of prior periods. The impairment charges have been made to reduce the assets of certain operations within the Company to their calculated value in use. The depreciation charge for the year is stated after a net impairment release of £311,000 made in respect of assets used in operations that have improved in the year and a revised value in use has meant the previous impairment should be released. In addition, included within the accumulated depreciation on disposals is an amount of £192,000 relating to previous impairments, therefore an amount of £760,000 relating to impairments is included within the balance of accumulated depreciation at 31 December 2005.

Notes to the financial statements (continued)

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For the year ended 31 December 2005

12 Fixed asset investments

Investments in subsidiaries

	£000
<i>Cost</i>	
At 1 January 2005	-
Intragroup additions	25,000
At 31 December 2005	25,000
<i>Net book value</i>	
At 31 December 2005	25,000
At 31 December 2004	-

The Company is the immediate parent company of UGC Europe Limited, an intermediate holding company, and Port Brake Services Limited, a non-trading company, holding 100% of the share capital of each. Both subsidiaries are registered in the United Kingdom.

13 Stocks

	2005 £000	2004 £000
Finished goods and goods for resale	54,470	50,785

14 Debtors

	2005 £000	2004 £000
Trade debtors and bills receivable	50,990	48,283
Amounts owed by parent company	56,118	81,118
Amounts owed by fellow subsidiaries	86,772	88,405
Corporation Tax - Group Relief	5,096	2,094
Other debtors	3,210	494
Prepayments and accrued income	5,515	5,117
	207,701	225,511
<i>Amounts falling due after more than one year:</i>		
Other debtors	887	-
Deferred taxation	2,218	1,655
	3,105	1,655
Total debtors	210,806	227,166

Deferred taxation

	2005		2004	
	Full potential asset £000	Recognised £000	Full potential asset £000	Recognised £000
Accelerated capital allowances	1,507	1,507	1,204	1,204
Short term timing differences	378	378	154	154
Other	333	333	297	297
	2,218	2,218	1,655	1,655

	2005 £000	2004 £000
At 1 January	1,655	-
Amounts credited to the profit and loss account in the year	563	1,577
Intragroup transfer	-	78
At 31 December	2,218	1,655

Notes to the financial statements (continued)

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For the year ended 31 December 2005

15 Creditors - amounts falling due within one year

	2005 £000	2004 £000
Bank loans and overdrafts	3,533	6,920
Trade creditors	50,340	47,195
Amounts owing to fellow subsidiaries	166,133	153,894
Other taxes and social security costs	6,550	6,966
Other creditors	4,515	1,553
Accruals and deferred income	12,943	13,507
	244,014	230,035

The bank loans are secured by fixed and floating charges over certain of the Company's assets (see note 16 below).

16 Creditors - amounts falling due after more than one year

	2005 £000	2004 £000
Bank loans	5,173	25,198

The bank loans are secured by fixed and floating charges over certain of the Company's assets, principally tangible fixed assets, stocks and debtors. Bank loans and overdrafts bear interest based on LIBOR.

The bank loans reported of £5.2 million comprise £5.5 million under a working capital facility, net of issue costs. The maximum amount that might be available to the Company and certain fellow subsidiaries under the working capital facility is £84.0 million, committed until 31 December 2008. Issue costs of £0.5 million in respect of obtaining the facility are being allocated to the profit and loss account over the five year term of the facility. At 31 December 2005, the unamortised issue costs were £0.3 million (2004: £0.4 million).

17 Provisions for liabilities and charges

	£000
At 1 January 2005	12,318
Charge in the year	3,172
Utilised	(1,895)
Released in year	(1,013)
Unwinding of discounting of provisions	258
At 31 December 2005	12,840

The above provision is held in respect of contractual obligations primarily in relation to onerous leases on vacant properties and in relation to dilapidations, discounted where material. The remaining lives of these leases vary between 1 and 25 years and therefore the onerous lease provisions are expected to be utilised over that period. The dilapidation provisions are anticipated to be utilised at the end of the respective leases.

18 Called up share capital

	2005 Number	2004 Number	2005 £	2004 £
<i>Ordinary shares of £1 each</i>				
Issued and fully paid	25,678,000	25,678,000	25,678,000	25,678,000
Authorised	25,678,000	25,678,000	25,678,000	25,678,000

19 Profit and loss and other reserves

	Share premium £000	Profit & Loss reserve £000
At 1 January 2005	3,978	(2,442)
Profit for the financial year	-	15,086
Foreign exchange adjustments	-	(22)
At 31 December 2005	3,978	12,622

Unipart Automotive Limited

Notes to the financial statements (continued)

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For the year ended 31 December 2005

20 Reconciliation of movements in shareholders' funds

	2005 £000	2004 £000
Profit/(loss) for the financial year	15,086	(4,008)
Foreign exchange adjustments	(22)	19
At 1 January	27,214	31,203
At 31 December	42,278	27,214

21 Pension commitments

The UGC Limited Group, of which the Company is a subsidiary, operates two pension schemes in the United Kingdom in which the Company has employees. In the year ended 31 December 2005, the employees were in defined benefit sections and the contributions paid by the Company have been accounted for as if the scheme were a defined contribution scheme, as the Company is unable to identify its share of the underlying assets and liabilities in the schemes. The cost of regular contributions to the Group schemes amount to £3.7 million (2004 - £4.1 million), being 14% (2004 - 14%) of pensionable salary, and are based on pension costs across the Group as a whole. The latest actuarial valuation of the UGC Limited schemes was undertaken on 5 April 2004 and a Group deficit of £122.6 million (2004 - £169.2 million) has been identified for FRS 17 reporting purposes. Full disclosures in relation to the Group defined benefit schemes can be found in the UGC Limited consolidated financial statements.

On 31 December 2005, further accruals to the defined benefit sections of these pensions schemes ceased and future contributions will be made to defined contribution sections of the pension schemes.

As part of the transfer of H Burden Limited on 31 December 2005, the Company acquired its net pension liability relating to its closed defined benefit scheme. The figures presented represent the net liability as at the 31 December 2005, however the charge for the year has been borne by H Burden Limited. The figures including the comparatives have been presented for disclosure purposes only.

Employer contributions to this scheme ceased on 30 April 1999 and active employees were offered membership of the UGC Pension Scheme with effect from 1 May 1999. The latest full valuation of the scheme was carried out by the scheme actuary as at 1 October 2004 using the projected unit method. The value of the scheme's liabilities at 1 October 2004 has been updated by Hewitt, Bacon & Woodrow Ltd to assess the liabilities of the scheme at 31 December 2005 for FRS 17 purposes.

The principal assumptions used by the independent qualified actuaries in preparing the valuation of the Scheme as at 31 December 2005 for FRS 17 purposes were:

	31 December 2005	31 December 2004	31 December 2003	30 June 2003
Rate of general increase in salaries	n/a	n/a	n/a	n/a
Rate of increase in pensions in payment	2.6%	2.9%	2.8%	2.5%
Discount rate	4.9%	5.3%	5.4%	5.3%
Inflation assumption	2.7%	2.9%	2.8%	2.6%

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

	31 December 2005	31 December 2004	31 December 2003	30 June 2003
Cash and other assets	926	779	707	673
Fair value (£000)	926	779	707	673
Expected rates of return (%)	4.8%	4.5%	4.2%	4.1%

	31 December 2005 £000	31 December 2004 £000	31 December 2003 £000	30 June 2003 £000
Fair value of scheme assets	926	779	707	673
Present value of scheme liabilities	(1,222)	(1,067)	(1,071)	(1,126)
Total deficit in scheme	(296)	(288)	(364)	(453)
Related deferred tax asset	89	86	109	136
Net pension liability	(207)	(202)	(255)	(317)

Unipart Automotive Limited

For the year ended 31 December 2005

21 Pension commitments (continued)

Analysis of amount that would have been charged to operating profit/(loss)	Year ended 31 Dec 2005 £000	Year ended 31 Dec 2004 £000
Charge that would have been made to operating profit/(loss)	-	-

Analysis of amount that would have been charged to other finance charges	Year ended 31 Dec 2005 £000	Year ended 31 Dec 2004 £000
Expected return on pension scheme assets	36	30
Interest on pension schemes liabilities	(56)	(55)
Net charge	(20)	(25)

Analysis of amount that would have been recognised in the statement of total recognised gains and losses

	Year ended 31 Dec 2005 £000	Year ended 31 Dec 2004 £000
Actual return less expected return on pension scheme assets	87	48
Experience gains and losses arising on the scheme liabilities	-	69
Changes in assumptions underlying the present value of the scheme liabilities	(99)	(36)
Actuarial gain recognised in the statement of total recognised gains and losses	(12)	81

History of experience gains and losses

	Year ended 31 Dec 2005	Year ended 31 Dec 2004	6 months ended 31 Dec 2003	Year ended 30 Jun 2003	18 months ended 30 Jun 2002
<i>Actual return less expected return on pension scheme assets</i>					
Amount (£000)	87	48	3	15	(62)
As a % of scheme assets	9.4%	6.2%	0.4%	2.2%	(9.4%)
<i>Experience gains and losses on scheme liabilities</i>					
Amount (£000)	-	69	1	(38)	1
As a % of the present value of the scheme liabilities	-	6.5%	0.1%	(3.4%)	0.1%
<i>Total amount that would have been recognised in the statement of total recognised gains and losses</i>					
Amount (£000)	(12)	81	88	(190)	(85)
As a % of the present value of the scheme liabilities	(1.0%)	7.6%	8.2%	(16.9%)	(9.0%)

Movement in deficit during the period

	Year ended 31 Dec 2005 £000	Year ended 31 Dec 2004 £000
Deficit in scheme at beginning of year	(288)	(364)
Contributions	24	20
Other finance charge	(20)	(25)
Actuarial (loss)/gain	(12)	81
Deficit in scheme at end of year	(296)	(288)

Notes to the financial statements (continued)

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For the year ended 31 December 2005

22 Capital commitments	2005	2004
	£000	£000
Contracted as at year end but not provided for in the financial statements	494	384

23 Contingent liabilities

The Company has given security by way of fixed and floating charges over certain of the Company's assets, to guarantee bank loans provided to certain fellow subsidiary undertakings. There was no amount outstanding under such arrangements at 31 December 2005 other than the £5.5 million accounted for in the Company's financial statements (note 16) (2004 - £26.7 million).

24 Operating lease commitments

The Company had annual commitments under non-cancellable operating leases expiring as follows:

	Land and buildings		Other tangible assets	
	2005	2004	2005	2004
	£000	£000	£000	£000
Agreements expiring :				
- within one year	1,320	1,786	3,315	3,658
- after one year but within five years	2,769	2,720	2,333	2,721
- after five years	4,539	4,327	-	-
	8,628	8,833	5,648	6,379

25 Ultimate and immediate parent company

The Company's immediate parent company is Unipart Automotive Holdings Limited. UGC Limited, a company registered in England and Wales, is the ultimate parent company and controlling company. Copies of UGC Limited's consolidated financial statements can be obtained from the Company Secretary at Unipart House, Cowley, Oxford, OX4 2PG.