Registered No 658368 (England)

Unipart Automotive Limited
Annual Report and Accounts

For the year ended 31 December 2007

Contents

Company Information

Directors	P M Dessain J J Healey D Henderson A J Mourgue J M Neill N L Rayner
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

The directors present their report together with the audited financial statements for the year ended 31 December 2007

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 and Republic of Ireland The directors are disappointed with the financial performance and position of the Company, however they look forward to increased activity in the coming year as they drive the turnaround of the business

The Company is one of the main trading subsidiaries of the Unipart Group of Companies (the "Group") Further details on the performance of the Group, including key performance indicators, can be found in the Chairman's statement, Chief Executive's review and the Financial review in the annual report of Unipart Group of Companies Limited, which does not form part of this report

During the financial year, the Company transferred its entire shareholding in Unipart International Holdings Limited to Unipart Group Limited, a fellow subsidiary of the Unipart Group of Companies, and transferred the trade and net assets of the Leisure and Marine operations and the branch based in Belgium to Unipart Leisure and Marine Limited and Unipart NV, respectively, who are fellow subsidiaries

During the year the Company entered in to an agreement to sell the paint distribution operation that completed on 31 January 2008 As a result, this has been treated as a discontinued operation in both the current and prior year

Principal risks and uncertainties facing the business
From the perspective of the Company, the principal risks and uncertainties are integrated within the principal risks of the Group and are not managed separately Accordingly, the principal risks and uncertainties of the Group, which includes those of the Company, are discussed in the Directors' report in the annual report of Unipart Group of Companies Limited, which does not form part of this report

Financial risk management
The financial risks of the Company are managed centrally by the Group's treasury department The main exposure that the Company faces is through interest rate risks on its borrowings and price and credit risks in relation to its suppliers and customers The exposure of the Group, which includes that of the Company, is discussed in the Directors' report in the annual report of Unipart Group of Companies Limited, which does not form part of this report

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 (2006 - £nil)

Directors
The current directors are shown on page 2 and served throughout the year except for Mr D Henderson and Mr N L Rayner who were both appointed on 27th June 2007 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

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

Charitable and political donations
The Company supported charities with donations of £1,250 in the year (2006 - £1,400) of which £300 (2006 - £1,000) was for health and wellbeing purposes, £100 (2006 - £200) was in respect of child welfare and youth development and £850 (2006 - £200) to other charitable purposes in support of employees in their fund-raising activities The Company made no political donations during the year (2006 - £nil)

Overseas branches
The Company principally operates in the United Kingdom, however the Company does operate branches in Belgium and the Republic of Ireland The trade and assets of the company's branch in Belgium were transferred to Unipart NV, a fellow subsidiary, in the year

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 18

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

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period

In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statement, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and 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

Statement of disclosure of information to auditors
In the case of each of the persons who are directors at the time when the report is approved under section 234ZA of the Companies Act 1985 the following applies

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

On behalf of the Board

M D Rimmer
Company Secretary
Oxford, 1 April 2008

Independent Auditors' Report to the Members of Unipart Automotive Limited

We have audited the financial statements of Unipart Automotive Limited for the year ended 31 December 2007 which comprise the profit and loss account, the statement of recognised gains and losses, the balance sheet and the related notes These financial statements have been prepared under the accounting policies set out therein

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of directors' responsibilities

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

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

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham, 7 April 2008

Profit and Loss Account

For the year ended 31 December 2007

		2007			2006		
	Note	Continuing operations £000	Discontinued operations £000	Total £000	Continuing operations £000	Discontinued operations £000	Total £000
Turnover	2	269,008	79,249	348,257	256,582	86,031	342,613
Operating loss before exceptional items		(21,473)	(1,144)	(22,617)	(26,963)	278	(26,685)
Exceptional items within operating loss	4(a)	(6,549)	-	(6,549)	(1,200)	-	(1,200)
Operating loss after exceptional items	3	(28,022)	(1,144)	(29,166)	(28,163)	278	(27,885)
Loss on disposal of businesses	4(b)	-	(4,290)	(4,290)	-	-	-
Loss on operating activities before interest and taxation		(28,022)	(5,434)	(33,456)	(28,163)	278	(27,885)
Net interest payable	7	(3,867)	(875)	(4,742)	(1,838)	(802)	(2,640)
Loss on ordinary activities before taxation		(31,889)	(6,309)	(38,198)	(30,001)	(524)	(30,525)
Taxation on loss on ordinary activities	8			9,194			9,017
Loss for the financial year	18			(29,004)			(21,508)

Statement of Total Recognised Gains and Losses

For the year ended 31 December 2007

		Year ended 31 Dec 2007 £000	Year ended 31 Dec 2006 £000
(Loss)/profit for the financial year	18	(29,004)	(21,508)
Actuarial gain on pension scheme	20	-	105
Deferred tax relating to actuarial gain on pension scheme		-	(31)
Capital contribution	18	19,900	-
Foreign exchange adjustments	18	72	(13)
Total gains and losses recognised relating to the year		(9,032)	(21,447)

The notes on pages 8 to 18 form part of these financial statements

Balance Sheet

As at 31 December 2007

	Note	2007 £000	2006 £000
Fixed assets			
Intangible assets	9	-	-
Tangible assets	10	6,400	8,722
Investments	11	-	25,000
		6,400	33,722
Current assets			
Stocks	12	50,958	55,365
Debtors - amounts falling due within one year	13	88,683	119,979
Debtors - amounts falling due after more than one year	13	22,903	3,853
Cash at bank and in hand		2,814	3,797
		165,358	182,994
Creditors - amounts falling due within one year	14	(130,864)	(170,363)
Net current assets		34,494	12,631
Total assets less current liabilities		40,894	46,353
Creditors - amounts falling due after more than one year	15	(19,337)	(13,553)
Provisions for liabilities and charges	16	(9,758)	(11,851)
Net assets excluding net pension deficit		11,799	20,949
Net pension deficit	20	-	(118)
Net assets including net pension deficit		11,799	20,831
Capital and reserves			
Called up share capital	17	25,678	25,678
Share premium account	18	3,978	3,978
Profit and loss reserve	18	(17,857)	(8,825)
Total shareholders' funds	19	11,799	20,831

Approved by the Board on 1 April 2008 and signed on its behalf by

D Henderson.

D HENDERSON - Director

The notes on pages 8 to 18 form part of these financial statements

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 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 are included by full consolidation in the consolidated financial statements of its ultimate parent company, Unipart Group of Companies 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 Unipart Group of Companies Limited The financial statements of Unipart Group of Companies 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 net of any provisions for impairment, 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, less any accumulated provision for impairments

Impairment of fixed assets, investments 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

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

1 Accounting policies (continued)

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 sublet 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 subtenants to which the respective property has been sublet 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 Unipart Group of Companies 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

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, excluding the costs of servicing the investments, 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, the cost of servicing the investments and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest Actuarial gains and losses are recognised immediately in the 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

Related party transactions
The Company is controlled by Unipart Group of Companies 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

1 Accounting policies (continued)

Significant estimation techniques
The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure in the reporting period Actual results could differ from those estimates Estimates are principally used when accounting for pension costs, the 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 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

3 Operating loss after exceptional items

	Year ended 31 Dec 2007			Year ended 31 Dec 2006		
	Continuing £000	Discontinued £000	Total £000	Continuing £000	Discontinued £000	Total £000
Turnover	269,008	79,249	348,257	256,582	86,031	342,613
Cost of sales	(168,504)	(55,554)	(224,058)	(166,339)	(60,150)	(226,489)
Gross profit	100,504	23,695	124,199	90,243	25,881	116,124
Distribution costs	(105,369)	(17,151)	(122,520)	(97,438)	(18,215)	(115,653)
Administrative expenses	(23,157)	(7,688)	(30,845)	(20,968)	(7,388)	(28,356)
Operating loss	(28,022)	(1,144)	(29,166)	(28,163)	278	(27,885)

During the year the company transferred the trade and net assets of the Leisure and Marine operations to Unipart Leisure and Marine Limited, a fellow subsidary and entered in to an agreement to sell the paint distribution operation that completed on 31 January 2008 Therefore, the results have been included as discontinued operations in both the current and comparative years

There are no exceptional charges included within the distribution costs and administrative expenses (2006 - £1,200,000)

Operating loss is stated after charging	Year ended 31 Dec 2007 £000	Year ended 31 Dec 2006 £000
Depreciation of owned tangible fixed assets	2,067	4,460
(includes impairment release of £571,000, 2006 - charge of £2,050,000)		
Amortisation of goodwill (includes impairment charge of £nil, 2006 - £482,000)	-	522
Loss on the disposal of fixed assets	408	274
Lease of land and buildings	9,109	8,872
Hire of plant and other machinery	7,428	6,475
Auditors remuneration		
Audit services	200	201
Taxation services	184	121
Other services	2	3

4 Exceptional items

	Year ended 31 Dec 2007 £000	Year ended 31 Dec 2006 £000
a) Recognised in arriving at operating loss		
Additional pension contributions (i)	-	(1,200)
Reorganisation costs (ii)	(6,549)	-
Total recognised in arriving at operating loss	(6,549)	(1,200)

b) Recognised after operating loss		
Discontinued operations		
Loss on disposal of businesses (iii)	(4,290)	-
Total recognised after operating loss	(4,290)	-

(i) No additional pension contributions over and above the ordinary employee matched contributions (note 20) were made to the Group defined benefit pension scheme in the year (2006 - £1,200,000)
(ii) During the year, costs of £6,549,000 arose in respect of a major reorganisation of the business, including consultancy costs driving various performance improvement projects and redundancies resulting from changes to the structure of the business
(iii) During the year, costs of £4,290,000 arose in respect of the agreement to sell the Group's paint distribution operation that completed on 31 January 2008 There is no corporation tax credit in respect of these costs

5 Staff numbers and costs

The average number of employees including directors during the year was	Year ended 31 Dec 2007 Number	Year ended 31 Dec 2006 Number
Sales, marketing and administration	3,788	3,591

The aggregate payroll cost was	£000	£000
Wages and salaries	71,251	63,936
Social security costs	6,473	5,857
Pension costs (note 20)	1,590	1,979
	79,314	71,772

The Company did not make any additional pension contributions into the defined benefit scheme over and above those stated above (2006 - £1 2 million as disclosed within exceptional items in note 4 (a)(i))

6 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 2007 £000	Year ended 31 Dec 2006 £000
Aggregate emoluments of directors	260	231

During the year, retirement benefits accrued to 3 (2006 - 2) directors under defined contribution scheme The contributions paid into defined contribution pension schemes during the year totalled £44,907 (2006 - £221,570)

Emoluments of the highest paid director were	Year ended 31 Dec 2007 £000	Year ended 31 Dec 2006 £000
Aggregate emoluments of director	96	116
Contributions into money purchase schemes	18	22

7 Net interest payable

	Year ended 31 Dec 2007			Year ended 31 Dec 2006		
	Continuing £000	Discontinued £000	Total £000	Continuing £000	Discontinued £000	Total £000
Payable in respect of						
Bank overdrafts	(1,428)	(577)	(2,005)	(610)	(614)	(1,224)
Amortisation of issue costs	(201)	-	(201)	(101)	-	(101)
Amounts payable to fellow subsidiaries	(2,095)	(298)	(2,307)	(897)	(173)	(1,070)
Unwinding of discounting of provisions	(143)	-	(143)	(230)	-	(230)
Net finance charge from pension scheme (note 20)	-	-	-	-	(15)	(15)
Net interest payable	(3,867)	(875)	(4,656)	(1,838)	(802)	(2,640)

Interest relating to the discontinued business is calculated based on the borrowing level needed to support the discontinued business using the Group's average interest rate

8 Taxation on loss on ordinary activities

	Year ended 31 Dec 2007 £000	Year ended 31 Dec 2006 £000
Current Tax		
UK Corporation Tax at 30% (2006 - 30%) for the financial year	(8,754)	(7,241)
Adjustments in respect of prior periods	(1,297)	(374)
Total current tax	(10,051)	(7,615)
Deferred Tax		
Origination and reversal of timing differences	(416)	(1,287)
Adjustments in respect of prior periods	1,273	(115)
Total deferred tax	857	(1,402)
Taxation on loss on ordinary activities	(9,194)	(9,017)

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 30% (2006 - 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 2007 £000	Year ended 31 Dec 2006 £000
Loss on ordinary activities before tax	(38,198)	(30,525)
Loss before tax multiplied by the UK tax rate of 30% (2006 - 30%)	(11,459)	(9,158)
Capital allowances for the year in excess of depreciation	187	1,204
Movement on other timing differences	-	90
Deferred tax on pension related profit and loss items	-	(7)
Permanent differences	2,518	630
Adjustments in respect of prior periods	(1,297)	(374)
Current tax credit for the year	(10,051)	(7,615)

The standard rate of Corporation Tax in the UK changes to 28% with effect from 1 April 2008, this may affect future tax charges

9 Intangible fixed assets

	£000
Cost	
At 1 January 2007 and 31 December 2007	1,186
Amortisation	
At 1 January 2007 and 31 December 2007	1,186
Net book value	
At 1 January 2007 and 31 December 2007	-

10 Tangible fixed assets

	Land and buildings			
	Long leasehold £000	Short leasehold £000	Plant and machinery £000	Total £000
Cost				
At 1 January 2007	1,375	7,068	32,580	41,023
Additions	-	132	1,701	1,833
Disposals	-	(476)	(2,634)	(3,110)
Transfers to group companies	(1,375)	-	(535)	(1,910)
At 31 December 2007	-	6,724	31,112	37,836
Accumulated depreciation				
At 1 January 2007	42	5,121	27,138	32,301
Charge for the year	35	488	1,544	2,067
Disposals	-	(414)	(2,237)	(2,651)
Transfers to group companies	(77)	-	(204)	(281)
At 31 December 2007	-	5,195	26,241	31,436
Net book value				
At 31 December 2007	-	1,529	4,871	6,400
At 31 December 2006	1,333	1,947	5,442	8,722

Included within the balance of accumulated depreciation at 1 January 2007 is an amount of £2,594,000 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 recoverable value The depreciation charge for the year is stated after a impairment release of £571,000 (2006 - charge of £2,050,000) made in respect of assets used in operations that have improved in the year An amount of £2,023,000 relating to impairments is included within the balance of accumulated depreciation at 31 December 2007

11 Fixed asset investments

	£000
Cost and net book value	
At 1 January 2007	25,000
Intragroup disposal	(25,000)
At 31 December 2007	-

During the year, the Company transferred its entire shareholding in Unipart International Holdings Limited to Unipart Group Limited

12 Stocks

	2007 £000	2006 £000
Finished goods and goods for resale	50,958	55,365

13 Debtors

	2007 £000	2006 £000
Amounts falling due within one year		
Trade debtors and bills receivable	43,838	46,904
Amounts owed by parent company	25,638	56,118
Amounts owed by fellow subsidiaries	5,341	5,484
Corporation Tax - Group Relief	6,689	3,076
Other debtors	4,045	3,682
Prepayments and accrued income	3,132	4,715
	88,683	119,979
Amounts falling due after more than one year		
Deferred taxation	3,003	3,627
Amounts owed by parent company	19,900	-
Prepayments and accrued income	-	226
	22,903	3,853
Total debtors	111,586	123,832

During the year, the immediate parent company, Unipart Automotive Holdings Limited, gifted the company £19 9m as a contribution to its capital This has been reflected as a credit in the reserves of the company and the £19 9m balance owed by the parent company represents a long term debtor recoverable after more than 12 months

Deferred taxation

	2007 Full potential asset £000	2007 Amount £000	2006 Full potential asset £000	2006 Amount £000
Accelerated capital allowances	2,661	2,661	3,164	3,164
Short term timing differences	342	342	463	463
Other	215	-	230	-
	3,218	3,003	3,857	3,627

	2007 £000	2006 £000
At 1 January	3,678	2,307
Amounts credited to the profit and loss account in the year	(857)	1,402
Amounts charged to the statement of total recognised gains and losses	-	(31)
Intragroup transfer	182	-
At 31 December	3,003	3,678
Representing		
Deferred tax included within debtors	3,003	3,627
Related deferred tax asset included within net pension deficit	-	51
	3,003	3,678

During the year, as a result of the change in the UK Corporation Tax rate from 30% to 28% which will be effective from 1 April 2008, deferred tax balances have been remeasured Deferred tax relating to timing differences which are expected to reverse prior to 1 April 2008 is measured at 30% and deferred tax relating to timing differences expected to reverse after 1 April 2008 is measured at the tax rate of 28% This has resulted in a charge to the profit and loss account of £215,000

14 Creditors - amounts falling due within one year

	2007 £000	2006 £000
Bank loans and overdrafts	3,188	1,467
Trade creditors	46,886	54,768
Amounts owing to fellow subsidiaries	59,770	94,308
Other taxes and social security costs	4,925	5,897
Other creditors	5,186	5,534
Accruals and deferred income	10,909	8,389
	130,864	170,363

The bank loans are secured by fixed and floating charges over certain of the Company's assets (see note 15)

15 Creditors - amounts falling due after more than one year

	2007 £000	2006 £000
Bank loans	19,337	13,553

The bank loans are secured by fixed and floating charges over certain of the Company's assets, principally tangible fixed assets, stocks and debtors and are drawn down under a working capital facility committed until 31 December 2013 Bank loans and overdrafts bear interest based on LIBOR

The bank loans reported of £19 3 million (2006 - £13 6 million) comprise £19 6 million (2006 - £13 8 million) under a working capital facility, less £0 3m (2006 - £0 2 million) issue costs The maximum amount that is available to the Company and certain fellow subsidiaries under the working capital facility is £102 0 million, committed until 31 December 2013 Issue costs of £0 3 million in respect of obtaining the facility were capitalised in the year and will be allocated to the profit and loss account over the six year term of the facility

16 Provisions for liabilities and charges

	£000
At 1 January 2007	11,851
Charge in the year	866
Utilised	(1,965)
Released in year	(1,137)
Unwinding of discounting of provisions	143
At 31 December 2007	9,758

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

17 Called up share capital

	2007 Number	2006 Number	2007 £	2006 £
Ordinary shares of £1 each				
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

18 Profit and loss and other reserves

	Share premium £000	Profit & Loss reserve £000
At 1 January 2007	3,978	(8,825)
Loss for the financial year	-	(29,004)
Capital contribution	-	19,900
Foreign exchange adjustments	-	72
At 31 December 2007	3,978	(17,857)

19 Reconciliation of movements in shareholders' funds

	2007 £000	2006 £000
Loss for the financial year	(29,004)	(21,508)
Actuarial gain on pension scheme	-	105
Deferred tax relating to actuarial gain on pension scheme	-	(31)
Capital contribution	19,900	-
Foreign exchange adjustments	72	(13)
At 1 January	20,831	42,278
At 31 December	11,799	20,831

20 Pension commitments

The Group, of which the Company is a subsidiary, operates a pension scheme in the United Kingdom in which the Company has employees Contributions are assessed in accordance with advice from an independent qualified actuary using the projected unit method, where applicable, and as agreed with the trustees of the schemes During 2005, the Group closed this pension scheme to future accruals and as a result there are no ongoing regular contributions being made into this scheme As with previous years, contributions into the defined benefit sections 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 latest actuarial valuation of the scheme was undertaken on 31 January 2007

Full disclosures in relation to the Group defined benefit schemes can be found in the Unipart Group of Companies Limited consolidated financial statements At 31 December 2007, a total Group deficit of £28 7 million (2006 - £64 1 million) has been identified for FRS 17 reporting purposes

As part of the transfer of the trade and net assets of Unipart Leisure and Marine, the net pension liability relating to the closed defined benefit scheme was transferred to Unipart Leisure and Marine Limited (formerly H Burden Limited) on 31st October 2007 In 2007, the pension charge has been borne by Unipart Leisure and Marine Limited The comparative figures 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 2007 for FRS 17 purposes

The principal assumptions used by the independent qualified actuaries in preparing the valuation of the Scheme as at 31 December 2007 for FRS 17 purposes were

	31 December 2007	31 December 2006	31 December 2005
Rate of general increase in salaries	n/a	n/a	n/a
Rate of increase in pensions in payment	0 0%	2 8%	2 6%
Discount rate	0 0%	5 2%	4 9%
Inflation assumption	0 0%	2 9%	2 7%

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

Cash and other assets	31 December 2007	31 December 2006	31 December 2005
Fair value (£000)	-	1,054	926
Expected rates of return (%)	-	5 3%	4 8%

	31 December 2007 £000	31 December 2006 £000	31 December 2005 £000
Fair value of scheme assets	-	1,054	926
Present value of scheme liabilities	-	(1,223)	(1,222)
Total deficit in scheme	-	(169)	(296)
Related deferred tax asset	-	51	89
Net pension liability	-	(118)	(207)

Analysis of amount that has/would have been charged to other finance charges	Year ended 31 Dec 2007 £000	Year ended 31 Dec 2006 £000
Expected return on pension scheme assets	-	45
Interest on pension schemes liabilities	-	(60)
Net charge	-	(15)

20 Pension commitments (continued)

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

	Year ended 31 Dec 2007 £000	Year ended 31 Dec 2006 £000
Actual return less expected return on pension scheme assets	-	52
Experience gains and losses arising on the scheme liabilities	-	(6)
Changes in assumptions underlying the present value of the scheme liabilities	-	59
Actuarial gain/(loss) recognised in the statement of total recognised gains and losses	-	105

History of experience gains and losses	Year ended 31 Dec 2007	Year ended 31 Dec 2006	Year ended 31 Dec 2005	Year ended 31 Dec 2004	6 months ended 31 Dec 2003
Actual return less expected return on pension scheme assets					
Amount (£000)	-	52	87	48	3
As a % of scheme assets	0%	4 9%	9 4%	6 2%	0 4%
Experience gains and losses on scheme liabilities					
Amount (£000)	-	(6)	-	69	1
As a % of the present value of the scheme liabilities	0%	(0 5%)	-	6 5%	0 1%
Total amount that would have been recognised in the statement of total recognised gains and losses					
Amount (£000)	-	105	(12)	81	88
As a % of the present value of the scheme liabilities	0%	8 6%	(1 0%)	7 6%	8 2%

Movement in deficit during the period	Year ended 31 Dec 2007 £000	Year ended 31 Dec 2006 £000
Deficit in scheme at beginning of year	(169)	(296)
Contributions		37
Other finance charge	-	(15)
Actuarial gain	-	105
Transfer to other group company	169	-
Deficit in scheme at end of year	-	(169)

21 Commitments and contingent liabilities

	2007 £000	2006 £000
a) Capital commitments		
Contracted as at year end but not provided for in the financial statements	337	590
b) Contingent liabilities		
Bank guarantees for export trading	250	-

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 2007 other than the £19 6 million accounted for in the Company's financial statements (note 15) (2006 - £13 8 million)

21 Commitments and contingent liabilities (continued)

c) Operating lease commitments
The Company had annual commitments under non-cancellable operating leases expiring as follows

	Land and buildings		Other tangible assets	
	2007	2006	2007	2006
	£000	£000	£000	£000
Agreements expiring				
- within one year	915	812	3,786	2,840
- after one year but within five years	2,502	2,622	3,447	2,448
- after five years	3,734	4,303	-	-
	7,151	7,737	7,233	5,288

22 Ultimate and immediate parent company

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