

Co Reg No. 4330119 (England)

# **Unipart Logistics Limited**

## **Report and Accounts**

*For the period ended 31 December 2003*



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## **Company Information**

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Directors:	P M Dessain K Jones A J Mourgue
Secretary:	M D Rimmer
Registered Office:	Unipart House Cowley Oxford OX4 2PG
Auditors:	PricewaterhouseCoopers LLP

## Directors' Report

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Period ended 31 December 2003

The directors present their report together with the financial statements for the six month period ended 31 December 2003 as the Company has changed its accounting reference date to 31 December (the comparative figures cover the twelve month period to 30 June 2003).

### Principal activity and review of business and future developments

The Company commenced trading on 1 July 2003. The principal activity of the Company is the provision of logistics and supply chain management services. The directors are satisfied with the financial performance of the Company for the period and look forward to increased activity in the coming financial year.

### Results for the period

The results for the period are set out in the profit and loss account on page 6. The directors do not propose the payment of a dividend (30 June 2003 : £nil).

### Directors and Directors' interests

The current directors are shown on page 2 and have served throughout the period, M R Hopper resigned on 1 July 2003. A J Mourgue and K Jones are also directors of the ultimate parent company, UGC Limited. Details of their shareholdings in that company are disclosed in the Report and Accounts of UGC Limited. The interests of P M Dessain are set out below

	'A' Ordinary Shares of 0.5p each		'E' Ordinary Shares of 0.5p each	
	31 Dec 2003 Number	30 June 2003 Number	31 Dec 2003 Number	30 June 2003 Number
P M Dessain - Beneficial holdings	51,596	51,596	180,000	180,000
P M Dessain - Non-beneficial holdings	17,200	17,200	-	-

Ordinary "A" Shares under option	31 Dec 2003 Number	30 June 2003 Number
P M Dessain	200,000	200,000

Those directors who are employees or former employees of the Group are 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:

	31 Dec 2003 Number	30 June 2003 Number
'A' Ordinary shares of 0.5p each	14,300,460	14,294,458

None of the directors serving at the period-end had any interest, at any time during the period, 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 period in which any director of the Company had a material interest.

### 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, we continue to adopt the going concern basis in preparing the financial statements, which are shown on pages 6 to 12.

**Staff**

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 an 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.

**Statement of Directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial period 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 period. 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 the most suitable accounting policies have been selected and applied consistently. They also confirm that reasonable and prudent judgements and estimation techniques have been made in preparing the financial statements for the period ended 31 December 2003 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.

**Auditors**

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

By order of the Board



**M D Rimmer**  
**Company Secretary**

Oxford, 5 April 2004

# **Independent auditors' report to the members of Unipart Logistics Limited**

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We have audited the financial statements which comprise the profit and loss account and balance sheet together with the related notes.

## **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. 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 in to 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 transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Directors' report and the Operating and financial review.

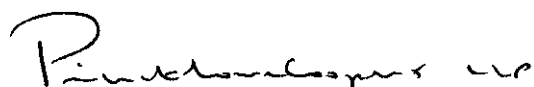
## **Basis of audit opinion**

We conducted our audit in accordance with auditing standards 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 of the state of the company's affairs at 31 December 2003 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers LLP**

Chartered Accountants and Registered Auditors  
Birmingham, 5 April 2004

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**Unipart Logistics Limited**

## Financial Statements

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Profit and loss account	Notes	6 months ended	12 months ended
		31 Dec 2003	30 June 2003
		£000	£000
Turnover		10,254	-
Operating profit	2	137	-
Taxation on profit on ordinary activities	3	(41)	-
Profit for the financial period	8	96	-

The profit and loss account relates entirely to continuing operations

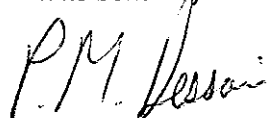
The Company has no other gains or losses other than those above.

The notes on pages 8 to 12 form part of these financial statements

**Unipart Logistics Limited**

<b>Balance Sheet</b>		31 Dec 2003	30 June 2003
	Notes	£000	£000
<i>Current assets</i>			
Debtors	5	937	-
Creditors - amounts falling due within one year	6	(841)	-
<i>Net current assets</i>		96	-
<b>Net assets</b>		96	-
<i>Capital and reserves</i>			
Called up share capital	7	-	-
Profit and loss account	8	96	-
<b>Total equity shareholder funds</b>	9	96	-

The financial statements on pages 6 to 12 were approved by the board of directors on 5 April 2004 and were signed on its behalf by



**P M DESSAIN - Director**

The notes on pages 8 to 12 form part of these financial statements



# Notes to the financial statements

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Period ended 31 December 2003

## 1 Accounting policies

The financial statements have been prepared in accordance with applicable United Kingdom law and accounting standards. A summary of the more important accounting policies, which have been applied consistently, is given in the following paragraphs.

### Accounting convention

The financial statements are prepared on a going concern basis under the historical cost convention.

### Cashflow Statement

The Company is a wholly owned subsidiary of a group whose ultimate parent company is UGC Limited. The financial statements of UGC Limited include a consolidated cash flow statement. Accordingly, the Company has taken advantage of the exemption not to publish its own cashflow statement.

### 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. 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.

### Pension costs

Pensions benefits are accounted for in accordance with SSAP 24 Pension costs. Additional disclosures are also made in the notes to the financial statements as required under the transitional arrangements set out in FRS 17 Retirement benefits.

### Foreign currencies

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.

### Turnover

Turnover is based on the invoiced value of goods and services, net of VAT and other sales taxes, amounts received and receivable on management fee contracts.

## 2 Operating profit

	6 months ended 31 Dec 2003 £000	12 months ended 30 June 2003 £000
Turnover (UK)	10,254	-
Cost of sales	(10,117)	-
Gross profit	137	-
Operating profit	137	-

Auditors' remuneration is borne by other Group companies

## Notes to the financial statements (continued)

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Period ended 31 December 2003

### 3 Taxation on profit on ordinary activities

	6 months ended 31 Dec 2003 £000	12 months ended 30 June 2003 £000
UK Corporation Tax at 30% (30 June 2003 - 30%) for the financial period	(41)	-
Total current tax	(41)	-
Deferred tax:	-	-
<b>Tax on profit on ordinary activities</b>	<b>(41)</b>	<b>-</b>

The standard rate of tax for the period, based on the UK standard rate of corporation tax, is 30% (30 June 2003 - 30%). The actual tax charge for the period ended 31 December 2003 was also 30%.

Based on current business plans, the company expects to continue to incur an effective tax rate at a similar level to the current period.

### 4 Staff

	6 months ended 31 Dec 2003 Number	12 months ended 30 June 2003 Number
The average number of employees during the period was :		
Indirect production and warehousing	233	-
Sales, marketing and administration	20	-
	253	-

	£000	£000
The aggregate payroll cost was:		
Wages and salaries	1,811	-
Social security costs	128	-
Pension costs (note 10)	210	-
	2,149	-

### 5 Debtors

	31 Dec 2003 £000	30 June 2003 £000
Trade debtors and bills receivable	937	-

### 6 Creditors - amounts falling due within one year

	31 Dec 2003 £000	30 June 2003 £000
Amounts owing to fellow subsidiaries	800	-
Corporation tax	41	-
	841	-

### 7 Share capital

	31 Dec 2003 Number	30 June 2003 Number	31 Dec 2003 £	30 June 2003 £
Ordinary shares of £1 each				
Issued and fully paid	1	1	1	1
Authorised	10,000	10,000	10,000	10,000

## Notes to the financial statements (continued)

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Period ended 31 December 2003

8 Profit and loss account	£000
At 1 July 2003	-
Retained profit for the financial period	96
At 31 December 2003	96

9 Reconciliation of movements in shareholders funds	31 Dec 2003 £000	30 June 2003 £000
At 1 July	-	-
Retained profit for the financial period	96	-
At 31 December/30 June	96	-

### 10 Pension costs

The Company established a new pension scheme, the Unipart Logistics Pension Scheme, with effect from August 2003. This Scheme provides benefits for employees who have transferred from Boots and those who are eligible to join in terms of the Services Agreement between the Company and Boots plc.

The assets of the pension scheme are held separately from those of the Company in trustee administered funds.

The Scheme is a funded defined benefit scheme for which contributions are assessed in accordance with the advice of an independent qualified actuary using the projected unit method.

#### (a) SSAP 24 information

The first formal actuarial valuation of the Scheme is due to be carried out as at 5 April 2004. In the meantime, an initial assessment of the contribution rate required by the Company has been undertaken. The principal actuarial assumptions used in that assessment were an investment return of 5.3% per annum for members in service, pay increases of 4.3% per annum and price inflation of 2.8% per annum. The Company is making contributions at the rate recommended by the Scheme's actuary from this assessment. The pension charge for the Company is disclosed in note 4.

#### (b) FRS 17 information

Set out below are the additional disclosures required by FRS17. During the current period employer contributions to the Scheme (since the Scheme was established) have been paid at the rate of approximately 21.0% of pensionable pay. Over the next accounting period, contributions to the Scheme are expected to average around 23.0%. This rate is reviewed annually.

The principal assumptions used by the independent qualified actuaries in preparing the valuation of the Scheme as at 31 December 2003 for FRS17 purposes were:

	31 Dec 2003
Rate of general increase in salaries	4.3%
Rate of increase in pensions in payment	2.8%
Discount rate	5.4%
Inflation assumption	2.8%

# Notes to the financial statements (continued)

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Period ended 31 December 2003

## 10 Pensions costs (continued)

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

	Expected long-term rate of return	Value of assets in scheme (£000)
Corporate bonds	5.3%	2,600
Other	3.8%	200
Total market value of assets		2,800
Present value of funded pension plans' liabilities		(2,900)
Total deficit in funded plans		(100)

	6 months ended 31 Dec 2003 £000	12 months ended 30 June 2003 £000
<b>Analysis of amount that would have been charged to operating profit:</b>		
Current service cost	200	-
Total operating cost that would have been charged to operating profit	200	-

### Analysis of amount that would have been credited to other finance income:

Expected return on pension scheme assets	(100)	-
Interest on pension scheme liabilities	100	-
Net return that would have been credited to other finance income	-	-

### Analysis of amount that would have been recognised in the statement of total recognised gains and losses (STRGL)

Experience gains and losses arising on the scheme liabilities	100	-
Changes in assumptions underlying the present value of the scheme liabilities	(200)	-
Actuarial loss that would have been recognised in the STRGL	(100)	-

### History of experience gains and losses

Experience gains and losses on scheme liabilities	100	-
As a % of the present value of the scheme liabilities	0	-
Total amount that would have been recognised in the statement of total recognised gains and losses	(100)	-
As a % of the present value of the scheme liabilities	0	-

### Movement in deficit during the period

Surplus/(deficit) in scheme at beginning of period	-	-
Current service cost	(200)	-
Contributions	200	-
Other finance income	-	-
Actuarial loss	(100)	-
Deficit in scheme at end of period	(100)	-

Had FRS 17 been implemented in full at that date the net assets of the Company would have been reduced by £0.1 million (30 June 2003 - £nil).

**11 Commitments and contingent liabilities**

The Company had no capital expenditure contracted as at period end but not provided for in the financial statements. The Company has no operating lease commitments.

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. The amount outstanding under such arrangements at 31 December 2003 was £28.3 million (30 June 2003 - £63.5 million).

**12 Ultimate parent undertaking**

UGC Limited, a company registered in England and Wales, is the immediate and 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.