

Registered No 4330119 (England)

Unipart Logistics Limited

Report and Accounts

For the year ended 31 December 2006

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Company information

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Directors	F W Burns P M Dessain A J Mourgue
Secretary	M D Rimmer
Registered office	Unipart House Cowley Oxford OX4 2PG
Registered number	4330119
Auditors	PricewaterhouseCoopers LLP Cornwall Court 19 Cornwall Street Birmingham B3 2DT

Directors' report

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For the year ended 31 December 2006

The directors present their report together with the audited financial statements for the year ended 31 December 2006

Principal activity and review of business

The principal activity of Unipart Logistics Limited (the "Company") is the provision of logistics and supply chain management services. The directors are satisfied with the financial performance and position of the Company and look forward to increased profitability in the coming financial year.

The Company is one of the main trading subsidiaries of the Unipart Logistics division of the Unipart Group of Companies (the "Group"). Further details on the performance of the Unipart Logistics division, 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.

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.

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 (2005 - £nil).

Financial risk management

The financial risks of the Company are managed centrally by the Group's treasury department. Given the size of the Company and the level of its activities, its operations are not significantly exposed to risks such as price risk, credit risk, liquidity risk and interest rate risk.

Directors

The current directors are shown on page 2 and served throughout the year, except K Jones who retired on 14 December 2006 and F W Burns who was appointed on 14 December 2006. 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.

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 13.

Employees

The Company continues to involve employees in decision-making processes and communicates with staff on various areas, including economic and financial factors affecting the Company through regular briefings, employee forums, on-site training and our in-house video, Grapevine. Staff involvement in the Company's performance is encouraged via employee bonus and share schemes. The Company's aim for 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.

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 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 the 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 20, 'Share-based payment', as detailed on page 8. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2006 and that applicable accounting standards have been followed.

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, 3 May 2007

Independent auditors' report to the members of Unipart Logistics Limited

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We have audited the financial statements of Unipart Logistics Limited for the year ended 31 December 2006 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and 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 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 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 2006 and of its profit for the year then ended and 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, 8 May 2007

Unipart Logistics Limited

Financial statements

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Profit and loss account

For the year ended 31 December 2006

	Note	Year ended 31 Dec 2006 £000	Year ended 31 Dec 2005 £000
Turnover	2	208,356	174,333
Operating profit	3	4,377	998
Other finance income	6,14	-	100
Profit on ordinary activities before taxation		4,377	1,098
Taxation on profit on ordinary activities	7	(1,313)	(329)
Profit for the financial year	12	3,064	769

The results for the year relate to continuing operations

There is no difference between the profit on ordinary activities before taxation and the profit for the financial year shown above and their historical cost equivalents

Statement of total recognised gains and losses

For the year ended 31 December 2006

	Note	Year ended 31 Dec 2006 £000	Year ended 31 Dec 2005 £000
Profit for the financial year		3,064	769
Actuarial loss recognised on pension scheme	14	(800)	(100)
Current tax relating to actuarial loss on pension scheme		180	30
Deferred tax relating to actuarial loss on pension scheme		60	-
Total gains and losses recognised relating to the year		2,504	699

The notes on pages 8 to 13 form part of these financial statements

Unipart Logistics Limited

Balance Sheet*As at 31 December 2006*

	Note	2006 £000	2005 £000
<i>Current assets</i>			
Debtors - amounts falling due within one year	8	15,716	20,161
Cash at bank and in hand		214	582
		15,930	20,743
Creditors - amounts falling due within one year	9	(10,248)	(16,566)
<i>Net current assets</i>		5,682	4,177
Creditors - amounts falling due after more than one year	10	(1,791)	(2,930)
<i>Net assets excluding net pension asset</i>		3,891	1,247
Net pension asset	14	700	840
Net assets including net pension asset		4,591	2,087
<i>Capital and reserves</i>			
Called up share capital	11	-	-
Profit and loss reserve	12	4,591	2,087
Total shareholders' funds	13	4,591	2,087

The financial statements on pages 6 to 13 were approved by the board of directors on 3 May 2007 and were signed on its behalf by



P M DESSAIN - Director

The notes on pages 8 to 13 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 except for the mandatory adoption in the year of FRS 20, 'Share-based payment'. The adoption of this standard has not impacted the comparative figures and therefore there is no prior year adjustment. 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.

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'.

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.

Pension costs

The Company accounts for pension and the post retirement benefit schemes in accordance with FRS 17, 'Retirement benefits'.

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

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.

For the year ended 31 December 2006

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 and in certain instances in revenue recognition.

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.

2 Turnover

Turnover is based on the invoiced value of goods and services supplied during the year net of VAT and other sales taxes, including amounts received and receivable on management fee contracts. In the opinion of the directors, the Company operates in a single business segment, principally the United Kingdom and thus where the turnover originates.

3 Operating profit

	Year ended 31 Dec 2006	Year ended 31 Dec 2005
	£000	£000
Turnover	208,356	174,333
Cost of sales	(204,579)	(173,635)
Gross profit	3,777	698
Administrative credit	600	300
Operating profit	4,377	998

Auditors' remuneration is borne by other Group companies.

4 Staff numbers and costs

	Year ended 31 Dec 2006	Year ended 31 Dec 2005
<i>The average number of employees during the year was</i>	Number	Number
Indirect production and warehouse	1,164	1,137
Sales, marketing and administration	52	40
	1,216	1,177
<i>The aggregate payroll cost was</i>	£000	£000
Wages and salaries	19,992	19,290
Social security costs	1,537	1,540
Pension costs	1,989	1,800
	23,518	22,630

5 Directors' emoluments

The directors received their remuneration in respect of services to the Unipart Group of Companies as a whole and received no remuneration in respect of their services to the Company.

Notes to the financial statements (continued)

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For the year ended 31 December 2006

6 Other finance income	Year ended 31 Dec 2006 £000	Year ended 31 Dec 2005 £000
Net finance income from pension scheme (note 14)	-	100

7 Taxation on profit on ordinary activities	Year ended 31 Dec 2006 £000	Year ended 31 Dec 2005 £000
<i>Current Tax</i>		
UK Corporation Tax at 30% (2005 - 30%) for the financial year	(1,313)	(239)
Total current tax	(1,313)	(239)
<i>Deferred Tax</i>		
Origination and reversal of timing differences	-	(90)
Tax charge on profit on ordinary activities	(1,313)	(329)

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 30% (2005 - 30%). The actual tax charge for the previous financial year differed to the standard rate. The principal reconciling items are illustrated below

	Year ended 31 Dec 2006 £000	Year ended 31 Dec 2005 £000
Profit on ordinary activities before tax	4,377	1,098
Profit before tax multiplied by the UK tax rate of 30% (2005 - 30%)	(1,313)	(329)
Movement on other timing differences	-	90
Current tax charge for the year	(1,313)	(239)

8 Debtors - amounts falling due within one year	2006 £000	2005 £000
Trade debtors and bills receivable	6,312	10,720
Amounts owed by fellow subsidiaries	526	-
Other debtors	15	-
Prepayments and accrued income	8,863	9,441
	15,716	20,161

9 Creditors - amounts falling due within one year	2006 £000	2005 £000
Amounts owing to fellow subsidiaries	-	7,287
Taxation	589	534
Other taxes and social security costs	9,659	8,745
	10,248	16,566

Notes to the financial statements (continued)

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For the year ended 31 December 2006

10 Creditors - amounts falling due after more than one year	2006 £000	2005 £000
Bank loans	1,791	2,930

The bank loans are secured by fixed and floating charges over certain of the Company's assets, principally debtors, and are drawn under a working capital facility committed until 31 December 2008. Interest is chargeable at rates based on LIBOR.

11 Called up share capital	2006 Number	2005 Number	2006 £	2005 £
Ordinary shares of £1 each				
Issued and fully paid	1	1	1	1
Authorised	10,000	10,000	10,000	10,000

12 Profit and loss reserve	Total £000
At 1 January 2006	2,087
Profit for the financial year	3,064
Actuarial loss recognised on pension scheme	(800)
Current tax relating to actuarial loss on pension scheme	180
Deferred tax relating to actuarial loss on pension scheme	60
At 31 December 2006	4,591
Pension asset	(700)
Profit and loss reserve excluding pension asset	3,891

13 Reconciliation of movements in shareholders' funds	2006 £000	2005 £000
Profit for the financial year	3,064	769
Actuarial loss recognised on pension scheme	(800)	(100)
Current tax relating to actuarial loss on pension scheme	180	30
Deferred tax relating to actuarial loss on pension scheme	60	-
Net additions to shareholders' funds	2,504	699
At 1 January	2,087	1,388
At 31 December	4,591	2,087

For the year ended 31 December 2006

14 Pension commitments

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

The scheme was put in place in August 2003 and the latest formal actuarial valuation of the scheme was carried out as at 5 April 2004.

The principal assumptions used by the independent qualified actuaries in preparing the valuation of the scheme as at 31 December 2006 for FRS 17 purposes were:

	2006	2005	2004
Rate of general increase in salaries	4.0%	3.6%	3.9%
Rate of increase in pensions in payment	2.8%	2.6%	2.7%
Discount rate	5.2%	4.9%	5.4%
Inflation assumption	2.9%	2.7%	2.9%

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

	2006		2005		2004	
	Expected long-term rate of return	Value of assets in scheme £000	Expected long-term rate of return	Value of assets in scheme £000	Expected long-term rate of return	Value of assets in scheme £000
Corporate bonds	5.0%	13,500	4.6%	10,800	5.3%	8,000
Other	4.9%	100	4.5%	300	3.8%	100
Total market value of assets		13,600		11,100		8,100
Present value of funded pension plan's liabilities		(12,600)		(9,900)		(7,200)
Total surplus in funded plans		1,000		1,200		900
Related deferred tax liability		(300)		(360)		(270)
Net pension asset		700		840		630

	Year ended 31 Dec 2006 £000	Year ended 31 Dec 2005 £000
Analysis of amount charged to operating profit		
Current service cost	1,500	1,500
Total operating cost charged to operating profit	1,500	1,500

Analysis of amount credited to other finance income

Expected return on pension scheme assets	500	500
Interest on pension scheme liabilities	(500)	(400)
Net return credited to other finance income	-	100

Analysis of amount recognised in the statement of total recognised gains and losses

Actual return less expected return on pension scheme assets	(200)	600
Experience gains and losses arising on the scheme liabilities	(200)	(200)
Changes in assumptions underlying the present value of the scheme liabilities	(400)	(500)
Actuarial loss recognised in the statement of total recognised gains and losses	(800)	(100)

Notes to the financial statements (continued)

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For the year ended 31 December 2006

14 Pension commitments (continued)

	Year ended 31 Dec 2006	Year ended 31 Dec 2005	Year ended 31 Dec 2004	6 months ended 31 Dec 2003
	£000	£000	£000	£000
History of experience gains and losses				
Actual return less expected return on pension scheme asset:	(200)	600	200	0
As a % of scheme assets	(1%)	5%	2%	0%
Experience gains and losses on scheme liabilities	(200)	(200)	400	100
As a % of the present value of the scheme liabilities	(2%)	(2%)	5%	3%
Total amount recognised in the statement of total recognised gains and losses	(800)	(100)	1,000	(100)
As a % of the present value of the scheme liabilities	(6%)	(1%)	4%	(3%)

	Year ended 31 Dec 2006	Year ended 31 Dec 2005
	£000	£000
Movement in surplus during the financial year		
Surplus in scheme at beginning of year	1,200	900
Current service cost	(1,500)	(1,500)
Contributions	2,100	1,800
Other finance income	-	100
Actuarial loss	(800)	(100)
Surplus in scheme at end of year	1,000	1,200

15 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. The amount outstanding under such arrangements at 31 December 2006 was £3.9 million (2005 - £5.0 million).

16 Ultimate and immediate parent company

Unipart Group of Companies Limited, a company registered in England and Wales, is the immediate and ultimate parent 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.