

Registered No 4330119 (England)

# **Unipart Logistics Limited** **Annual Report and Accounts**

*For the year ended 31 December 2007*

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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 2007

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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 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 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.

### **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 (2006 - £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. 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.

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*Unipart Logistics Limited*

**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 Logistics Limited**

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We have audited the financial statements of Unipart Logistics Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Statement of Total 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 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) 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 profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985,
- the information given in the Directors' Report is consistent with the financial statements.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Birmingham, 3 April 2008

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## Financial Statements

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### Profit and Loss Account

*For the year ended 31 December 2007*

	Note	2007 £000	2006 £000
<b>Turnover</b>	<b>2</b>	<b>207,427</b>	<b>208,356</b>
Operating profit before exceptional items		2,644	4,377
Exceptional items	4	9,620	-
Operating profit	3	12,264	4,377
<b>Profit on ordinary activities before taxation</b>		<b>12,264</b>	<b>4,377</b>
Taxation on profit on ordinary activities	7	(3,679)	(1,313)
<b>Profit for the financial year</b>	<b>12</b>	<b>8,585</b>	<b>3,064</b>

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 2007*

	Note	Year ended 31 Dec 2007 £000	Year ended 31 Dec 2006 £000
Profit for the financial year		8,585	3,064
Actuarial loss recognised on pension scheme	14	(1,100)	(800)
Current tax relating to actuarial loss on pension scheme		330	180
Deferred tax relating to actuarial loss on pension scheme		-	60
<b>Total gains and losses recognised relating to the year</b>		<b>7,815</b>	<b>2,504</b>

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

**Unipart Logistics Limited**

**Financial Statements** (continued)

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**Balance Sheet***As at 31 December 2007*

	Note	2007 £000	2006 £000
<i>Current assets</i>			
Debtors - amounts falling due within one year	8	25,367	15,716
Cash at bank and in hand		742	214
		26,109	15,930
Creditors - amounts falling due within one year	9	(10,801)	(10,248)
<i>Net current assets</i>		15,308	5,682
Creditors - amounts falling due after more than one year	10	(2,902)	(1,791)
<i>Net assets excluding net pension asset</i>		12,406	3,891
<i>Net pension asset</i>	14	-	700
<i>Net assets including net pension asset</i>		12,406	4,591
<i>Capital and reserves</i>			
Called up share capital	11	-	-
Profit and loss reserve	12	12,406	4,591
<i>Total shareholders' funds</i>	13	12,406	4,591

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

**F W BURNS - Director**

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

**Unipart Logistics Limited**



## Notes to the Financial Statements

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For the year ended 31 December 2007

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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. 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, 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

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.

#### 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.

**Notes to the Financial Statements (continued)**

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For the year ended 31 December 2007

**1 Accounting policies (continued)****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 2007	Year ended 31 Dec 2006
	£000	£000
Turnover	207,427	208,356
Cost of sales	(204,883)	(204,579)
Gross profit	2,544	3,777
Other operating income	9,720	600
Operating profit	12,264	4,377

Auditors' remuneration is borne by other Group companies.

**4 Exceptional items**

	Year ended 31 Dec 2007	Year ended 31 Dec 2006
	£000	£000
<i>Recognised in arriving at operating profit</i>		
Compensation for early completion of contract (i)	9,620	-
Total recognised in arriving at operating profit	9,620	-

(i) An exceptional amount of £9.6m was received as compensation for the early completion of a contract.

**5 Staff numbers and costs**

	Year ended 31 Dec 2007	Year ended 31 Dec 2006
<i>The average number of employees during the year was</i>	Number	Number
Indirect production and warehouse	278	1,164
Sales, marketing and administration	13	52
	291	1,216
<i>The aggregate payroll cost was</i>	£000	£000
Wages and salaries	4,830	19,992
Social security costs	374	1,537
Pension costs	487	1,989
	5,691	23,518

**Unipart Logistics Limited**

**Notes to the Financial Statements (continued)**

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For the year ended 31 December 2007

**6 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

**7 Taxation on profit on ordinary activities**

	Year ended 31 Dec 2007	Year ended 31 Dec 2006
	£000	£000
<i>Current Tax</i>		
UK Corporation Tax at 30% (2006 - 30%) for the financial year	3,679	1,313
Total current tax	3,679	1,313
<b>Tax charge on profit on ordinary activities</b>	<b>3,679</b>	<b>1,313</b>

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 30% (2006 - 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 2007	Year ended 31 Dec 2006
	£000	£000
Profit on ordinary activities before tax	12,264	4,377
Profit before tax multiplied by the UK tax rate of 30% (2006 - 30%)	3,679	1,313
<b>Current tax charge for the year</b>	<b>3,679</b>	<b>1,313</b>

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

**8 Debtors - amounts falling due within one year**

	2007 £000	2006 £000
Trade debtors and bills receivable	8,250	6,312
Amounts owed by parent company	4,750	526
Other debtors	12	15
Prepayments and accrued income	12,355	8,863
	<b>25,367</b>	<b>15,716</b>

**9 Creditors - amounts falling due within one year**

	2007 £000	2006 £000
Trade creditors	19	-
Taxation	1,949	589
Other taxes and social security costs	8,833	9,659
	<b>10,801</b>	<b>10,248</b>

**10 Creditors - amounts falling due after more than one year**

	2007 £000	2006 £000
Bank loans	2,902	1,791

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 2013

**Unipart Logistics Limited**

**Notes to the Financial Statements** (continued)

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For the year ended 31 December 2007

11 Called up share capital	2007 Number	2006 Number	2007 £	2006 £
<i>Ordinary shares of £1 each</i>				
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 2007	4,591
Profit for the financial year	8,585
Actuarial loss recognised on pension scheme	(1,100)
Current tax relating to actuarial loss on pension scheme	330
At 31 December 2007	12,406

**13 Reconciliation of movements in shareholders' funds**

	2007 £000	2006 £000
Profit for the financial year	8,585	3,064
Actuarial loss recognised on pension scheme	(1,100)	(800)
Current tax relating to actuarial loss on pension scheme	330	180
Deferred tax relating to actuarial loss on pension scheme	-	60
Net additions to shareholders' funds	7,815	2,504
At 1 January	4,591	2,087
At 31 December	12,406	4,591

**14 Pension commitments**

The Company operated a funded defined benefit scheme for which contributions were assessed in accordance with the advice of an independent qualified actuary using the projected unit method. The assets of the pension scheme were held separately from those of the Company in trustee administered funds. On 31 March 2007, following the early completion of a contract, sponsorship of this pension scheme was transferred outside the Group and as a result, the Company ceased to have any responsibility for the funding of the pension scheme.

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 2007 for FRS 17 purposes were

	2007	2006	2005
Rate of general increase in salaries	-	4.0%	3.6%
Rate of increase in pensions in payment	-	2.8%	2.6%
Discount rate	-	5.2%	4.9%
Inflation assumption	-	2.9%	2.7%

For the year ended 31 December 2007

## 14 Pension commitments (continued)

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

	2007		2006		2005	
	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	n/a	-	5.0%	13,500	4.6%	10,800
Other	n/a	-	4.9%	100	4.5%	300
Total market value of assets		-		13,600		11,100
Present value of funded pension plan's liabilities		-		(12,600)		(9,900)
Total surplus in funded plans		-		1,000		1,200
Related deferred tax liability		-		(300)		(360)
Net pension asset		-		700		840

	Year ended 31 Dec 2007	Year ended 31 Dec 2006
	£000	£000
<b>Analysis of amount charged to operating profit</b>		
Current service cost	400	1,500
Total operating cost charged to operating profit	400	1,500

<b>Analysis of amount credited to other finance income</b>		
Expected return on pension scheme assets	200	500
Interest on pension scheme liabilities	(200)	(500)
Net return credited to other finance income	-	-

<b>Analysis of amount recognised in the statement of total recognised gains and losses</b>		
Actual return less expected return on pension scheme assets	(600)	(200)
Experience gains and losses arising on the scheme liabilities	(500)	(200)
Changes in assumptions underlying the present value of the scheme liabilities	-	(400)
Actuarial loss recognised in the statement of total recognised gains and losses	(1,100)	(800)

	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
	£000	£000	£000	£000	£000
<b>History of experience gains and losses</b>					
Actual return less expected return on pension scheme assets	(600)	(200)	600	200	-
As a % of scheme assets	-	(1%)	5%	2%	0%
Experience gains and losses on scheme liabilities	(500)	(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	(1,100)	(800)	(100)	1,000	(100)
As a % of the present value of the scheme liabilities	-	(6%)	(1%)	4%	(3%)

**Notes to the Financial Statements** (continued)

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For the year ended 31 December 2007

**14 Pension commitments (continued)**

	Year ended 31 Dec 2007	Year ended 31 Dec 2006
	£000	£000
<b>Movement in surplus during the financial year</b>		
Surplus in scheme at beginning of year	1,000	1,200
Current service cost	(400)	(1,500)
Contributions	500	2,100
Actuarial loss	(1,100)	(800)
Surplus in scheme at end of year	-	1,000

**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 2007 was £19.2 million (2006 - £3.9 million).

**16 Ultimate and immediate parent company**

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. The Company's immediate parent company is Unipart Group Limited, a company registered in England and Wales.