

Protecting our future

Annual Report & Accounts 2020

Protect our people...



Protect our processes...



Protect the flow of products and services...





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This publication comprises the full Annual Report and Financial Statements of Unipart Group of Companies Limited for 2020, prepared in accordance with the Companies Act 2006 and United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102"), and includes the Chairman's Statement, the Strategic and Operating Review, the Financial Review, the Streamlined Energy and Carbon Reporting, the Corporate Governance Statement, the Directors' Report, the Independent Auditors' Report and the Financial Statements for the year ended 31 December 2020.

Chairman's Statement



John M Neill CBE

Chairman & Group Chief Executive

The first quarter of 2020 set the scene for what portended to be an extraordinarily difficult year for the company, the country and indeed the whole world. Well before the government told us to act, we implemented physical distancing and reset the strategic priorities for the company.

Those priorities needed to be simple, clear and unambiguous. The first, unsurprisingly given Unipart's track record on health and safety, was to **protect our people**. The second was to **protect our processes** so that we could pay our people, pay our suppliers and secure our cash flow. The third was to **protect the flow of products and services** to our customers. That was very much in line with our philosophy that has guided us for decades.

The worst-case scenario could have seen our sales devastated and our profits eliminated, so it is very encouraging to be able to report that our sales were virtually the same as the previous year and the Group produced a solid profit performance. By protecting our people and our processes, and the flow of products and services to our customers, we achieved an exceptional cash performance.

Specifically, Group turnover was broadly in line with the previous year at £786.7m (2019: £799.2m) and Group profit before interest, tax and defined benefit pension costs was lower than the previous year at £19.7m (2019: £27.3m) but remained positive. The Group ended the year in a net cash position of £21.6m (2019: net debt of £11.0m) ensuring that our business is in a strong financial position and well-placed to continue investing and growing for the future.

Decades ago, we began the journey to build The Unipart Way ecosystem and, when Professor Klaus Schwab launched the Fourth Industrial Revolution at the World Economic Forum five years ago, we were determined to be leaders of that revolution in our sector.

The combination of The Unipart Way and the development of our digital capabilities underpinned by our stakeholder philosophy, has meant that Unipart was amongst the leaders in the world as more and more countries and companies accelerated their digital agenda.

As the world moved online, Unipart were very well prepared. Not only were we able to effectively implement working from home where required, but digital communication cells, which represented a multi-million-pound investment, had already been rolled out to many locations. That was accelerated so that they were implemented everywhere enabling our managers, leaders and team members to connect seamlessly and in real time to our global locations.

Our digital team quickly developed the "Covid S" which was immediately populated onto all of our communication cells enabling employees everywhere in the world to make their views known on how well the company was protecting them and how safe they felt. Thousands of data points were gathered every day, and I personally heard from several employees that they felt safer at work than anywhere else. That was reinforced by the British Safety Executive who commented that Unipart had amongst the best implementations of Covid-Secure practices they had seen anywhere.

At the height of the first Covid-19 pandemic lockdown, we began thinking about our "**Roadmap To Return**" creating a very detailed playbook to ensure that we could continue to provide our customers with outstanding personal customer service and at the same time keep our people safe.

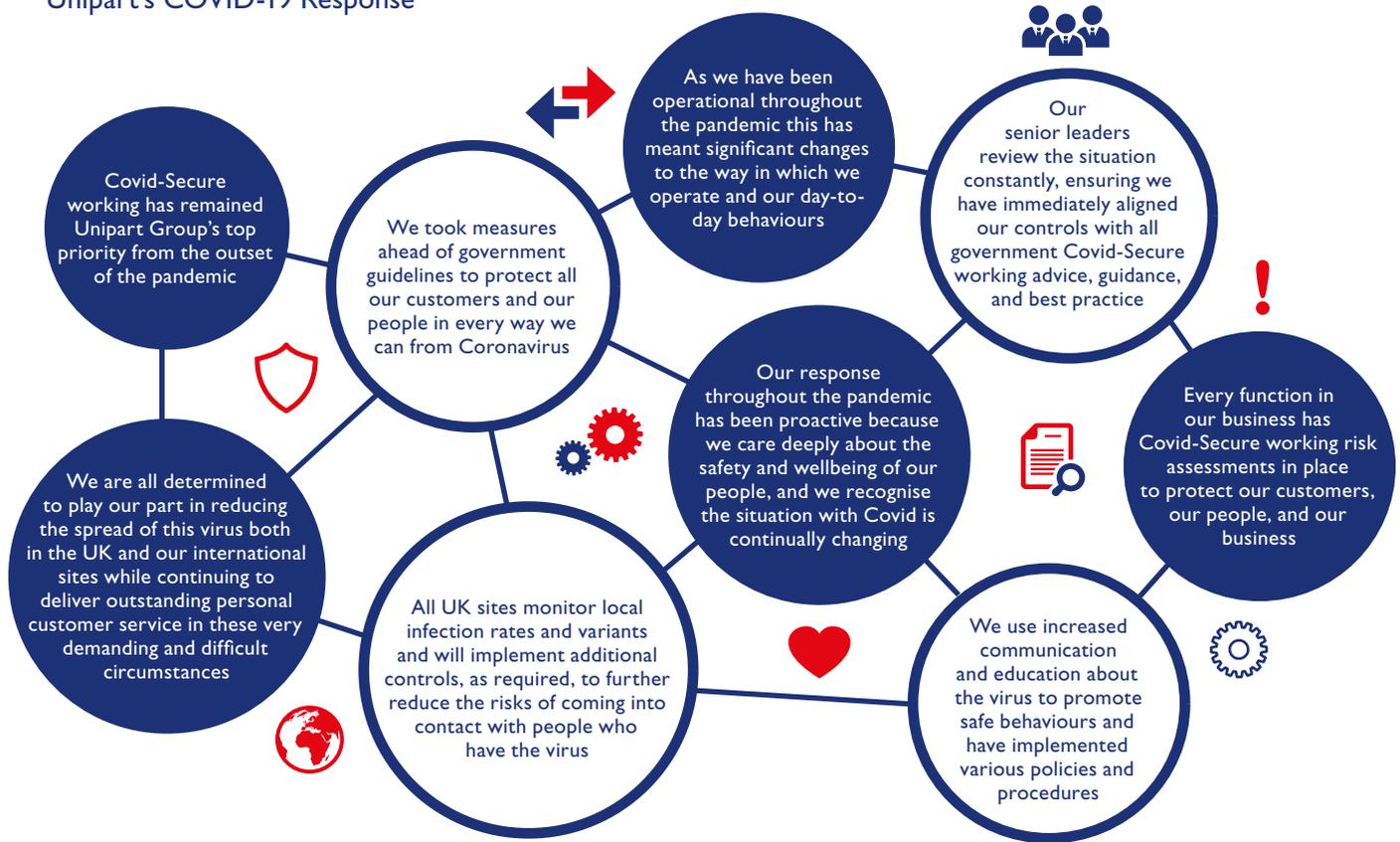
The information was continuously updated on The Unipart Way Online, our knowledge management system, making it available to all of our colleagues whenever and wherever they need it.

Serving our Customers



Many of our customers faced either drastic reductions in demand on the one hand, or unprecedented increases in demand on the other. In some cases, having to totally reorganise business processes within a matter of hours as they moved from serving multiple retail shops with high volumes to single customers with small volumes to the polar opposite. Completely reconfiguring distribution centres and reorganising processes in hours and days drew massive plaudits from our customers.

Unipart's COVID-19 Response



Of particular note was, and is, the continuing exceptional performance provided to the NHS Trusts as demand soared on certain product lines, and people from all over the Group transferred into the NHS Supply Chain contract to ensure a truly outstanding result. The power of The Unipart Way was dramatically illustrated during this time as colleagues transferred between Unipart sites and contracts using their common way of working, thinking and operating to serve customers effectively and efficiently on day one.

One key achievement was the successful opening of a new state-of-the-art facility, NHS Supply Chain Suffolk Park near Bury St Edmunds, which won a supply chain excellence award last year. The award reflected the agility and innovation that Unipart Logistics and NHS Supply Chain deployed to design, build and open the site in May 2020, against the backdrop of the Covid-19 pandemic. Key to the build was Unipart's use of digital tools including Digital Twin deployment and Augmented and Virtual Reality, which allowed modelling for the new site to take place remotely, without the need for unnecessary travel and in a Covid-Secure manner.

Similarly, when engineers were not able to visit customers' homes, Sky developed an alternative solution in the form of an easy-to-use handset that only required switching on to be live and functional with a pre-inserted and already active SIM card. Sky designed this for simple user experience for those who have never used mobile devices in the past. Unipart brought this to life with complete stock receipting, handset kitting and order fulfilment out of our specialist technology warehouse.

When lockdown meant closing the call centre and stores, Three needed to be creative to ensure it could continue to provide great service to their customers who needed help and support. Unipart

and Three put together an immediate response recalling all stock from each of the 320 stores in four days as well as supporting in the set-up of a temporary customer care function and delivering laptops to retail store agents who were working from home. The scale of the project in the timeframe was unprecedented, all whilst still maintaining regular next day supply chain operations to Three customers.

Unipart people also made a rapid response to the Ventilator Challenge UK. Within just 10 days from receiving a call from the Cabinet Office outlining the challenge to UK companies, our colleagues in MetLase brought together some of the best knowhow and experience from across the Group to create a prototype ventilator. Of the hundreds of companies that responded to the challenge, MetLase was one of only five that was identified by a National Audit Office report as being viable for production.

These anecdotes and dozens like them reinforce the importance of remaining a highly responsive and agile Group of Companies with well trained, highly motivated people. This is largely due to 'The Unipart Way', our proprietary system of continuous improvement and employee engagement. The Unipart Way has created a culture in which our colleagues always 'go the extra mile' for their customers and in which we can support our customers to reduce costs and deliver value even in challenging circumstances.

Our profitable performance, despite the uncertainties of both the Covid-19 crisis and Brexit, illustrates that Unipart remains a highly responsive and agile business with a strong basis to consolidate and grow in the future.

Chairman's Statement (continued)

The Digital Revolution



The importance of digital solutions in the recovery of the economy has been well documented, and this is a key focus across all parts of the Group. Pairing this with the efficiency gains we make with The Unipart Way is at the core of our strategy for optimising our ability to seize new opportunities through our digital transformation.

The digital revolution has set the agenda for progress and our Group has made great strides at all levels. Our business units have embraced a single vision for dynamically adapting the way in which we work. We do this through the engagement of teams at every level of the company who hold "Digital Friday" events using tools like the Digital Cube to identify potential improvements and innovations that can be achieved by developing and implementing technologies in their areas.

We have now developed a full suite of digital solutions and are continually upskilling our colleagues in a wide range of digital skills through a digital Gate to Great programme utilising a blend of online learning and coaching. Across our Group, we have appointed digital champions who act as facilitators to help teams turn their ideas into reality providing a range of tools, many of which will become products and services to be offered to customers.

Unipart's philosophy is 'to meet the real and perceived needs of our customers better than anyone else and to serve them better than anyone else'. The digital revolution allows immeasurable opportunities to build on this philosophy in new ways so that we can provide our customers with service excellence that they cannot get from anywhere else. Our focus for 2021 and beyond is to accelerate this development programme at a pace that is truly revolutionary and enables us to be at the forefront of this transformation, harnessing the outstanding commitment and creativity of our people.

To facilitate this, we have established Unipart Technologies Group (UTG), which will provide strategic, technical, operational and commercial focus and support. UTG comprises of Instrumentel, MetLase, Park Signalling, Comms Design, the Advanced Manufacturing and Engineering Institute, all of the Group's existing IT operations that support our operating companies as well as our specialist Digital team.

This new group is designed to recognise and build on the broad and deep range of expertise and capabilities that the Group has developed over many decades ranging from its skills in global enterprise systems, management and support of complex client relationships and, more recently, digital and cybersecurity capabilities.

An important element of this digital strategy is the acquisition of companies that can benefit from the resources of the Group while on a significant growth trajectory. For example, towards the end of 2020, the Group acquired Comms Design Limited, a high-tech design and engineering organisation in the Rail industry. The business designs and manufactures various on-train and support equipment as well as providing training and support services once installed. Comms Design Limited complements our growing technological product range as we continue to evolve alongside the Rail industry.

Moving Towards Net Zero Carbon



Unipart is committed to sustainability and, looking forward, the Group Leadership Team has agreed a specific aim within our policy deployment process. The aim is as follows:

To achieve carbon neutrality by 2030 with the strategic intent of becoming carbon zero before 2050, to progressively identify and develop those technologies, capabilities and businesses, which will secure our aim and strategic intent, and enable us to generate new pools of sustainable profits.

This is an important step that will enable all parts of the Group to support this aim with tangible improvements and activities. Initiatives within the business last year reduced CO₂ consumption by 20%, reduced water consumption by 10% and achieved an overall recycling rate of 97%. Furthermore, Unipart is dedicated to reducing single use plastics and has worked with customers, suppliers and partners to remove a total of 261 tonnes of single use plastics from its logistics operations since 2018 and on one project in the Rail sector, we have removed 13km of single use plastic in a year from the packaging used for the transit of LED signals.

During October, the Group achieved a five-star rating from the British Safety Council for its commitment to Environmental Sustainability. The auditors cited the strength of Unipart's overall working culture saying that it has led to ongoing environmental and sustainability improvement programmes and that we have demonstrated best practice in many areas.

We are also continuing the drive to produce new technology to support the net zero carbon strategy. Drawing on our joint venture business, Hyperbat, we are seeking to extend the knowledge we have gained through our automotive battery production facility to develop electrified vehicle solutions for the Rail market. During 2020, an early opportunity presented itself, supported by Innovate UK, to develop a new battery powered Track Rail Transposer to meet the growing market requirement for zero emissions rail plant equipment. We look forward to using our market-leading facilities and experts to provide transformative products to serve this cutting-edge industry.

Recent Awards



I am pleased to report that the Group has achieved several other awards in 2020, including:

- Unipart, alongside the NHS Supply Chain, were crowned winners of the prestigious Warehouse Initiative Supply Chain Excellence Award at this year's Supply Chain Excellence Awards. The award recognised the successful opening of the new state-of-the-art facility for the NHS Supply Chain in Bury St Edmunds, which was part of an ambitious transformation and growth strategy designed to deliver benefits and savings back to the NHS, whilst ensuring supply chain resilience during an unprecedented year.
- The Group also received two Swords of Honour and one Globe of Honour from the British Safety Council. Unipart is one of an elite group of companies to receive both of these honours this year. These awards highlight the utmost importance we place on health, safety and environmental management across all our operations.
- Unipart achieved a five-star rating from the British Safety Council for its commitment to environmental sustainability. It scored over 95% in the British Safety Council Five Star Environmental Sustainability Audit – its highest ever rating.

- Unipart won two Royal Society for the Prevention of Accidents (RoSPA) awards for outstanding workplace safety.
- Unipart has maintained world class safety performance, with lowest ever scores for RIDDOR and Lost Time Incident Rate metrics, and has achieved a five-star rating in the recent British Safety Council Health and Safety Management audit with its highest ever score of 98.24%, scoring 100% in the 'leadership' category. Unipart was crowned overall winner in the UK and Ireland in the British Safety Council 2020 International Safety Awards. A British Safety Council auditor said "Unipart's Covid controls are the best I have seen."
- Unipart won the "best in-house corporate communications response to the pandemic" from the CovidComms Awards, a one-off online awards programme, concentrating on the work that communicators have created during the Covid-19 crisis to keep stakeholders, from staff to local communities, informed.

Our own internal 'Mark in Action' award ceremonies recognise employees who have gone above and beyond their job roles to demonstrate outstanding personal customer service. Over 3,300 colleagues have been recognised since the awards began in 1987. These awards mark the most outstanding achievements, but every day our colleagues from across the Group are problem-solving, innovating and going that extra mile, in line with our Group philosophy.

Future Trading Relationships between the UK and the EU



Throughout 2020, we have invested considerable time preparing for the potential impacts of each of the proposed Brexit agreements, how this would affect our business and what steps we could take to minimise disruption to service delivery. Through various committees, we have maintained constant oversight and review of proceedings and we have found ourselves as well placed as we could have been as the UK left the European Union. We continue to engage with all of our stakeholders to assess the ongoing impacts to their businesses and adapt our approach to the new legislation. Through our positive engagement, our customers have shown unwavering trust in our abilities to deliver excellent quality and react quickly to this rapidly-changing landscape.

Chairman's Statement (continued)

Corporate Governance



Unipart has a culture of doing business the right way and the development of corporate governance standards across all major UK corporations, including those larger non-listed entities like Unipart, is a welcome development. We continue to take significant steps to strengthen our governance, which is underpinned by our values of being an ethical and responsible business. The Group's Corporate Governance Statement is included alongside the Directors' Report and the section 172(1) report can be located at the end of the Strategic and Operating Review.

There were a number of changes to the Unipart Group Board during the year. Noel Travers, formerly managing director at Unipart Rail and Unipart Manufacturing Group, and Jonathan Chitty, formerly Group Finance Director, left the Board.

Darren Leigh, who joined the Group as Chief Financial Officer in April, has been appointed to the Board. Darren's most recent experience

is in the financial technology sector having previously worked in the Rail industry with Freightliner, and before that, gaining experience in the automotive sector working with Inchcape. Darren has also been appointed Group Chief Risk Officer.

The impact of Covid-19 dominated all aspects of life in 2020 and, as the pandemic first hit, the immediate focus was to protect the health and safety of our people, sustain our sound business processes and maintain supply of products and services to our customers, which includes the NHS. We are very proud of our health and safety record and our award-winning Covid-19 response which has allowed us to demonstrate outstanding agility in meeting our rapidly changing customer needs. Our diversification across multiple sectors, customers and geographies has meant that we have been able to carefully navigate our way through the impact of Covid-19 on our Group, enabling us to be agile in rising to the new challenges and opportunities that it has brought, whilst retaining robust financial stability.

The challenges presented by the pandemic are likely to be just as significant in 2021, as countries around the globe consider the path back to normality, the success of the international vaccine rollout programmes and all the uncertainties these bring with it. At the date of approval of these financial statements, the Group is closely monitoring the economic implications of the pandemic and the impact that it may have on the Group's trading performance for the coming year. We have undertaken a review of the potential further impacts that Covid-19 may have on the Group, further details of which are set out in the Directors' Report. We are confident that we have a robust business plan that can withstand the economic challenges that may result from the pandemic.

Our employees are at the heart of our success and I would like to personally extend my thanks to all of our employees for their dedication and adaptability in this arduous year. The safety of our employees remains our first priority at all times, but particularly in the midst of attempts to contain and dispel this virus. Thank you all for your invaluable contributions to the Group in the year and for your commitment as we drive forward to prosper and grow for the future.



Strategic and Operating Review

Strategy



At the heart of our strategy for enduring success is employee engagement and empowering our people to improve their activities by using the tools and techniques of The Unipart Way and viewing the business through a digital lens. This provides colleagues with the opportunities to deliver exceptional levels of performance to some of the world's most prestigious companies.

Unipart aims to be at the forefront of The Fourth Industrial Revolution. This is the convergence of digital technologies and the significant adjustments required to keep pace with the fast-changing industrial landscape. To achieve this aim, we continue to challenge our employees to innovate and apply new digital technologies into their every day.

During 2020, the world saw an unprecedented shift towards remote working as a result of the pandemic, which put an even greater emphasis on having a highly skilled and responsive workforce across the Group. Unipart was well placed in this regard, having completed the Group-wide roll out of our digital philosophy in 2019, engaging our colleagues with practical examples to improve efficiencies and implement digital solutions before they were required by the pandemic.

Unipart has continued to make the safety of its people a fundamental element of our strategy. At the onset of the pandemic period, Unipart quickly established safe, robust working practices across its warehouse operations and seamlessly transitioned office-based functions such as customer service to working from home, in advance of formal Government advice. The Group has met and often exceeded Covid-Secure guidelines. Through the rapid implementation of these measures, Unipart maintained its outstanding service to retailers and customers across the world, as demand was impacted by the pandemic. Over 5,000 of Unipart's standard operating procedures have been individually risk assessed, adapted where necessary and updated on Unipart Way Online to ensure colleagues are safe and have ready access to the most up-to-date operating methodologies.

All of these steps have been designed to help implement our 3Ps strategy – to protect our people, our processes and the flow of products and services to our customers.

Our in-house Digital team continues to harness the benefits of digital technologies to great effect. New tools and capabilities are already deployed in the Group and driving high levels of improvement and efficiency. As you will see from our operating review, digital tools and robotics are already being embraced across the business and their use is growing exponentially year-on-year.

In conjunction with the digital improvements, the Group's dedicated IT security team continues to ensure our systems and databases remain secure against the heightened threats in the fast moving cyber fraud arena.

We have invested over 30 years in developing The Unipart Way, and we continue to develop this philosophy of working, thereby driving productivity and delivering operational excellence in our businesses and for the benefit of our customers. Sustaining The Unipart Way allows us to innovate and succeed in our strategy by developing a strong culture of employee engagement.

The Unipart Way is based on a profound belief that the potential of our business is intrinsically linked to the potential of our employees. We encourage all of our staff to increase their expertise in all aspects of their work through development programmes under the banner "Gate to Great". Every member of staff has a personal learning journey which enables them to fully participate in our philosophy and to learn and grow with the business.

The importance of engaging people at every level of the business can never be overestimated, and we remain committed to our network of initiatives that have been designed to optimise employee engagement throughout the globe, including:

- The Unipart U – This is one of the longest established corporate learning institutes in the UK. It was opened in 1993 with the mission statement: 'to train and inspire Unipart's people to achieve world-class performance within the company and amongst its stakeholders'.
- Faculties on the Floor – This concept has been developed as a direct extension of the Unipart U, to bring learning directly onto the shop floor. It enables individual employees to develop the key knowledge and skills that are required to improve quality and productivity in their day-to-day jobs. It also enables teams to tackle production issues in real-time using proven problem solving tools and techniques within the faculty and then immediately prove their learning by implementing solutions directly in the operation.
- Unipart Way Online is an extensive online knowledge management system. It contains the latest learning and knowledge about the tools and techniques of The Unipart Way, our major business systems and digital developments from across our Group. It also incorporates Spark, an easily accessible app that enables employees from across the Group to share knowledge and best practice in real time.
- eCoaching – Our electronic coaching system is a comprehensive, cost effective system that enables our expert practitioners to train and coach people anywhere in the world. They can provide coaching in the moment by using technology to create a virtual 'go and see' environment to help people apply the right tools in the right sequence at the right time.

Strategic and Operating Review (continued)

The Unipart Way is a complete ecosystem refined over many years to deliver sustained productivity improvements. Productivity has been cited as the route to improving living standards for everyone in the UK, and we believe our focus on this, coupled with deep employee engagement and a matrix of digital products and services, is unrivalled. Unipart is committed to helping customers succeed in any sector and in any geography, and it is this mission that has allowed us to build deep and enduring relationships with so many global brands.

Unipart also recognises the power of education to improve lives, and we have aligned ourselves with university partners to optimise our ability to participate in new government initiatives for research and development projects as well as being part of bringing forward the next generation of talent. Forming these partnerships allows the projects to develop into market leading commercial products and services, providing benefits to our existing and future customers. In addition, we are able to provide undergraduate engineering students to pair formal education with hands-on experience in a state-of-the-art manufacturing facility through the Institute for Advanced Manufacturing and Engineering (AME), our joint venture with Coventry University. During 2020, we also started collaborating with the University of Birmingham in advancing technology developments in the Rail industry.

Operating Review



The Unipart Group of Companies (the "Group") provides supply chain and logistics solutions to its customers across a diverse range of markets, which are considered below.

Automotive



With complex global supply chains honed over many decades to operate on a just-in-time basis, the Automotive sector has been particularly badly hit by the disruption caused by Covid-19. Throughout the pandemic period, Unipart has worked very closely with its automotive customers to swiftly adapt and adjust capacity to highly uncertain demand.

As vehicle production halted across the UK during the first lockdown, Unipart's agile warehousing solutions were able to rapidly accommodate fluctuations in requirements, for example, where products were still arriving from suppliers creating a spike in inventory. With a diverse range of customers, Unipart has been able to balance resource requirements during the pandemic.

Despite significant disruption to the automotive market during the pandemic period, Unipart supported McLaren in realising its ambition to successfully launch new models in the year, including the Elva and Speedtail hypercars while continuing to support our existing customer base and retailers. The support from the Unipart team was second to none, an amazing level of quick decisions underpinned with great process and delivery by colleagues with the best attitude which fundamentally helped McLaren through the complex year we have all witnessed, demonstrating a partnership that truly makes a difference. In addition, 2020 saw the introduction of a new upgraded version of Unipart's proprietary warehouse management system, the Unipart Digital Enterprise System (UDES), as well as a new version of the retailer parts ordering platform for the parts aftermarket, Unidial, both providing enhanced features and functionality.

At the warehouse operation for Volkswagen Group UK, Unipart is in the process of introducing a new advanced autonomous mobile robot into the picking process, reducing travel time and improving efficiency.

While the pandemic hit many industries hard, the agricultural industry continued, and Unipart maintained outstanding service to Kubota UK customers during the harvest peak. This gave Kubota UK the confidence to extend the aftermarket parts contract for a further five years with a glowing review of our outstanding service and ability to meet stretching targets.

The year saw the development of innovative and powerful new digital tools to enhance resilience across global supply chains. The global lead-time dashboard, which helps optimise global inventory holding, has been launched as a pilot phase for automotive customers. The innovative Unitrack control tower, which provides part level visibility and insight to enable intelligent decision-making, optimisation of service and minimisation of cost across the end-to-end supply chain, was also piloted, ahead of its roll out in 2021. In addition, Unipart's new robotic process automated picking technology was deployed for its contract with Volvo in the USA.

Van Wezel, Unipart's distributor of automotive collision repair and associated products, continues to strengthen its position as one of the premier providers of OEM quality parts for the aftermarket across much of Europe. Van Wezel demonstrates clearly the commercial benefit of understanding its customers' needs and serving them more effectively than any other aftermarket alternative. The Van Wezel Centre of Excellence in Belgium continues to provide world class technical support and testing, along with a facility to showcase our products, services and capabilities.

Intertruck, our commercial vehicle aftermarket parts distributor based in the Netherlands, responded well to the market pressures brought on by the pandemic. The business continued to focus on growing its customer base, increasing its online volumes and developing its digital tools. The business expanded the rollout of its Heavy Duty Parts Center network, the biggest group of heavy duty parts distributors in the Benelux region.

Serck Motorsport, our motorsport operation based in the UK, increased its Formula 1 racing customer base and continued to serve the teams with a high quality service despite the condensed racing season. Further opportunities are being explored to develop this offering for other racing calendars in different countries.

Technology



In this Covid-19 dominated year, the supply of technology devices to keep the country connected became even more critical, with the challenges of product supply from the Far East and the need to continue

to operate safely through multiple lockdowns and restrictions. Unipart adjusted its ways of working to support constantly changing volumes, priorities and services and it has been determined to keep its service promises, whilst delivering exceptional service for customers.

Sky, a Unipart partner for 16 years, needed varied and flexible support, ranging from fulfilment of a new self-service installation proposition to delivery of personal protection equipment (PPE) to its engineers. Unipart's dynamic outbound area used digital mobile workstations to deliver flexible services, whilst maintaining social distancing at all times.

During this busy year, Unipart brought the Sky Store DVD work into its Nuneaton site, delivered a significant VIP customer remote control promotion, and supported Sky to open its new mobile retail store, along with its strong growth in mobile. In addition, Unipart upgraded the warehouse management system, all single use plastic was removed from its operation, and preparations were made for Brexit.

Vicki Flaxten, Director of Supply Chain, Sky said:

“Keeping customers connected to broadband and TV is critical in this time. People need broadband to work from home, have a landline to speak with loved ones if they don't have a mobile and use the broadband and TV services to stay connected and informed about what is going on. Each one of these important solutions is delivered out of Nuneaton through you – so thank you! Your teams are doing an amazing job and you should all be very proud.”

During the first lockdown, Vodafone had to close and re-open its store network, recalling its stock to Unipart's central distribution centre in April, and then re-supplying those stores in June. The lockdown saw a move to increased online orders, and therefore individual shipments. All services were delivered safely whilst maintaining Unipart's exacting key performance indicators in a year of strong performance for Vodafone UK. Important projects were delivered successfully, such as Vodafone's Connected Education, where tablets were repurposed with specific software for use in education.

Gareth Williams, Head of Logistics, Vodafone said:

“Each and every request has been met without complaint, push back or even the slightest resistance, despite the lower resource levels and challenging working environment. The team has been truly inspirational. Thank you personally, and on behalf of Vodafone.”

When Three closed its stores, Unipart also supported stock recalls and restocking, as well as a significant switch to online and direct-to-customer deliveries. Unipart further supported Three by shipping laptops to store personnel working from home and delivering PPE and sanitiser to support retail stores reopening.

Strategic and Operating Review (continued)

Dan Halsey, Head of Supply Chain, Three said:

“Unipart has shown exceptional partnership working with Three. They have helped our customers stay connected by continuing to fulfil next day deliveries 100% of the time, even during this challenging period, as well as supporting us to manage stock out of stores.”

During 2020, UK Broadband was acquired by Three, and this product and service portfolio has successfully transferred into Unipart. In partnership with Three, Unipart is now focused on some exciting changes to customer propositions in 2021.

Delivering device repairs for Virgin customers, keeping them connected to work and family, was essential this year. Unipart's team made sure that no customer had to wait longer than its one day repair promise throughout this complex operating period. Virgin continued to deliver significant projects through the year and Unipart supported eSim, 5G, SIM migration and Apple refurbishment projects, as well as supporting the new connected home service proposition.

Consumer



At the beginning of 2020, Unipart was delighted to begin a new partnership with Selco Builders Merchants. During the year, Selco has expanded its trading footprint by 5% and expects to grow by a further 7% in 2021. Unipart is supporting a transformation programme that will allow Selco to further accelerate its growth.

Whilst maintaining high levels of customer service, Unipart has demonstrated its agility throughout the pandemic period. During the first lockdown, Unipart re-configured its operation from providing Waterstones with a predominantly store-based delivery process to supporting a home delivery internet service within two days. This is now part of a new expanded sales channel for Waterstones and contributes positively to its results.

Kimberly-Clark's products became subject to a significant rise in consumer and retailer demand during the pandemic period, resulting

in record sales for the client, with Unipart continuing to meet this increased demand throughout the year.

As a result of the Covid-19 crisis, dispatching RSPB products to shops decreased. However, online ordering increased dramatically at the same time. Drawing on The Unipart Way to rapidly respond to RSPB's needs, we were able to adapt our service operation and deliver a 25% process efficiency improvement, enabling us to meet the challenge of the swift changes in ordering patterns and volumes.

Health



2020 has been an incredibly challenging, yet positive year in the Health sector. In Unipart's second year of managing the logistics operation for the NHS Supply Chain, overall performance levels have increased across the network, with the service levels to NHS Trusts being at a record high.

Covid-19 has created both challenges and opportunities, with Unipart's focus being the provision of logistics services to support frontline NHS staff and patients at home. In March, within a matter of days, volume demand from Trusts increased dramatically through the NHS Supply Chain network, requiring a rapid response to scale up operational capacity, which colleagues from across the wider Unipart Group supported in an unparalleled manner.

The pandemic response also saw Unipart set up a stand-alone dedicated PPE Cell call centre to provide Customer Service to support the PPE supply chain for NHS Trusts. This was established within four days with Unipart responding in an agile manner to a difficult challenge. This service has recently been expanded to support the National Vaccine programme.

Unipart has also been increasing the resilience of the supply chain in response to the pandemic, and in readiness for the UK's exit from the European Union. Unipart has taken on substantial additional warehouse space to accommodate contingency stock holding, which will continue into 2021.

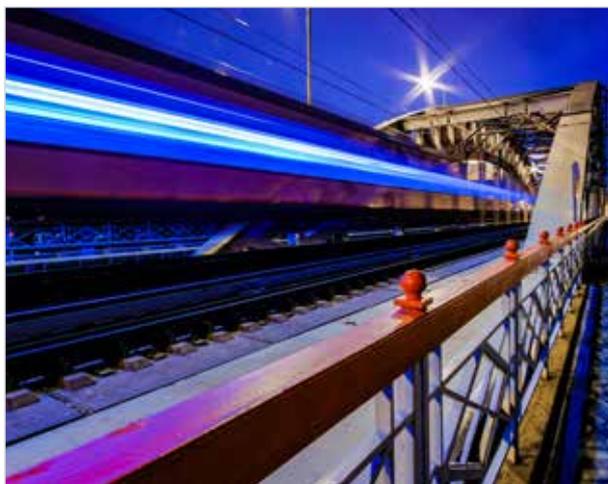
Despite the challenges, Unipart was proud to announce the opening of a new 147,000 square foot NHS Distribution Centre in Bury St Edmunds in May 2020. A digital twin of the new distribution centre was created to enable remote development of the layout and

assessment of options during lockdown. In response to the pandemic, the implementation programme required a short notice redesign to create additional capacity using a previous site as part of Covid-19 contingency measures. The successful delivery of this project, which forms part of an ongoing transformation programme, was recognised by the Supply Chain Excellence Awards in November, winning the award for Warehouse Innovation.

During 2020, Unipart used its in-house data science capability in a number of areas. Firstly, in range management looking at the optimal inventory location for managing stock levels efficiently across the network, and secondly, in understanding the combined cost of delivery, Unipart deployed its Cost-to-Serve digital tool to optimise and transform the way in which the data is captured and managed, with the aim of optimising the cost of the NHS Supply Chain.

Looking to the future, Unipart continues to support the NHS Recovery and Reset efforts following the pandemic. Unipart will continue to support delivery of the logistics strategy and transformation programme, including both infrastructure and systems projects, to deliver the capacity required to accommodate the growth of the NHS Supply Chain, to generate savings, and to enable more funds to be made available to improve patient care.

Rail



Unipart provides a wide range of products and services as well as a full spectrum of logistics and distribution services to almost all of the rail operators and many contractors in the UK Rail market, and also has a growing international presence. In addition to providing customers with solutions to complex supply chains, we manufacture, repair and overhaul rail equipment and have a strong and ever-growing technology-based offering drawing on the company's digital capability.

In the Rail market, Unipart is focused on developing technological solutions such as proactive condition-based maintenance and we are moving forward with realising our vision for a condition-based supply chain. Unipart also has a significant technology footprint in rail signalling across a range of product and service offerings.

The effects of the pandemic have accelerated restructuring of the wider UK Rail industry as the Government has been forced

to employ emergency measures and provide additional financial support to train operating companies in the short term and maintain timetable schedules despite the dramatic reduction in passenger numbers. During this difficult period, Unipart has responded well to meet customer demands and protect our workforce. In spite of the pandemic, we have succeeded in winning new business and renewing existing contracts at home and abroad. We have furthered our interest and capability in digital capabilities so that we are well placed to take advantage of future opportunities and we have extended our interests and growth opportunities in international markets.

During the year, Unipart secured an infrastructure framework contract with Atkins for two years, furthered its relationship with Siemens with a view to finalising the potential for a further framework and extended its agreement with Volker to use our premises for Rail Electrification Alliance for the next four years. We also renewed our framework contracts for Network Rail and Dorman products.

Unipart also renewed traction and rolling stock contracts with East Midlands Trains, Northern, Arriva and secured new business with Angel Trains, Hitachi and Stadler. For rolling stock contracts, we are leveraging our digital capability in condition-based monitoring systems, which are being increasingly adopted by asset owners, operators and maintainers to deliver optimal maintenance programs and cost savings. In North America, we signed an agreement with Graham Construction for the future delivery of level crossings, building on work undertaken in 2019.

New equipment lines have been introduced with McCulloch, some of which will be manufactured in-house and we have dispatched, commissioned and trained new customers in a number of overseas territories despite the pandemic restrictions.

Further advances in digital automating processes have been made. Automation software and coding have been implemented in transactional operations to remove manual processing and manipulation of data, streamlining our processes, and allowing more agility in our operations to respond to customer requirements. Building on the Unipart Inventory System (UIS), Unipart has developed a new digital forecasting system (Dragonfly), incorporating machine learning to improve our service to customers.

We have also implemented a new supplier management system, Weavability, that enables suppliers to manage and receive purchase orders, providing real time data on shipments, replacing manual processes, and streamlining the order management process.

During the year, we launched an e-commerce site, Unipart RailStore, to better service our existing customers and capture new customers. Unipart RailStore is initially focused on consumable and fastener products, but will evolve to provide a full range of materials.

The Rail industry is increasingly seeing a shift to decarbonisation, digital technology, and introducing innovative new technologies, and Unipart continues to grow its offering in these areas both organically and inorganically.

In October 2020, the Group acquired Comms Design Limited, a high-tech design and manufacturing company specialising in electronic products primarily for the rail industry. As a result of the acquisition both businesses will be able to access new markets and continue to develop and expand product ranges in the UK and overseas. Investments

Strategic and Operating Review (continued)

have also been made in two rail technology enterprises, EneRail and MoniRail, in conjunction with the University of Birmingham. EneRail focuses on optimising energy efficiency through better timetabling and driving performance, whilst MoniRail provides a new solution for rail track condition monitoring enabling track condition data to be captured more frequently at much lower cost than is currently available with existing systems.

We continue to build our relationships with organisations that support the delivery of innovation and new technology to the Rail sector. This includes the UK Rail Research Innovation Network (UKRRIN) and, during 2020, we secured funding from UKRRIN partners to build the UKRRIN Innovation Hub at our Doncaster location. Bringing together colleagues from our university partners, and also drawing on available grant funding to build innovation expertise in the South Yorkshire region, the Hub will be a focus for the development of new technologies and showcasing UKRRIN innovations. The hub is due for formal launch in the early summer 2021.

Manufacturing



2020 has proved to be another challenging year for the Manufacturing sector, with UK automotive manufacturing hitting a standstill during the first lockdown, resulting in the temporary closure of Unipart's two main plants through April and May.

During this period and the subsequent restarting of the sites through June and July, the businesses took the opportunity to redouble its efforts to review their processes and in particular the use of digital solutions to ensure that business continues to run as effectively and efficiently as possible. This has been evidenced by the successful restart of the business in June, where the operations were better placed to adapt to the volatile volume demand which remains in the uncertain environment created by Covid-19.

Despite the hurdles, Unipart safely started implementing state of the art manufacturing facilities for the fuel fillers and plug-in hybrid electric vehicle fuel tanks for a leading global car manufacturer, which are due to launch in 2021. The fuel tank is of significant importance to Unipart due to its hybrid nature and will provide substantial increased revenue once launched. The Unipart facility in Coventry also diversified into the Rail sector and is now manufacturing McCulloch's Panel Lifter System,

harnessing The Unipart Way and our experience in automotive manufacturing to improve manufacturing quality and output for our customers in different markets.

Kautex Unipart Limited (KUL), a joint venture manufacturing operation with Kautex Textron Inc., continues to design and manufacture advanced plastic fuel tank systems to the automotive Industry.

2020 was a challenging year for Hyperbat due to the unprecedented economic conditions which saw a high number of automotive manufacturers postponing major investment decisions. Despite this, Hyperbat continued to supply battery modules to Williams Advanced Engineering for use in the Electric Touring Car Racing (ETCR) series.

The Advanced Manufacturing and Engineering Institute (AME) is a collaboration between Unipart Manufacturing and Coventry University that focuses on developing industry-ready, world class engineering graduates. This facility has a full cohort of undergraduates, together with Masters and PhD students and internal staff participating in technical training. Despite the pandemic challenges, Unipart is proud to again be involved in the graduation of another year group of engineering graduates.

MetLase Limited is a joint venture, in collaboration with Rolls-Royce, formed to design and build innovative tooling solutions using the latest laser technology. Located on the Advanced Manufacturing Park in Sheffield, a team of dedicated engineers are now providing tooling solutions in the aerospace, automotive, defence, motorsport, nuclear and construction sectors. During the year, MetLase supported the UK Government with the ventilator challenge and, working with partners, created one of only a handful of viable recommended solutions. MetLase also secured grant funding to help widen its digital products range, maintain jobs and develop intellectual property in the region. The business continues to innovate and create high quality engineered electro- mechanical products.

Corporate Responsibility

Unipart was one of the first British companies to publish a mission statement challenging us to inspire all of our stakeholders to want to stay with us for life, moving away from a single short-term focus on shareholders. On our journey, we've been inspired and our values reinforced by fellow members of Business in the Community, and we hope that we have been able to inspire others.

Corporate Responsibility is about doing well by doing good. We understand that this is not simply altruism but also makes sound commercial sense. Strong successful communities can buy our products and services. Successful schools provide us with well trained and motivated employees who help us to build our business by engaging more effectively with our stakeholders than our global competitors. It is in our interest to work with our communities, public services and schools for mutual benefit.

2020 was an exceptional year and some of the activities and initiatives that we would normally undertake under our responsible business agenda were not possible. We pivoted our focus to reflect the unique situation that the global pandemic has created, in particular keeping our people safe and we took early and decisive action to implement working at home and social distancing in our workplaces.

Our communications, corporate responsibility, health and safety and human resources specialists across the Unipart Group have been working together to meet three leadership priorities: keeping our people safe, keeping our customers safe, and keeping our processes operational.

A key focus was informing employees of the rapidly-changing situation on an almost daily basis. While physical changes were being implemented in sites, it was vital to engage colleagues in the behavioural and cultural changes required for a Covid-Secure workplace, and to manage the communication to people in Unipart sites as well as those working from home.

The largest single communication was a 60-page online operational handbook called "Roadmap to Return" which set out the processes for managing in a Covid-Secure environment in our warehouses, factories and offices.

Unipart has challenged all our people to become leaders of The Fourth Industrial Revolution, and this continued through 2020. The challenge is ambitious. Although Unipart has a strong track record in deploying appropriate technologies to meet the real and perceived needs of customers, we are not a technology-only company. Our commitment to this goal is not a discrete programme, it is an integral part of every aspect of our operations every day. Activity is facilitated by a team of digital experts who develop, teach and coach, but is driven at every level of the organisation by colleagues who deliver digital innovation in their day-to-day roles.

We continue to recognise the importance of being inclusive and promoting diversity across our workforce, which in turn, drives innovation and creativity, and is in the long term interests of our business. Unipart has a strong culture on which we pride ourselves, encouraging personal growth and development for all. We work hard to ensure our colleagues are treated with dignity and respect, with freedom from discrimination of all types. As a result, in 2020 Unipart established a Diversity and Inclusion Steering Group to ensure continuous improvement of the agenda, monitoring policies, adapting training programmes and introducing mandatory training ahead of our Ethnicity Reporting.

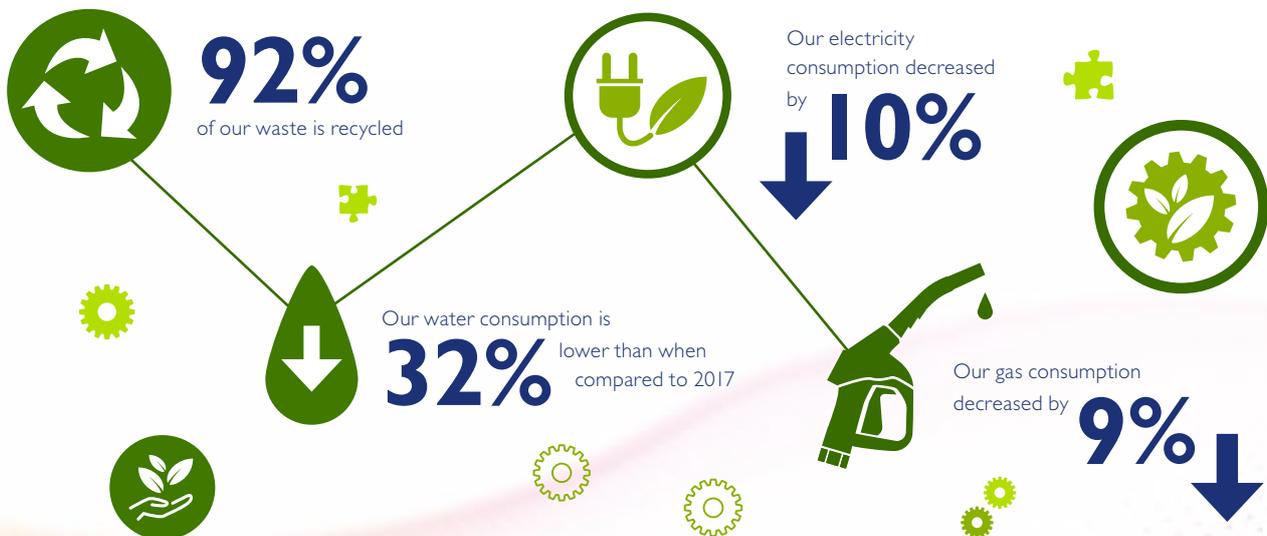
We continue to encourage a foundation of policy and training to ensure longevity across all of our agendas, enhancing our culture and providing our commitment to our colleagues.

Unipart has reported our gender pay gap over a number of years and welcomes the new transparency that mandatory reporting brings. In 2020, gender pay gap reporting was suspended due to the demands placed on business by the pandemic. We elected to continue with our reporting and were pleased that our gender pay gap remained better than the national average. We continue to focus on programmes to encourage more women to apply for roles in our business, as well as looking to our key talent pipelines to encourage and develop a wide range of applicants for every job – particularly at senior levels.

In 2020 we continued to champion this important cause of employment and young people through our proud sponsorship of a prestigious Business in the Community award, *The Unipart Outstanding Employment Award*.

In November, our longstanding approach to Equality and Diversity was formalised with our signature to the Rail Industry Association's (RIA) new Equality, Diversity & Inclusion Charter. RIA and Women in Rail launched the Charter to champion equality, diversity and inclusion in the UK Rail industry. The joint 'Equality, Diversity & Inclusion Charter' is a commitment to work together to build a more balanced higher performing sector and has now been backed by over 100 organisations.

Our environmental performance as a Group has continued to improve and we are proud of the work being undertaken across the Group. We continue to reduce our footprint on the environment. In addition, our electricity consumption decreased by 10% due to the installation of efficient LED lighting and gas consumption decreased by 9% in the same period due to better heating management systems in our distribution centres. Water consumption is 32% lower than when compared to 2017. We have reduced overall waste generated and recycled 92% of our waste. In conjunction with our customers' needs, we have also delivered a sizeable education in single-use plastic usage. Further details of the Group's energy and carbon usage are reported in the Streamlined Carbon and Energy Report on page 22.



Strategic and Operating Review (continued)

We have made financial investments, where appropriate, to accelerate our environmental performance and, in 2020, Unipart was awarded the British Safety Council Globe of Honour. Such awards represent the pinnacle of achievement in the world of environmental management. Our customers have their own, very challenging, environmental objectives and we work closely with them to seek new ways of reducing costs and turning environmental risk into opportunity. As a result, we have developed a suite of sustainable products and services including repair and repair avoidance, reverse logistics and disposition, fleet services and recovery and recycling.

The Group's vision of zero workplace accidents remains strong, resulting in an unrelenting focus on ensuring safety in the workplace, and we were proud to be recognised at all of our major UK sites with a number of the highly prestigious Swords of Honour at the British Safety Council Awards 2020.

Stakeholder Engagement

The directors set out their section 172(1) statement in accordance with the Companies Act 2006 in relation to stakeholder engagement for the year ended 31 December 2020.

The Board recognises that the long-term success of the Unipart Group is strongly correlated to a positive interaction with all of its stakeholders. Effective engagement allows the Board to understand relevant stakeholder views on material issues which may impact the business and helps to inform the Board's decision making. Stakeholder engagement is ultimately managed and owned by the Unipart Group Board Directors, but takes place at all levels within the organisation.

At the heart of our engagement is The Unipart Way, our Group philosophy, which is led from the Boardroom. Principle 4 of The Unipart Way, 'We manage with a long term view', guides the Board's thinking, encouraging the adoption of strategic initiatives, rather than short term gains. This includes the directors' engagement with each of its stakeholders.

Unipart's latest Corporate Responsibility Strategy is published on our website and sets out how the Group plans to engage with its customers, suppliers, people and communities in a mutually sustainable manner. We always aim to act fairly across all our stakeholders and create a longstanding reputation as a Group where people want to work, customers want to give us their business and suppliers want to provide us their services, whilst at the same time ensuring the Group maintains the highest levels of ethical standards and support for its community and environment.

This report identifies some of our key stakeholders and explains how our businesses interact with them in order to promote the success of the Unipart Group for the stakeholders as a whole.

Employees



Our employees are critical to the delivery of our strategy and the future growth of the business. The directors empower each colleague throughout the business, encouraging each to solve problems at their own level. Through a wide range of training and development programmes, such as the Gate to Great journeys, we are able to develop our people so that we can promote from within and provide long term and fulfilled careers across the Group.

The Mark In Action award ceremonies are held six times each year, even during the pandemic, and celebrate our employees who have demonstrated outstanding customer service. Each and every one of these events have been led and presented by the Group Chief Executive for more than 30 years, with over 3,300 awards presented to date.

The Directors also engage with employees in a number of formal and informal ways, including Management Brief newsletters, our in-house news programme, Grapevine, and the bi-annual Leadership Conference led by the Chairman and Group Chief Executive. In addition, the Directors meet sector specific operating committees on a regular basis, and will frequently take the opportunity to engage with the employees on site visits. The Chairman and Group Chief Executive has hosted a series of digital philosophy courses, which all employees have been invited to attend.

Employee engagement is a key metric for the Group and the results from the annual employee engagement survey are fed back to the Group Leadership Team. The Directors have supported the group-wide employee wellbeing strategy, Unipart Lifeworks, which amongst other features provides free support to employees for personal health, financial and counselling matters.

Customers



The Board of Directors support our business by engaging with our future, new and existing customers. We strive to develop enduring partnerships with our customers and drive continuous improvement and innovation into our operations to drive long term relationships across each of our businesses. To achieve this, the directors take the time to understand the real and perceived needs of our customers, which they do through actively maintaining close relationships and engaging in regular customer surveys and feedback programmes. Continuous improvement is at the heart of our operations, driving out waste and improving efficiencies for our customers.

Suppliers



The core of Unipart's business is managing complex supply chain solutions for our customers and therefore it is essential to work with our suppliers in an ethical manner. We engage closely with suppliers, because we rely on them to provide us with products and services which meet our stringent quality and performance requirements, which in turn allows us to fulfil our commitments to our customers. This engagement will be at an operational level on a day-to-day basis to ensure that our expectations are met from a quality and

delivery perspective or at director level in relation for more strategic discussions. The Group has instilled a culture of ensuring we pay suppliers in line with commercially agreed payment terms.

Long-term agreements are entered into with key suppliers where appropriate and performance targets are regularly agreed with suppliers to align with our drive for continuous improvement. We have strong codes of conduct in relation to Anti-Bribery and Corruption, Competition Law, Human Trafficking and Modern Slavery and Criminal Finances legislation, this zero-tolerance culture being driven by the Board of Directors.

Shareholders and Pension Trustees



The Group's largest shareholder is UGC Pension Funding LP, a Limited Partnership whose shareholdings are beneficially held on behalf of the Group's main defined benefit pension schemes. As such the Directors are actively involved in Pension Trustee meetings, with a number holding positions as Employer Nominated Trustees on the independent Trustee Boards. In addition, the Group Chief Financial Officer will regularly update the Trustee Boards on the Company's performance and future projections.

A large proportion of the remaining shareholders of the Unipart Group are existing, former or retired employees who receive updates from the Directors through the employee communications referred to earlier. The key formal interaction with shareholders is through the Annual Report & Accounts, which is distributed to all shareholders with a letter from the Chairman & Group Chief Executive. Any questions are invited to be made to the Group Company Secretary.

Strategic and Operating Review (continued)

Our Community and the Environment



We recognise that each of our businesses has an important role to play in its local community. We also acknowledge the impact of our business on the wider society. The Group, led by the Directors, has been actively engaged with its community and publishes its Corporate Responsibility Statement on the website. The Board is very proud of its success in achieving a variety of community and environmental awards, some of which are referred to in the Chairman's Statement and the Strategic and Operating Review, but we continue to seek out new ways to engage with our local communities and improve our environmental credentials. These are matters which are regularly discussed by the directors at the Group Board and Group Leadership Team meetings.

Regulatory Bodies



The Group aims to maintain the highest standards of conduct with each of the regulatory bodies that it engages with. It does not adopt aggressive policies aimed to maximise short term returns, instead the Directors support a principled and moral way of doing business. We publish a number of our policies on our website including our zero tolerance to ethical matters such as bribery and corruption, along with maintaining transparent and fair policies with each of our stakeholders such as those reported in the Group Tax Strategy and Gender Pay Report. We maintain a regular dialogue with government bodies and regulators, and actively participate in various industry working groups and trade representative bodies. This enables us to engage in discussions regarding future policy development and planned regulatory changes, and to identify potential opportunities and risks for the business.

The Strategic and Operating Review was approved by the Board and signed on its behalf.

A handwritten signature in black ink, appearing to read 'John M Neill'.

John M Neill CBE
Chairman
& Group Chief Executive

25 March 2021

Financial Review

Headline Financial Results

Due to the impact of Covid-19, 2020 was a challenging and turbulent year, but a year where Unipart colleagues have risen to the challenges, helping to deliver a very respectable financial performance.

Despite the challenging environment, I am delighted to confirm that Unipart successfully renegotiated our £30m revolving credit facility and £10m term loan for a further four years through to March 2024. In March 2021, prior to the date these accounts were approved, we also successfully renegotiated our £40m working capital facility for a further three years, also through to March 2024.

The Group reported £786.7m turnover in 2020, a decline of 1.6% over 2019. Looking at sequential quarterly performance in the year, Q1, Q3 and Q4 turnover in aggregate exceeded 2019 by 1.9%. The unprecedented pandemic lockdown during Q2 therefore had a material impact on our full year reported results, as we experienced reduced demand across most geographies and sectors in which Unipart operates.

The Group reported Underlying PBIT* of £16.1m in 2020, a decline of 9.6% over 2019. Looking at sequential quarterly performance in the year, Q1, Q3 and Q4 PBIT in aggregate exceeded 2019 and consequently full year reported PBIT was materially impaired by the Q2 performance, as a result of the rapid decline in turnover in the quarter and the relative short-term fixity of our cost base.

Cash performance was strong, the Group generating £41.5m cash flow from operating activities, ending the year with £21.6m net cash, an increase of £32.6m over 2019.

These robust full year financial results are testament to the resilience of Unipart's business model, derived from the diversity of the Group across a wide range of customers, sectors and geographies and the passion and commitment of our people to understand the real and perceived needs of our customers and serve them better than anyone else.

Key performance indicators

	2020 £m	2019 £m	Movement
Turnover	786.7	799.2	(1.6)%
Underlying PBIT*	16.1	17.8	(9.6)%
Net (debt)/cash	21.6	(11.0)	£32.6m
Net assets excluding pension deficit	246.8	219.3	12.5%
Return on net assets using Underlying PBIT compared to net assets excluding pension deficit and tax balances	11.5%	13.0%	(1.5)%

* Underlying PBIT is Profit before interest and taxation, before share of profit after taxation of joint ventures and associates and before exceptional items

In preparing the financial statements for the year ended 31 December 2020, the Company has continued to present the Consolidated Profit and Loss Account in a columnar approach, so that it better represents the performance of the Group.

The pension liability which is reported in the Consolidated Balance Sheet relates to the Group's defined benefit schemes, the majority of which were closed to future accruals several years ago. Accounting for defined benefit schemes is complex and can drive volatile movements from year to year and can lead to significant charges and credits to the profit and loss account. It can also result in large fluctuations in the reported pension liability which reflect general UK economic factors rather than matters relating specifically to the Group's performance or that of its pension schemes.

Turnover (note 5)

Turnover for 2020 of £786.7m (2019: £799.2m) was relatively stable on a year-on-year basis, with increased demands from some customers and sectors offsetting reduced demands from others. This relative stability on a full year basis masks the quarterly demand variability that we experienced during the year, in particular the sudden and unprecedented turnover reduction in Q2 as a result of the first pandemic lockdown. One of the key contributing factors towards the resilient full year turnover performance is the Group's diversity, including the breadth and depth of customer solutions offered and customer relationships respectively, and across multiple sectors and geographies.

Profit before interest and tax and other exceptional items (note 6)

Profit before interest and tax, defined benefit pensions and other exceptional items was £19.7m (2019: £27.3m). This decrease in profits was a result of the sudden reduction in turnover in Q2 as a result of the first pandemic lockdown and the Group's inability to flex our cost base at such short notice. Profit for Q1, Q3 and Q4 in aggregate exceeded the results in the comparative period in 2019.

Exceptional items (note 7)

An exceptional charge of £2.7m (2019: £4.8m) was reported in the Consolidated Profit and Loss account. This charge relates to one-off costs associated with the restructuring of certain Group operations in response to the Covid-19 pandemic, reshaping Unipart to ensure that we are in an optimal position to participate in the post-pandemic recovery.

Interest and other financial income and charges (notes 8 and 9)

Net interest payable for the year was £1.4m (2019: £2.1m) reflecting the lower average borrowings across the year. The net other finance charge of £10.0m (2019: £11.5m) reflects the net interest cost on pension schemes of £9.8m (2019: £11.3m), as prescribed by FRS 102, together with the charge on unwinding of discounting on provisions and accruals of £0.2m (2019: £0.2m).

Tax (note 12)

Consistent with our published Tax Strategy, the Group focuses on ensuring that tax compliance risks are managed appropriately and, therefore, the Group pays the appropriate amount of tax. The Group's Tax Strategy is reviewed at least annually and is approved by the Board.

The Group's tax charge for the year was £2.0m (2019: £3.1m) an effective tax rate of 50.0% (2019: 46.2%).

Financial Review (continued)

Profit after tax

The profit after tax of £2.0m (2019: £3.6m) is stated after a net charge of £9.2m (2019: £10.9m) relating to defined benefit pensions.

Cash flow and funding position (note 29)

Net cash flow generated from operating activities before contributions to the defined benefit pension schemes was £56.5m (2019: £26.6m) and after contributions to the defined benefit pension schemes was £41.5m (2019: £12.4m).

As a result of the cash generated, borrowings have reduced over the course of the year and the Group reports a closing net cash position of £21.6m (2019: net debt of £11.0m). The Group has robust cash management disciplines in place and a positive and proactive approach towards capital allocation, ensuring that all of the Group's stakeholder needs are met. Reported cash flow includes timing benefits that will unwind in the coming year; however, Unipart has sufficient borrowing facilities and headroom available to finance the ongoing organic and inorganic investment requirements of the Group.

Shareholders' funds

Net assets of the Group, excluding the pension deficit, have increased by £27.5m to £246.8m (2019: £219.3m). The deficit in shareholders' funds of £328.2m (2019: £262.1m) reflects the impact of a reduced discount rate on the pension liability.

As noted below, were the pension related discount rate to have been based on the Company's best estimate of long term scheme returns, rather than corporate bond yields as prescribed by FRS 102, the deficit in shareholders' funds would have been substantially eliminated.

Pensions (note 24)

The reported pension deficit represents the assets in the Group's defined benefit schemes at the end of the financial year, less the discounted liabilities of the total benefits expected to be paid out to members over the life of the scheme. Due to accepted accounting standards, the pension deficit is required to be recognised on the balance sheet despite the liability being paid out over the lives of the schemes' members through to around the year 2080. Future accruals to the Group's two main defined benefit schemes ceased in 2005. Since then, the Group has undertaken significant activity to address its obligations to these schemes. The Group has agreed scheme specific funding plans with the pension scheme trustees as part of the triennial actuarial valuation process. These funding plans are designed to ensure that, along with a prudent assessment of asset returns, they will bring the schemes to being fully funded within an acceptable timeframe.

Applying accounting standard FRS 102, the closing net deficit of the Group's defined benefit pension schemes increased to £575.0m (2019: £481.4m). This increase is due to a material decrease in the discount rate applied to the schemes liabilities, which will have impacted all UK defined benefit pension schemes in 2020. Under the standard, the discount rate must be based on high quality corporate bond yields, even though the main schemes do not actually invest in corporate bonds, instead investing in higher return seeking assets such as equities.

The discount rate of 1.25% applied in 2020 is materially lower than the rate of 2.08% applied in 2019, due to unprecedented low bond yields. This movement in discount rates resulted in an 11% increase in the scheme liabilities, equivalent to an increase of around £120m in the year. The assets in the scheme increased by over £30m in the year due to strong investment returns, despite the turmoil in the market caused by the pandemic, offsetting some of the notional increase in liabilities caused by the reduced discount rate.

The use of AA corporate bond yields to derive the discount rate in accordance with FRS 102 has resulted in a high degree of prudence being reflected in the reported pension deficit, as compared to the Group's expected return from the pension schemes' assets. Alternative valuation methodologies exist, such as the 'Best Estimate' valuation, which as the name suggests is a neutral valuation balancing each assumption with a 50/50 probability, the primary assumption difference to FRS 102 being the discount rate as the Best Estimate valuation reflects the return expected from the schemes' assets. The Company's best estimate discount rate at 31 December 2020, based on advice from the scheme actuary, was 3.6% pa. Using this discount rate, whilst maintaining all other FRS 102 valuation assumptions, would have reduced the reported pension deficit by £371.8m from £575.0m to just £203.2m as at 31 December 2020. Therefore, had the pension deficit been calculated adopting this best estimate discount rate and after taking into account the corresponding reduction in deferred tax asset, the reported net liabilities of £328.2m (2019: £262.1m) would have been almost fully eliminated.

The Group has a deficit repair contribution plan agreed with the pension trustees which runs until 2036, with payments to members anticipated to run until 2080. During 2020, the Group did not take advantage of the option to defer deficit repair contributions due to the pandemic, instead making all cash contributions into the schemes on time and in line with the agreed contribution plans.

It is important to note, that despite this reported increase in scheme liabilities, the length of the scheme funding plans have not substantially changed and that this remains a long term liability which no party can unilaterally accelerate. Furthermore, after the Balance Sheet date, there was a marked increase in both corporate bond yields and long term inflation rates. Had those revised factors been reflected in the discount rate and inflation rate assumptions used in calculating the year-end pension deficit, the reported pension deficit would have been £106.9m lower at £468.1m, completely negating the year-on-year reported pension liability increase.

Going concern

In considering going concern, the Directors have reviewed the cash requirements of the Group, assessed under normal circumstances and considering material plausible downside scenarios resulting from the Covid-19 crisis.

The Group reported profit before interest and taxation and other exceptional items and before defined benefit pension costs of £19.7m (2019: £27.3m).

The Group reported net cash of £21.6m (2019: net debt £11.0m).

The Group reported net assets, before pension deficit of £246.8m (2019: £219.3m).

The Group has access to significant long-term borrowing facilities, which the Directors anticipate being available on a continuing basis.

After making these assessments, the Directors have a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future, for a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Dividends

The Board is not proposing a dividend for the year.

Post balance sheet events

Since the end of the reporting period, there have been two non-adjusting post balance sheet events. Firstly, as reported in note 20, the Group has successfully extended its £40m working capital bank facility for a further three years until March 2024 on similar terms to the existing facility. Secondly, as reported in note 24, there has been a significant increase in both corporate bond yields and long term inflation rates which are used in calculating the reported pension deficit. Had those conditions existed at the balance sheet date, the pension deficit would have been £107m lower, which would have more than offset the year-on-year reported pension deficit increase.

Treasury policies

The Group's financial risks are managed centrally, with policies that are approved by the Board.

(a) Interest rate risk

Interest rate risk in respect of debt is reviewed on a regular basis. To protect against the volatility of interest charges, interest rate swaps and interest 'Caps' and 'Collars' may be used for appropriate proportions of the debt as required.

(b) Foreign currency risk

The Group's net transactional currency exposures, arising principally in US Dollar, Euro and Australian Dollar, are hedged to 'protect' forecast gross profits and cover short term currency exposure where appropriate. The hedges are enacted through forward and spot currency contracts and options entered into on the basis of trading projections. The Group enters into foreign exchange and interest rate contracts in the course of normal trading when material.

(c) Liquidity risk

The objective is to ensure a mix of funding methods offering flexibility and cost effectiveness to match the needs of the Group. In the context of the current banking environment, the Group is pleased to have secured medium to long-term banking facilities and continues to maintain strong control over working capital. The Group has continued to review its liquidity risk, considering the impact of Covid-19 and as noted in the Directors' Report, a number of stress tests scenarios have been undertaken to assess the resilience of Group's funding and headroom positions. Based on this assessment, the Board has a reasonable expectation that the Group has adequate liquidity to manage the business through the reasonably foreseeable financial implications of the current pandemic.

(d) Counterparty risk

The investment management of liquid funds aims to maximise the return on net funds subject to the security of the principal and the liquidity of the Group. The Group has identified counterparties of suitable creditworthiness.

Principal risks and uncertainties

The Group Board of Directors has overall responsibility for risk management and establishing the Group's risk appetite. It monitors the risk environment and reviews the relevance and appropriateness of the principal risks to the business.

The Group Leadership Team, supports the Board in setting the Group's risk appetite and ensuring that processes are in place to identify, manage and mitigate the Group's principal risks. The day-to-day management of this responsibility has been assigned to the Group Risk Committee.

The Group Risk Committee is chaired by the Group Chief Risk Officer, supported by the Director of Corporate Financial Services, and has the responsibility for providing direction and support to the management of risk across Unipart. The Committee formally meets on a bimonthly basis and includes the Chief Financial Officer, Legal Director, HR Director, IT Director, Director of Corporate Financial Services and the Company Secretary and divisional and functional management are invited to attend on a regular basis. On an annual basis, the Group Risk Committee formally reports back to the Group Leadership Team and Group Board.

The key responsibilities of the Group Risk Committee include establishing clear governance and accountability for risk, and any associated remediation; providing direction to functions and divisions including the creation and deployment of Group risk management policies; maintaining a best practice risk management framework; determining the risk appetite and risk exposure for the Group; providing a point of escalation for critical or emerging risks; driving the consideration of risk in decision making; driving the inclusion of risk management into performance management and providing the Board and Group Leadership Team with sufficient effective information to enable them to discharge their risk reporting requirements.

To understand, review and monitor the risks across the Group, each division and key function records and monitors their risks in an online system. The risks are reviewed on a regular basis within each division and function. For each risk identified, a rating is applied assessing the inherent likelihood and financial impact of such a risk occurring, along with the controls and monitors in place, which are also rated to give a residual risk rating.

Financial Review (continued)

The key risks identified for 2020, along with the mitigating actions that Group are taking to address each risk were:

Key Risks	Description	Unipart's mitigating actions
Competitive environment	The Group operates in highly competitive markets, where pressure is constantly applied to sales prices and margins. It is imperative that the Group can remain competitive by differentiating itself from its competition.	Through the thorough application of The Unipart Way, the Group differentiates itself from its competitors by offering superior levels of quality, service, and availability to its customers. The Group also differentiates itself through the broad spectrum of supply chain solutions it can provide and tailor for its customers, complemented by its suite of digital products and services that it has developed in house.
Customer contract retention	The Group has developed a significant number of long-term partnerships with its customers, with both sides investing in the relationship for mutual benefit. The loss of any major customers would represent a risk to the Group.	The Group mitigates the risk through close client management at various levels and long-term contractual relationships. The Group prides itself on exceptionally high service levels and establishing time-enduring customer engagement. In addition, the Group continues to diversify its offering to new and existing customers by developing its range of products and services, including the development of digital products which deliver tailored and innovative solutions to meet customers' needs.
Managing pension deficit	The Group reports a large pension deficit under UK GAAP accounting convention in relation to its defined benefit schemes which were predominantly closed to future accrual in 2005. The key risks in the reporting of pension deficits include the exposure to external factors such as discount rates, rates of inflation, market returns and mortality rates as these factors can have a significant impact on the Group's pension schemes reported financial position.	The Group engages with the scheme trustees and their advisors to ensure robust funding plans are in place to reduce the pension deficit through agreed long term affordable schedules of contributions and appropriate investment strategies in order that, with a sufficient degree of prudence, the schemes can continue to pay members in full. The Group remains fully committed to these long-term recovery plans. Further information in relation to the pension schemes are set out in the Financial Review, with detailed disclosures reported in note 24.
Political and economic risks from operating in overseas locations	Unipart operates in and is exposed to emerging markets. As a result, our local operations in these markets may be adversely affected by political, regulatory, economic, tax or legal developments which are beyond our control and may be less predictable than its core territories.	Unipart consults with professional advisors in all markets in which the Group operates to ensure compliance with local regulations to minimise this risk. The Group periodically reviews the level of investments maintained in overseas territories and the key performance drivers in each.
Brexit	Although the UK has formally left the EU, there remains some uncertainty around the consequences that this will have on the Group, its customers, and the wider UK economy. The key Brexit risks that Unipart faces include: <ul style="list-style-type: none"> • Uncertainties facing our clients in the automotive sector and their post-Brexit strategies • Impacts on the wider supply chain sector and the challenge to maintain frictionless cross-border trade and seamless passage of goods • Availability of EU nationals for the Group's growing workforce • Economic impact on foreign exchange volatility, pricing and tariffs and the knock-on impact this has on the wider UK economy. 	The Group has prepared and actioned detailed Brexit plans for each of its business sectors, which addresses each of the risks identified. These plans will ensure that the Group can continue to deliver services to its customers and will be reviewed and developed as the impacts of Brexit become clearer. The plans include fully understanding customer requirements and strategies, making sure appropriate levels of stock availability and alternative sourcing options are in place, attaining all necessary customs authorisations and ensuring staff workforce arrangements are in place well in advance of peak seasonal requirements. We believe the Group is in a strong position to mitigate the risks of Brexit and to continue to deliver a strong service for its customers.
IT security and stability	The risk of complex cyber-attacks is increasing. Cyber criminals are becoming more creative, with increasing levels of severity and attacks are becoming more innovative and harder to detect without robust underlying IT security in place. The implications of such an attack can range from financial losses, data losses and service failures, all of which could result in reputational damage.	The Group Information Security department continues to monitor and focus on such risks as they emerge. The risk of breaches to IT security is mitigated by the deployment of multiple layers of software and processes, including web and mail gateways, filtering, firewalls, intrusion detection and vulnerability assessment. In addition to the security measures identified, there are Disaster Recovery plans in place in the event of a failure of our IT systems, which are reviewed and tested periodically. The Group has established multi-modal security awareness campaigns and bases its security and risk regime on a collection of policy documents which define the strategy, rules, and procedures for defending the organisation.

Key Risks	Description	Unipart's mitigating actions
Pandemic virus	<p>The Group recognises that there are, from time to time, human viruses that can have a significant impact on the global population.</p> <p>The potential implications are far-reaching and include the potential loss of key personnel, inability to conduct critical business processes and maintaining customer service levels, along with the wider impact on the overall economy.</p>	<p>The Group already has contingency plans in place, which we enacted during the current Covid-19 pandemic. Such contingency plans held firm, however, continue to be reviewed and updated given that such an event has now occurred.</p> <p>At the date of approval of the financial statements, the pandemic remains a concern, although the rollout of vaccinations will gradually reduce the severity of the impact on the Group and global economy.</p> <p>The Group has been successful in mitigating the most significant financial and operational risks of the pandemic, in part due to taking swift and decisive action over and above and in advance of government guidance. It has invested in unique digital solutions, such as the Digital Communication Cell, so that business can continue as close to normal. In addition, the Group has developed its 'Roadmap to Return' to enable a swift and positive return to post-pandemic full operations.</p> <p>Further details of the impact of Covid-19 on the Group are reported within the Directors' Report.</p>
Pace of technological change	<p>The rate of technological change driven by the Fourth Industrial Revolution may result in many traditional industries becoming obsolete as digital alternatives become cheaper, faster, and more efficient.</p> <p>The risk of disintermediation by new entrants or businesses who successfully develop their offering appropriately could materially restrict the Group's ability to grow.</p>	<p>The Group's strategy has a strong focus on developing the digital quotient of its employees, processes, and products.</p> <p>A Unipart Technology Group Board has been introduced, including the Group Chief Executive Officer and Group Chief Financial Officer, charged with identifying new innovative ideas and continuing to differentiate the Group's digital offering from its competitors.</p> <p>The Group has invested in a Digital team whose role it is to develop innovative and advanced digital solutions for in-house operational deployment; to support commercial teams with digital products and solutions which enhance existing customer offerings; and to develop digital products and solutions which have the potential to be sold on a standalone basis directly to new customers.</p> <p>In addition, the Group has acquired several businesses in recent years in the Rail sector with a technological offering which complement the existing business and broadens the range of services that are provided to the Group's customers.</p> <p>The Group's annual Corporate Planning process includes a focus on where there are technological threats to our existing operating models and the mitigating actions, plans and investments being implemented to mitigate those risks.</p>
Legal and regulatory compliance	<p>The rate of regulatory change is developing rapidly and many laws have global implications which is a heightened risk for a complex and geographically diverse Group such as Unipart.</p> <p>Furthermore, the financial and reputational implications of failing to comply with these laws is becoming increasingly punitive.</p> <p>Examples of such regulations include Anti-Bribery and Corruption, Human Trafficking and Modern Slavery, GDPR, Competition Law and the Criminal Finances Act, along with ensuring compliance with employment matters such as National Minimum Wage.</p>	<p>The Group mitigates the risk of non-compliance by ensuring that new regulations are fully understood, and consistent policies, standards and processes are rolled out across the Group which ensures we operate within those laws and regulations.</p> <p>The Group has a zero-tolerance approach with respect to compliance with such regulations, instilling a culture of conducting business in an ethical manner across the world. This culture is supported by a suite of training packages where colleagues of a certain seniority or in relevant departments who are more likely to be exposed to such risks are trained and refreshed in the appropriate regulations.</p>

The Financial Review was approved by the Board and signed on its behalf.



Darren P Leigh

Group Chief Financial Officer and Chief Risk Officer

25 March 2021

Streamlined Energy and Carbon Reporting

Minimising the impact on the environment of Unipart's worldwide operations is of fundamental importance to the Group and Unipart continues to particularly focus on optimising its energy usage in moving towards a net zero carbon position. The Group has adopted science-based targets to provide a clear path to reducing emissions in line with the goals of the Paris Agreement and a formal carbon foot-printing exercise has been undertaken that was verified to ISO14064 standards and assured independently.

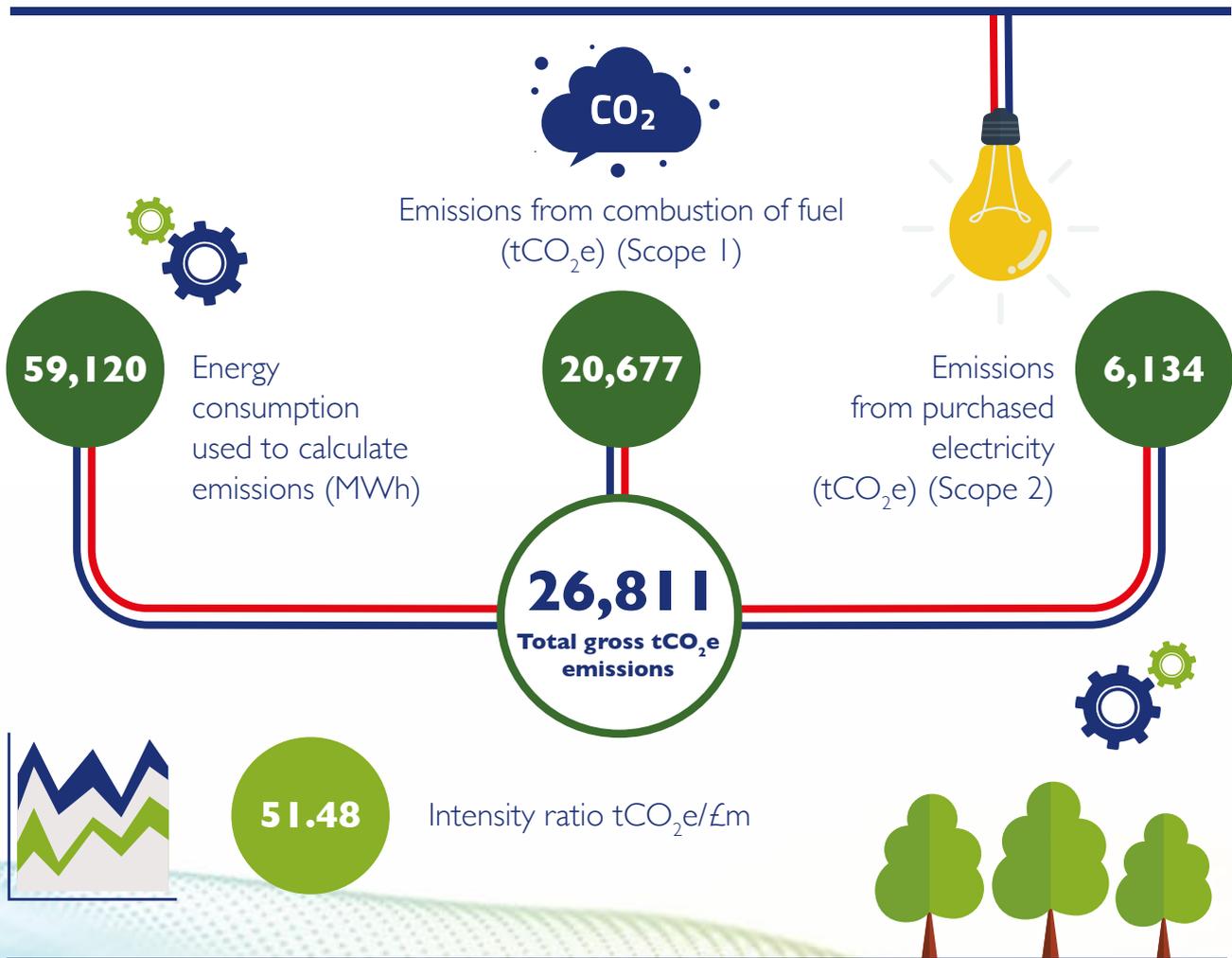
The Group's goal is to achieve carbon neutrality by 2030 and it has recently signed a charter with other like-minded businesses at the headquarters in Oxford to contribute to achieving net zero carbon for the city by 2040. Unipart will work together with partner organisations to explore opportunities to work on shared projects that deliver greater carbon emission reductions than the Group can achieve individually.

During the year, Unipart undertook a number of carbon reducing projects, including installing efficient LED lighting in the majority of buildings, roof skylights to allow natural lighting, charging points for electric and plug in vehicles at the majority of our sites and building energy management systems to improve the monitoring and reporting capability of energy usage. The Group's IT infrastructure has been enhanced to accommodate large volumes of video conferencing to enable colleagues to work from home and reducing the need for unnecessary travel.

Our chosen intensity measurement ratio is total gross emissions in metric tonnes of CO₂e per million pounds of UK turnover.

UK operations 2020

Energy consumption used to calculate emissions (MWh)	59,120
Emissions from combustion of fuel (tCO ₂ e) (Scope 1)	20,677
Emissions from purchased electricity (tCO ₂ e) (Scope 2)	6,134
Total gross tCO ₂ e emissions	26,811
Intensity ratio tCO ₂ e/£m	51.48



Corporate Governance Statement

For the year ended 31 December 2020, under The Companies (Miscellaneous Reporting) Regulations 2018, the Company has applied the Wates Corporate Governance Principles for Large Private Companies (as published by the Financial Reporting Council).

Set out below are how these six principles have been applied over the financial year.

Principle 1 – Purpose and Leadership

Unipart originated as a division of the state-owned car manufacturer British Leyland, until a management buy-out led by the current Chairman and Group Chief Executive, John Neill, gave it independence over thirty years ago. This marked the start of Unipart's journey of transformation and the development of The Unipart Way, which has been central to its success. Privatising Unipart created the agenda for a different kind of company that has become a model of operational excellence providing logistics and consultancy services for a wide range of companies. Unipart remains privately owned, with over half of the company's shares being owned by employees and former employees.

Today, the Group's operations span three major areas; logistics, manufacturing and consultancy, but across all three there is a single approach that enables the Group to deliver outstanding levels of service to clients – it is called The Unipart Way.

The Unipart Way isn't just a set of tools; it is a designed system and a philosophy of working that engages every single employee within the organisation. It motivates people and equips them with the skills to diagnose problems and create innovative solutions that will make a dramatic difference to existing and potential customers.

Central to The Unipart Way is Unipart's culture, which is driven by the Board and leaders. The Group's philosophy at the heart of its culture is "To understand the real and perceived needs of our customers better than anyone else and serve them better than anyone else".

At the World Economic Forum meeting in 2020, its President, Klaus Schwab, celebrated the 50th anniversary of the founding principles of the stakeholder agenda. Unipart independently arrived at these ideas in the late 1980s, being one of the first British companies to articulate the concept of stakeholding as part of its mission statement. During the decades that followed, this philosophy evolved into well-defined operational programmes to engage with suppliers to improve quality and reduce cost for mutual advantage, to build lifetime relationships with customers, to continuously reskill and inspire employees to achieve more than they ever imagined and to help the communities in which the company does business to prosper. We believe this is a superior way of producing fair, enduring, long-term returns for our shareholders and more relevant today than at any time in our history.

The Group's mission statement is that it aims to be an enduring upper quartile performing company in which stakeholders are keen to participate by:

- Pursuing its values;
- Pursuing well-judged entrepreneurial risks;
- Ensuring the continuity, relevance and synergy of its' missions; and
- Creating an environment within which the Group can and does pursue its mission.

and at the heart of achieving this mission statement is the Group's culture and people.

Unipart is very proud of its track record as a responsible business, which is about doing well by doing good. Strong successful communities buy Unipart's products and services. Successful schools provide Unipart with well trained and motivated employees, who help to build the business by engaging more effectively with stakeholders than competitors do and Unipart prides itself on working with its communities, public services and schools for mutual benefit.

Principle 2 – Board Composition

The Board comprises the Chairman and Group Chief Executive, Group Chief Financial Officer and an Executive Managing Director, along with two Independent Non-Executive Directors and UGC GP Scotland Limited (representing the Group's largest shareholder, UGC Pension Funding LP). A biography for each Board Director can be found on pages 27 of the Annual Report.

Chair

John Neill has held the role of Group Chief Executive since 1987. He took on the additional role of Chairman in 2012, succeeding Lord Sheppard of Didgemere following his retirement. John's appointment as Chairman was renewed in 2017 with the unanimous approval of the Board. This continuity has ensured that the Group retains its strong culture and commitment to employee and customer engagement, whilst ultimately delivering value to its shareholders.

Size and structure

The Board believes its size and structure is appropriate to meet the strategic needs and challenges of the business and enables effective decision-making. The Board's Non-Executive Directors bring a wealth of experience in world class manufacturing, engineering and digital technologies as well as an external perspective which informs the valuable challenge and guidance they provide to the Board.

The Group Leadership Team is the key decision-making forum, below Board level, for determining and implementing transparent Group-wide policies and deciding on major issues affecting the Group. It ensures that the values, strategy and culture are aligned and communicated to the employee community in a consistent manner, for example through regular senior management conferences.

Balance and diversity

Unipart recognises the importance and value of being inclusive and promoting diversity across its workforce. The Group is focussed on programmes to encourage and develop a wide range of applicants for every role, to help create an innovative and effective workforce. The Board and the Group Leadership Team collectively demonstrate an appropriate combination of skills, experience and knowledge, combined with a very high level of understanding relevant to the needs of the business, across a diverse range of backgrounds.

Effectiveness

All Directors have access to the advice and services of the Company Secretary and may, if they wish, take professional advice. Directors keep their skills, knowledge and familiarity with the Group up to date by meeting with senior management, visiting operations and by attending seminars and training courses.

Corporate Governance Statement (continued)

The Chairman is responsible for keeping the effectiveness of the Board under review and ensuring appropriate succession plans are in place.

The Group's private ownership structure across a large number of shareholders has resulted in no individual Director beneficially owning more than 10% of the Group's share capital, which means that the Board members are able to undertake their duties objectively with a long-term horizon.

Principle 3 – Director Responsibilities

Accountability

Each Board Director has a clear understanding of the role of the Board and their statutory duties as a director. The Directors and members of the wider leadership team complete an Annual Declaration of Interests, in which any potential conflicts of interest are declared. Directors are asked to notify their fellow directors as soon as they become aware of a potential conflict of interest and comply with the Company's Articles of Association in handling the situation.

The Board meets a minimum of six times a year. Whilst certain matters are reserved expressly for Board approval, day-to-day decision making is delegated to committees and individuals with the most appropriate knowledge and experience, subject to regular reporting to the Board.

Committees

The Group Leadership Team is chaired by the Group Chief Executive and its members include all Executive Board Directors, as well as leaders of the Human Resources, IT, Commercial, Marketing and Operations functions. The Board is agile to updating the construct of its other committees across the Group, and during 2020 established a Group Risk Committee, which reports into the Group Leadership Team.

Integrity of information

Board members receive regular and timely information on all key aspects of the business including financial performance, strategic and operational matters, health and safety, environmental matters, and risk and opportunities, all supported by key performance indicators. Board papers are distributed in advance of meetings and include an appropriate level of information to allow directors to understand and assess the issues at hand.

The financial information is collated from the Group's finance systems and its integrity is ensured, as far as practicably possible, by using appropriately qualified and trained finance staff. Our auditors, PricewaterhouseCoopers LLP, conduct an external audit on the Group's financial information annually. Other key information is prepared by the relevant internal functions.

Principle 4 – Opportunity and Risk

One of Unipart's guiding principles is that we manage with a long-term view and as a consequence the business is cautious about taking risk especially for short term gain, whilst continually seeking out opportunities.

Each year, the Group Leadership Team considers and decides on the key strategic aims for the Group and this forms part of the Group Policy Deployment Matrix process. These aims are presented to the Board and are subsequently cascaded down through the Group to its operations to form part of their own strategies. In conjunction with this, each business area prepares a Strategic Corporate Plan which includes how they will address those strategic aims. Within the Strategic Corporate Plan, the business will consider opportunities and risks in achieving the plan and in addition they conduct an extensive annual Risk Review.

Opportunity

The Group has a culture of seeking out opportunities at every level, be those wider and longer-term strategic opportunities down to smaller operational improvements. Through the tools and techniques of the Unipart Way, colleagues are trained and encouraged to eliminate waste and find ways of delivering service to customers in a more efficient manner.

Risk

Across the Group, systems and controls have been put in place to mitigate and manage risk, but not to necessarily eliminate risk in its entirety. The Group recognises that these mitigations do not provide a complete guarantee, but they do provide a proportional level of assurance against each risk materialising.

The Group Chief Financial Officer, who was also appointed Chief Risk Officer, formed and introduced a Group Risk Committee during 2020. The Chief Risk Officer chairs the formal Group Risk Committee that meets six times a year, including the Group Legal Director, the Group HR Director, the Group IT Systems Director, the Company Secretary and the Director of Corporate Financial Services.

The key responsibilities of the Group Risk Committee include, establishing clear governance and accountability for risk, and any associated remediation; providing direction to functions and divisions including the creation and deployment of Group risk management policies; maintaining a best practice risk management framework; determining the risk appetite and risk exposure for the Group; providing a point of escalation for critical or emerging risks; driving the consideration of risk in decision making; driving the inclusion of risk management into performance management and providing the Board and Group Leadership Team with sufficient effective information to enable them to discharge their risk reporting requirements.

The annual Risk Review process starts at the Strategic Corporate Plan, with each key business area completing a detailed Risk Register, setting out the strategic, operational, reporting and compliance risks it has identified which may prevent them from achieving their Strategic Corporate Plan objectives. Root causes along with controls and monitors that have been put in place to mitigate each of those risks manifesting is also documented and each risk is scored both before and after such mitigations. The Risk Register is then approved at a divisional Board level and presented to the Group Risk Committee. A detailed summary of all the material risks is then presented, discussed and reviewed by the Group Risk Committee and Group Leadership Team each year, before being presented to the Group Board.

The Group continues to refine and improve the Risk Review process and during 2020 finalised the migration of its Risk Register onto a web-based platform. Since its introduction in 2018, the system has been rolled out across the majority of business areas and is continually revisited to incorporate new risk areas as they are identified. This has already improved the speed and effectiveness of the Risk Review process. As a result of this change, the Group Risk Committee is now able to perform regular deep dives across key risks throughout the year more efficiently to further strengthen the Group's risk framework and emphasise the importance of risk being a continuous process so that risks can be highlighted and assessed on a timelier basis.

Responsibilities

The Board has set in place a clear Delegated Authority framework, which is cascaded across the business. This clarifies where approval is required, be that for investments, contractual, brand, employment, structural or communication matters. For some areas, the delegations are on a tiered basis, so that less material decisions can be made at a local management level. This enables the business to apply an appropriate level of review at the right level to major decisions, whilst enabling the Group operations to conduct their business in a timely and efficient manner.

Principle 5 – Remuneration

Unipart's remuneration policy is to offer a total reward package that:

- is in line with prevailing market rates;
- helps attract and retain high quality people at all levels of our business who are committed and able to deliver world class levels of service to clients; and
- is sufficiently flexible to enable us to respond to skills 'hotspots'.

The Board has established a Remuneration Committee. Its terms of reference are to consider and make recommendations to the main Board on remuneration matters concerning the Executive Directors. The Remuneration Committee is chaired by an Independent Non-Executive Director.

The Remuneration Committee conducts a review on an annual basis based on similar criteria to those stated above with additional consideration given to the balance between short and long term incentives in organisations of a comparable size, individual levels of performance and fairness in relation to reward across the wider population of Unipart colleagues.

The general pay award policy is reviewed on an annual basis by the Group Leadership Team based, on an update of external best practice, market pay awards and stated intentions, along with the legislative and economic landscape. Where skills 'hotspots' exist, these will be taken into account.

The Group has long recognised that having a diverse and engaged workforce is key to its success and as a responsible business recognises its critical role in eliminating the gender pay gap. The Group publishes information on its gender pay gap as part of its corporate responsibility reporting and has continually sought ways to reduce it through encouraging more women to join Unipart's businesses, which traditionally have attracted more men, including having effective and inclusive talent pipelines.

The insights gained from the pay gap reporting has helped to evolve the programmes, albeit it will take time for the benefits of these to reflect in the pay gap numbers.

The Group is delighted to see the results of these programmes starting to deliver with our highest ever number of women joining the Group Leadership Team.

Principle 6 – Stakeholder Relationships and Engagement

The Unipart Group is a combination of people, ideas and assets which exist for the benefit of our stakeholders. The Board promotes active engagement with all stakeholders, both internal and external, through Unipart's stakeholder philosophy, based on sound business thinking and recognition of the importance of achieving world-class standards of performance to compete in global markets. The Group's Corporate Responsibility Strategy considers further how the Group engages with all stakeholders in a manner which is aligned with the 17 United Nations Sustainable development goals.

Employees

Fundamental to the Group's values is its respect for the individual. The Group fosters an environment in which individual employees can both contribute to and share in the fortunes of the business in a fair and consistent manner. The Group's employees are its greatest asset and as such they deserve:

- to be informed of their role and tasks;
- to be appropriately trained and developed for the role and tasks required of them;
- to be allowed the opportunity to perform;
- to be regularly counselled on how they are doing and their career potential;
- to be recognised and rewarded according to their individual achievements;
- to be managed professionally;
- to be given the willing assistance and support of their colleagues;
- to be given the opportunities to develop their career potential to the full extent of their ability;
- to be informed of what their company is doing and what its objectives are;
- to know we actively encourage promotion from within the company;
- to have their ideas and opinions properly considered;
- to not be burdened by those not willing to contribute;
- to work in an inclusive environment free of discrimination, harassment, victimisation and bullying;
- to have a safe and secure working environment;
- to have a right to keep matters not relevant to employment private; and
- to be communicated and consulted with.

Corporate Governance Statement (continued)

The Group uses multiple channels to engage with its employees including employee forums, regular 'Roadshows' and employee conferences, The Unipart Way Online, the regular Grapevine video news update and SPARK digital knowledge sharing tools, as well as an established employee engagement system.

Shareholders

The Group's shareholder base comprises principally the Group's main defined benefit pension schemes (via corporate entities established on their behalf) and the Group Share Trust (an employee benefit trust), along with current and former employees. The principal engagement with shareholders is through the Report & Accounts, which is distributed annually to all shareholders. Regular updates to the Group's website also keep shareholders informed.

Shareholders are invited and encouraged to contact the Company Secretary to ask any questions they may have on the Report & Accounts or any other matters arising during the year. The Company Secretary coordinates responses to shareholders.

Pension Trustees

The Group communicates regularly with the pension trustees, who are independent of the company. Regular meetings are held to discuss the financial projections of the Group and its ability to meet the agreed recovery plan. The Group engages actively on the performance of the investments and assets to ensure that it effectively fulfils its obligations to the stakeholders of the pension scheme.

Customers

Customer engagement is also paramount to the successful management of the Group and customer engagement is driven by the Board and Group Leadership Team. Customer surveys are undertaken to evaluate its performance and seek feedback on delivering exceptional client service. Regular communication is held with significant customers to ensure that any matters are addressed in a timely fashion.

Suppliers

The Group ensures it works fairly with its suppliers and agrees reasonable payment terms with each and pays them on time each month. Where there are genuine disputes it positively works with these suppliers to resolve them promptly.

Community

The Group recognises the importance of engaging with the communities in which it operates. It is these communities that provide the current and future employee base, and the Group is mindful of its responsibilities to them as an employer and a good neighbour. Through community engagement programmes Unipart aims to:

- Reduce so far as is reasonably practicable any negative environmental impact on local communities where that environmental impact is produced directly or indirectly by Unipart Group operations;
- Reduce so far as is reasonably practicable any negative health or safety impacts on local communities where that impact is produced directly or indirectly by Unipart Group operations;
- Enthuse and develop potential future employees within local communities;
- Encourage employees to engage in community activities; and
- Invest at least 1% of UK pre-tax profits (in the form of time as well as money) in community activities.



Board of Directors



John M Neill CBE

Chairman & Group Chief Executive

John Neill was appointed Chief Executive of the Group in 1987, having led the management buyout from British Leyland. John joined Unipart in 1974, becoming Managing Director in 1977. He is responsible for the day-to-day management and overall performance of the Group. He was appointed Chairman in July 2012.

He holds a number of key positions within the motor industry, including Executive Board Member of the Society of Motor Manufacturers and Traders (SMMT). He is also the non-executive Chairman of SIMEC Atlantis Energy. He is a former director of the Court of the Bank of England and formerly a non-executive director of Rolls Royce Plc, Charter International Plc and The Royal Mail. He has been awarded honorary Doctorates in Business Administration from several universities, including Oxford Brookes, De Montfort and Middlesex. He was also awarded the Honorary Degree of Doctor of the University of Strathclyde in recognition of the success of Unipart, its growth and expansion and in particular, the implementation of The Unipart Way as a model for creating exceptional levels of performance through employee engagement.



Darren P Leigh

Group Chief Financial Officer
and Chief Risk Officer

Darren Leigh was appointed as Group Chief Financial Officer in April 2020 and appointed an Executive Director on the Board in May 2020. He took on additional responsibilities in October 2020 when he was also appointed Chief Risk Officer for the Group.

Darren is a qualified finance professional with over thirty years in industry and over twenty years of financial leadership experience. He has worked in PE backed, privately owned and listed companies and his sector experience includes manufacturing, logistics, supply chain, software and financial technology.

Darren's recent experience is in the software and financial technology industries at The Sage Group PLC and Finastra respectively. He previously worked in the Rail industry with Freightliner Group and, prior to that, gained experience in the automotive industry working with Inchcape Plc. Throughout his career, Darren has had considerable success implementing and embedding corporate governance, leading finance transformations, and partnering leadership teams to create enterprise value.



Frank W Burns

Executive Managing Director
– Unipart Logistics & Unipart Rail

Frank Burns manages the Group's interests across a range of sectors, including Health, Automotive, Aerospace, Defence, Technology, Retail and more recently Manufacturing and Rail. Frank also has Board responsibility for the Group's Consultancy Practices.

He started his career at Unipart in 1988, where he held a number of positions including specialising as the Managing Director of the Group's Manufacturing interest. In 1999 he moved into the Logistics arena and was appointed Managing Director during 2006.



Hamid G Mughal OBE

Non-Executive Director

Hamid Mughal was appointed to the Board in January 2018. He is an acclaimed industrial leader with over 35 years of experience in the Automotive and Aerospace sectors. In September 2020, Hamid joined the University of Strathclyde as Special Advisor and Professor of Practice, Engineering and Manufacturing

after retiring from Rolls-Royce where he was Director of Global Manufacturing. In this role, he was responsible for leading the Manufacturing strategy and activities across the company's Civil, Defence and Power Systems Manufacturing footprint. He joined Rolls-Royce in 2002 from BMW Group where he was Director of New Product Programmes.

Hamid has a deep professional interest in the latest developments of Advanced Manufacturing, Industrial Digitisation and Global Supply Chain development and contributes widely in his capacity as Chair of both UKRI's Industrial Advisory Group and Scotland's Industrial Programme, Making Scotland's Future. He is also Chair of A*Star Advanced Remanufacturing & Technology Programme Board in Singapore and External Professor of Manufacturing at Cranfield, Hertfordshire and Sheffield Universities. He is a Chartered Engineer, winner of International Manufacturing Gold Medal and Fellow of Royal Academy of Engineering, IMechE and IET. Hamid has been awarded Honorary Doctor of Science degrees from the Universities of Hertfordshire, Birmingham, Sheffield and Strathclyde. He received an OBE in the 2014 New Year's Honours for services to Innovation, Technology and Manufacturing.



Bryan S Jackson CBE

Non-Executive Director

Bryan Jackson was appointed to the Board in April 2013. He is also Chairman of Sharing in Growth and Chairman of John Smedley Limited. He was the Managing Director of Toyota Motor Manufacturing (UK) Limited until his retirement in 2004. Between 2004 and 2009 he was an advisor to Toyota in Europe. He

is a past Chairman of the East Midlands Development Agency and the East Midlands CBI. Bryan retired as Chairman of Wesleyan Assurance Society in December 2017.

Bryan received an OBE in 2000 for services to manufacturing and a CBE for services to economic development and manufacturing in the 2012 New Year Honours.

Directors' Report

For the Year Ended 31 December 2020

The directors of Unipart Group of Companies Limited (the "Company") present their report and the audited consolidated financial statements for the year ended 31 December 2020.

Results for the year

The Group reports profit before exceptional items, defined benefit pension costs, interest and tax of £19.7m (2019: £27.3m) and profit after taxation of £2.0m (2019: £3.6m). The Company has not paid, nor is it proposing to pay, any dividends in respect of the financial year ended 31 December 2020 (2019: £nil).

A more detailed review of the results can be found in the Chairman's Statement, the Strategic and Operating Review and the Financial Review.

Business review

Details of the Group's principal activities and an indication of likely future developments are described in the Chairman's Statement and the Strategic and Operating Review.

Directors and directors' interests

The biographical details of the directors are listed on page 27 who served during the year along with UGC GP Scotland Limited. The following appointments and resignations took place during the year and up to the date of signing the financial statements:

Darren P Leigh (appointed 20 May 2020)

Jonathan Chitty (resigned 30 April 2020)

Noel J Travers (resigned 15 July 2020)

The interests of the current directors in the share capital of the Company at the year end are shown below.

Ordinary shares (A, D and E) of 1/2p each	31 December 2020 Number	31 December 2019 Number
Beneficial Holdings		
John M Neill	7,767,082	7,767,082
Frank W Burns	112,002	112,002
Non-Beneficial Holdings		
John M Neill	898,020	898,020
Ordinary 'A' shares under option in the Company		
Frank W Burns	–	250,000

No options were granted or exercised during the year (2019: none). 250,000 options lapsed during the year (2019: none).

There was no contract subsisting during the year or at the date of approval of the financial statements in which any director of the Company had a material interest; however, during the year and at the date of approval of the financial statements, a qualifying third party 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.

Future developments

A review of the business and an indication of likely future developments are included in the Strategic Report.

Financial risk management

The Group's operations expose it to a variety of financial risks that include the effect of changes in price risk, credit risk, liquidity risk, interest rate risk, foreign exchange risk and cash flow risk. The Group enters into interest rate and foreign exchange contracts to reduce the level of risk that it faces. These policies are approved by the Board and are managed centrally by the Group's treasury department. Further details of the financial risks are disclosed in the Financial Review. Details of the Group's borrowings and the Group's financial instruments have been disclosed in note 20 and note 22 respectively.

Employees

The Group 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 Group, via regular briefings, on-site and online training, employee forums and through our in-house news programme, Grapevine, which is available online and via DVD. Staff involvement in the Group's performance is encouraged through employee bonus and share schemes, and this involvement extends to the board of trustees of the main pension schemes, on which there are employee representatives. The Group'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 provide equality of opportunity regardless of sex, sexual orientation, nationality, religion or ethnic origin or any other characteristic. The Group 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. The same principles are applied when an employee is affected by long-term illness, where the Group has a strong track record of supporting and rehabilitating our employees back to work. The Group applies an increased focus on 'prevention' through the introduction of Unipart Lifeworks, our Employee Health and Wellbeing Programme.

Corporate Responsibility

The Group is fully committed to forming a culture based on responsible business. Details are described in the Strategic and Operating Review. Details of how the directors have engaged with suppliers, customers and other business relationships are disclosed in the Corporate Governance Statement.

Group Share Trust

In order to enable employees to buy shares and have an interest in the Group, a Group Share Trust was set up at the time of the original buyout in January 1987. It has an independent trustee and, during dealing periods, it can offer to buy and sell shares. Periodically, it may also participate in schemes that enable employees to acquire shares and share options. It is not considered appropriate to consolidate the Group Share Trust in the Group's financial statements due to the terms of the trust deeds governing the Group Share Trust, which prevent the Group from having de facto control over the Trust.

Overseas branches

Details are set out in note 35 to the financial statements.

Impact of Coronavirus

Since March 2020, there has been significant macro-economic uncertainty as a result of the Covid-19 crisis, the scale and duration of which inherently remains uncertain.

Since the start of the escalation of the Covid-19 pandemic, the senior management team have been monitoring and reacting to the situation on a daily basis and have put in place contingency plans to safeguard the employees and mitigate the developing risks of this crisis. These contingency plans include ensuring employees receive appropriate guidance and clear communications, along with the necessary equipment and facilities to maintain a safe working environment. Additional hygiene supplies have been provided to help limit the spread of any infection, along with increased cleaning protocols of all locations. Both domestic and international business travel was scaled back very quickly and attendance at face-to-face business meetings throughout the year has been strongly discouraged. Many of our office employees were already able to work effectively from home and this has been enforced for all but essential working requirements. The Group has also been working closely with both customers and suppliers to mitigate any disruption to supply chains and to support them as they navigate their way through the impacts on their businesses. These plans will continue to be adapted as the situation evolves over time.

As a multi-national organisation primarily operating in the lesser impacted industry sectors, the Group was expected to be as resilient, if not more so, than many other companies across the world. Although we have experienced an impact on turnover and profits in some parts of the Group, the diversity of our operations has meant that we have been able to remain stable and present a robust platform from which to participate in the post-pandemic recovery.

After careful monitoring of the impact of Covid-19 throughout the year, the key financial risks that the directors have identified for the next financial year are:

- a decline in turnover due to customers' reduced volume demands; and
- increased levels of absenteeism.

A potential risk exists regarding working capital increases if customers delay payments, however, the Group has not experienced this so far during the pandemic.

The Group's banking headroom position and associated covenants have been stress tested for various scenarios relating to the key risks, looking in particular at the impact of:

1. A repeat lockdown due to Covid-19 for a three month period during 2021, resulting in the same adverse financial impacts as experienced during 2020.
2. Lockdowns causing adverse financial impacts that are twice as severe as seen during 2020.

These assessments have been reviewed and discussed by the Board of Directors, with consideration given to sensible mitigating actions that are readily available to the Group. The directors have considered the commercial mechanisms in place with customers and suppliers, along with the ability, if required, for the business to scale down costs according to the reduced demand. Whilst these are unprecedented times, being able to efficiently manage costs in line with fluctuating volumes is a fundamental part of the offering the Group already provides to many of its customers. Other mitigating options available include taking advantage of the various Covid-19 support packages offered by the UK government (and other worldwide authorities) as well as the delaying of discretionary expenditure, which have each been considered and modelled. In addition, some customer sectors have experienced increased demand levels during the period of this pandemic. Although these have not been included in the modelling, continued increases in volumes could be reasonably expected from these sectors.

Based on this assessment, at the date of signing these financial statements, the Board has a reasonable expectation that the Group has adequate resources to manage its way through the potential impacts of this pandemic and continue in operational existence for the foreseeable future.

The health and safety of our people remains our top priority. The Group will continue to monitor guidance issued from the various worldwide authorities as the crisis progresses to ensure that our business remains well placed to respond to this ever-changing situation.

Going concern

In addition to the assessment of the impact of Covid-19 detailed above, account has been taken of the deficit on shareholders' funds due to the pension liability, for which the Group has long-term contribution plans agreed with the pension trustees which run until 2036. The Group has reported profit before interest and taxation and other exceptional items and before defined benefit pension costs of £19.7m (2019: £27.3m).

In considering going concern, the directors have reviewed the cash flow requirements of the Group, both under normal circumstances and reflecting the current assessment of the severe but plausible downside scenarios in light of the pandemic. The Group has access to significant and long-term borrowing facilities as disclosed in note 20, which the directors anticipate being available on a continuing basis. Based on these assessments, the Board has a reasonable expectation that the Group 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.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

Directors' Report (continued)

For the Year Ended 31 December 2020

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the profit or loss of the Group and parent Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are also responsible for safeguarding the assets of the Group and parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

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

The financial statements set out on pages 39 to 65 were approved by the Board and signed by its order:



Darren P Leigh

Group Chief Financial Officer and Chief Risk Officer

25 March 2021

Registered number: 01994997



Independent Auditors' Report

To the members of Unipart Group of Companies Limited

Report on the audit of the financial statements

Opinion

In our opinion, Unipart Group of Companies Limited's Group financial statements and Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2020 and of the Group's profits and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated and Company Balance Sheets as at 31 December 2020, the Consolidated Profit and Loss Account and Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated and Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the parent company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements set out on page 30, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report (continued)

To the members of Unipart Group of Companies Limited

Responsibilities for the financial statements and the audit (continued)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with health and safety legislation, employment legislation and taxation legislation and the equivalent local laws and regulations applicable to component teams, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of unusual journals to revenue or the manipulation of accounting estimates which could be subject to management bias. Audit procedures performed included:

- Understanding and evaluating the key elements of the Unipart group's internal control related to estimates;
- Reviewing accounting estimates for bias and validating the support behind the assumptions and judgements made by management including challenging against possible alternatives, for example in relation to retirement benefit obligations;
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations;
- Reviewing legal expense accounts, board minutes and in-house legal counsel documentation;
- Reading the minutes of the Board meetings to identify any inconsistencies with other information provided by management;
- Substantive testing of manual journal entries, particularly focused around the year end and journals which have unexpected account relationships;
- Incorporating elements of unpredictability;
- Reviewing component teams' key working papers for all in-scope components with a particular focus on the areas involving judgement and estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the Company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Matthew Walker

(Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

Birmingham

25 March 2021

Consolidated Profit and Loss Account

For the Year Ended 31 December 2020

		Results (before defined benefit pensions)	Defined benefit pensions*	2020 Total	Results (before defined benefit pensions)	Defined benefit pensions*	2019 Total
	Note	£m	£m	£m	£m	£m	£m
Turnover	5	786.7	-	786.7	799.2	-	799.2
Profit before interest and taxation, before share of profit after taxation of joint ventures and associates and before exceptional items **		17.7	(1.6)	16.1	20.0	(2.2)	17.8
Share of profit after taxation of joint ventures and associates:							
- Before exceptional items		2.0	-	2.0	3.5	-	3.5
- Share of exceptional items related to associates	7	-	-	-	3.8	-	3.8
Share of profit after taxation of joint ventures and associates	15	2.0	-	2.0	7.3	-	7.3
Profit before interest and taxation and other exceptional items		19.7	(1.6)	18.1	27.3	(2.2)	25.1
Other exceptional items (not related to joint ventures and associates)	7	(2.7)	-	(2.7)	(4.8)	-	(4.8)
Profit before interest and taxation	6	17.0	(1.6)	15.4	22.5	(2.2)	20.3
Net interest payable and similar charges	8	(1.4)	-	(1.4)	(2.1)	-	(2.1)
Net other finance charge	9	(0.2)	(9.8)	(10.0)	(0.2)	(11.3)	(11.5)
Profit before taxation		15.4	(11.4)	4.0	20.2	(13.5)	6.7
Tax on profit	12	(4.2)	2.2	(2.0)	(5.7)	2.6	(3.1)
Profit after taxation		11.2	(9.2)	2.0	14.5	(10.9)	3.6

The notes on pages 39 to 65 form part of these financial statements.

* Defined benefit pension costs have been separated to provide greater transparency of the financial performance of the Group both before and after these non-trading items. See note 3 for further details.

** Underlying PBIT as referred to in the Financial Review

Consolidated Statement of Comprehensive Income

For the Year Ended 31 December 2020

	Note	2020 £m	2019 £m
Profit for the financial year		2.0	3.6
Revaluation of freehold and long leasehold land and buildings		6.6	1.0
Actuarial loss recognised on Group pension schemes	24	(98.5)	(94.3)
Deferred tax relating to actuarial loss on Group pension schemes		12.1	4.1
Effect of change in tax rate on deferred tax relating to Group pension schemes		9.4	(1.6)
Other pension related movements		-	(1.1)
Unrecognised asset relating to Group pension schemes		1.3	(0.1)
Actuarial loss recognised on joint venture's pension schemes		(0.3)	(0.1)
Currency translation differences		1.9	(3.8)
Change in value of hedging instrument		(0.5)	0.4
Deferred tax relating to change in value of hedging instrument		0.1	(0.1)
Other comprehensive expense for the year		(67.9)	(95.6)
Total comprehensive expense for the year		(65.9)	(92.0)
Profit for the financial year attributable to:			
Non-controlling interest		0.2	0.4
Owners of the parent Company		1.8	3.2
		2.0	3.6
Total comprehensive expense attributable to:			
Non-controlling interest		0.2	0.2
Owners of the parent Company		(66.1)	(92.2)
		(65.9)	(92.0)

Consolidated Balance Sheet

As at 31 December 2020

	Note	£m	2020 £m	£m	2019 £m
Fixed assets					
Intangible assets	13		13.7		9.2
Tangible assets	14		67.5		58.0
Investments	15		26.6		28.7
			107.8		95.9
Current assets					
Stocks	16	91.6		98.0	
Debtors: amounts falling due after more than one year	17	119.4		95.4	
Debtors: amounts falling due within one year	17	132.8		159.8	
Cash at bank and in hand		80.4		56.3	
		424.2		409.5	
Creditors: amounts falling due within one year	18	(236.1)		(233.2)	
Net current assets			188.1		176.3
Total assets less current liabilities			295.9		272.2
Creditors: amounts falling due after more than one year	19		(35.6)		(29.6)
Provisions for liabilities	23		(13.5)		(23.3)
Net assets excluding pension liability			246.8		219.3
Pension liability	24		(575.0)		(481.4)
Net liabilities			(328.2)		(262.1)
Capital and reserves					
Called up share capital	25		0.4		0.4
Share premium account	27		4.4		4.4
Capital redemption reserve	27		11.5		11.5
Revaluation reserve	27		35.7		27.8
Profit and loss account	27		(380.7)		(306.7)
Total shareholders' deficit			(328.7)		(262.6)
Non-controlling interests			0.5		0.5
Total equity			(328.2)		(262.1)

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 25 March 2021.



John M Neill CBE
Chairman & Group Chief Executive



Darren P Leigh
Group Chief Financial Officer and Chief Risk Officer

Registered number: 01994997

Company Balance Sheet

As at 31 December 2020

	Note	£m	2020 £m	£m	2019 £m
Fixed assets					
Intangible assets	13		0.1		0.1
Investments	15		41.6		41.6
			41.7		41.7
Current assets					
Debtors: amounts falling due after more than one year	17	25.0		20.9	
Debtors: amounts falling due within one year	17	21.4		16.2	
Cash at bank and in hand		6.4		10.0	
		52.8		47.1	
Creditors: amounts falling due within one year	18	(1.0)		(0.7)	
Net current assets			51.8		46.4
Total assets less current liabilities			93.5		88.1
Creditors: amounts falling due after more than one year	19		(0.2)		(0.1)
Net assets excluding pension liability			93.3		88.0
Pension liability	24		(55.7)		(51.0)
Net assets			37.6		37.0
Capital and reserves					
Called up share capital	25		0.4		0.4
Share premium account	27		4.4		4.4
Capital redemption reserve	27		11.5		11.5
Profit and loss account	27		21.3		20.7
Total shareholders' funds			37.6		37.0

As permitted by Section 408(3) of the Companies Act 2006, the Company has not presented its own Profit and Loss Account or Statement of Comprehensive Income. The Company's profit for the financial year was £5.4m (2019: loss of £(0.7)m) and the Company's other comprehensive expense for the financial year was £4.8m (2019: £7.3m).

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 25 March 2021.



John M Neill CBE
Chairman & Group Chief Executive



Darren P Leigh
Group Chief Financial Officer and Chief Risk Officer

Registered number: 01994997

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2020

	Called up share capital £m	Share premium account £m	Capital redemption reserve £m	Revaluation reserve £m	Profit and loss account £m	Total shareholders' deficit £m	Non-controlling interests £m	Total equity £m
At 1 January 2020	0.4	4.4	11.5	27.8	(306.7)	(262.6)	0.5	(262.1)
Profit for the financial year	-	-	-	-	1.8	1.8	0.2	2.0
Other comprehensive income/ (expense) for the year	-	-	-	6.6	(74.5)	(67.9)	-	(67.9)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(0.2)	(0.2)
Transfer between reserves	-	-	-	1.3	(1.3)	-	-	-
As at 31 December 2020	0.4	4.4	11.5	35.7	(380.7)	(328.7)	0.5	(328.2)

For the Year Ended 31 December 2019

	Called up share capital £m	Share premium account £m	Capital redemption reserve £m	Revaluation reserve £m	Profit and loss account £m	Total shareholders' deficit £m	Non-controlling interests £m	Total equity £m
At 1 January 2019	0.4	4.4	11.5	27.2	(213.9)	(170.4)	0.7	(169.7)
Profit for the financial year	-	-	-	-	3.2	3.2	0.4	3.6
Other comprehensive income/ (expense) for the year	-	-	-	0.9	(96.3)	(95.4)	(0.2)	(95.6)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(0.4)	(0.4)
Transfer between reserves	-	-	-	(0.3)	0.3	-	-	-
As at 31 December 2019	0.4	4.4	11.5	27.8	(306.7)	(262.6)	0.5	(262.1)

Company Statement of Changes in Equity

For the Year Ended 31 December 2020

	Called up share capital £m	Share premium account £m	Capital redemption reserve £m	Profit and loss account £m	Total shareholders' funds £m
At 1 January 2020	0.4	4.4	11.5	20.7	37.0
Profit for the financial year	-	-	-	5.4	5.4
Other comprehensive expense for the year	-	-	-	(4.8)	(4.8)
As at 31 December 2020	0.4	4.4	11.5	21.3	37.6

For the Year Ended 31 December 2019

	Called up share capital £m	Share premium account £m	Capital redemption reserve £m	Profit and loss account £m	Total shareholders' funds £m
At 1 January 2019	0.4	4.4	11.5	28.7	45.0
Loss for the financial year	-	-	-	(0.7)	(0.7)
Other comprehensive expense for the year	-	-	-	(7.3)	(7.3)
As at 31 December 2019	0.4	4.4	11.5	20.7	37.0

Consolidated Cash Flow Statement

For the Year Ended 31 December 2020

	Note	2020 £m	2019 £m
Net cash from operating activities	29	41.5	12.4
Taxation paid		(3.9)	(1.4)
Net cash from operating activities after taxation		37.6	11.0
Cash flow from investing activities			
Acquisition of businesses	28	(2.7)	(2.1)
Purchase of tangible assets	14	(5.5)	(5.8)
Proceeds from disposals of tangible assets		-	0.5
Dividends received from joint ventures and associates	15	4.3	2.9
Interest received	8	0.3	0.3
Net cash used in investing activities		(3.6)	(4.2)
Cash flow from financing activities			
Receipts from debt		9.5	0.7
Repayments of debt		(22.4)	(3.5)
Interest paid		(2.0)	(2.2)
Dividends paid to minority interests		(0.2)	(0.4)
Net cash used in from financing activities		(15.1)	(5.4)
Net increase in cash and cash equivalents			
		18.9	1.4
Cash and cash equivalents at 1 January	29	46.1	45.4
Exchange gains/(losses) on cash and cash equivalents	29	0.8	(0.7)
Cash and cash equivalents at 31 December	29	65.8	46.1
Cash and cash equivalents consists of:			
Cash at bank and in hand	29	80.4	56.3
Bank overdrafts	20, 29	(14.6)	(10.2)
Cash and cash equivalents	29	65.8	46.1

Notes to the Financial Statements

For the Year Ended 31 December 2020

1. General information

The Company is a trading company within the United Kingdom.

The Company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is Unipart House, Cowley, Oxford, OX4 2PG.

2. Statement of compliance

The consolidated financial statements of Unipart Group of Companies Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Accounting policies

In preparing the financial statements, the Company has reviewed the presentation of the Consolidated Profit and Loss Account in order to assess whether it provides the clearest representation of the performance of the Group. In forming this view, and consistent with the prior year, the directors consider that it is important to present the defined benefit pension costs of the Group in a separate column in the Consolidated Profit and Loss Account to demonstrate the financial performance of the Group both before and after these costs.

A summary of the significant accounting policies adopted by the Group and the Company is given in the following paragraphs. The policies have been consistently applied to all years presented, unless otherwise stated.

3.1 Basis of accounting

The financial statements have been prepared on the going concern basis, in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom, although the deficit on the pension schemes has resulted in a deficit on shareholders' funds. In considering the going concern assumption, the Directors have therefore considered the cash flow requirements of the Group.

The Group has significant borrowing facilities available, which the Directors have a reasonable expectation will continue to be available on a similar basis, as disclosed in note 20, with sufficient headroom in respect of these facilities to finance the ongoing activities of the Group.

At the date of signing these accounts, the Group is closely monitoring the continuing implications of Covid-19. As reported in more detail in the Directors' Report, various stress test scenarios have been assessed to evaluate the impact that this global pandemic may have on the Group and Company's future performance. The financial resilience tests take into account the significant long-term borrowing facilities available and the substantial support for businesses and economic stimulus packages being offered by both the UK government and worldwide authorities, which the Directors have a reasonable expectation will continue to be available on an ongoing basis. Based on the outcomes of those financial resilience tests, the Board is of the view that the Group will have sufficient headroom available to finance both the ongoing activities of the Group and manage its way through the reasonably foreseeable potential impacts of this pandemic. As a result, the financial statements have been prepared on the going concern basis, under the historical cost basis of accounting, modified to include

the revaluation of investment property and freehold and long leasehold land and buildings measured at fair value through profit or loss in compliance with United Kingdom Accounting Standards, including FRS 102 and the Companies Act 2006.

3.2 Basis of consolidation

The Group financial statements comprise a consolidation of the financial statements of the Company and all of its subsidiary undertakings, except where control is subject to severe long-term restrictions, and incorporate its share of the results of all joint ventures and associates via equity accounting principles. The results and fair value of the assets and liabilities of undertakings acquired are consolidated from the date the Group gains control. The results from discontinued operations are included up until the date they are disposed of or terminated. Where, in the view of the directors, the Group does not have de facto control over the related entities, these entities are excluded from the consolidation in the Group's financial statements. No Profit and Loss Account is presented for the Company, as permitted by Section 408 (3) of the Companies Act 2006. Uniform accounting policies are applied across the Group. Intragroup transactions are eliminated on consolidation.

3.3 Cash flow statement

The Company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a cash flow statement on the basis that it is a qualifying entity and the Company's cashflows are included in the Consolidated Cash Flow Statement.

3.4 Turnover

Turnover is recognised as the fair value of consideration receivable on goods and services supplied during the year, including amounts received and receivable on management fee contracts. The sales of goods are recognised at the point at which the risks and rewards of ownership are transferred, in accordance with the individual sales' contracts. The sales of services are recognised in the accounting period in which the services are rendered, by reference to the agreed contractual arrangements. Turnover is reported net of conditional discounts, VAT and other sales taxes. Turnover derived from gain share arrangements is recognised when the benefits are agreed with customers and are certain.

3.5 Exceptional items

Where items are so material that separate presentation is relevant to the consolidated financial performance, then such items are presented as exceptional items on the face of the Consolidated Profit and Loss Account.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2020

3. Accounting policies (continued)

3.6 Pension costs

For defined contribution schemes, contributions are charged to the Consolidated Profit and Loss Account as payable in respect of the accounting year.

For defined benefit schemes, the amounts charged to profit before interest and taxation are the current service costs and the scheme administration costs excluding the costs of servicing the investments. They are charged or credited to the Consolidated Profit and Loss Account headings to which they relate. Past service costs are recognised immediately in the Consolidated Profit and Loss Account. The net interest cost is shown as other finance charge adjacent to interest. Actuarial gains and losses are recognised immediately in the Consolidated Statement of Comprehensive Income.

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 values 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.

Defined benefit pension costs are analysed out in a separate column on the face of the Consolidated Profit and Loss Account to demonstrate the financial performance of the Group both before and after these non trading items.

The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The resulting defined benefit asset or liability is presented separately after other net assets on the face of the Balance Sheet.

3.7 Intangible assets

Expenditure incurred to acquire licences to manufacture certain products are capitalised and amortised on a straight line basis over the estimated economic life of the manufacturing activity, or the life of the licence, which are all between 5 and 10 years. Development costs incurred on specific projects are capitalised when recoverability can be assessed with reasonable certainty and are amortised in line with the expected sales arising from the projects.

3.8 Tangible fixed assets

All tangible fixed assets, with the exception of investment properties and freehold and long leasehold land and buildings, are carried at cost less depreciation and provision for impairment, where considered appropriate. The cost of purchased assets is the value of consideration given to acquire the assets and the value of other, directly attributable costs that are incurred in bringing the assets to the location and condition necessary for their intended use.

Investment properties and freehold and long leasehold land and buildings are carried at valuation, being fair value determined by external valuers every three years.

With the exception of freehold land, investment properties and assets in the course of construction, which are not depreciated, depreciation on the cost or valuation of tangible fixed assets is charged evenly to write off the assets to their residual value over their estimated useful lives.

The estimated useful lives range as follows:

Freehold and long leasehold investment properties	- Not depreciated
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Freehold land and buildings	- 35 to 50 years
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Long leasehold land and buildings	- 35 to 50 years
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Short leasehold land and buildings	- Over the lease term
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Plant and machinery	- One to 15 years
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Assets in the course of construction	- Not depreciated
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3.9 Impairment of fixed assets and goodwill

Fixed and intangible assets are reviewed annually for indicators of impairment. Impairment provisions are calculated by comparing the net book value of fixed assets or goodwill with the higher of the fair value less costs to sell and the value in use of those assets. The value in use is calculated using forecast, risk adjusted, discounted, pre tax cash flows over the economic life of the related fixed asset or goodwill.

3.10 Investment properties

Investment properties are included in the Balance Sheet at fair value, in accordance with FRS 102 section 16 "Investment Property". This treatment is contrary to the Companies Act 2006 which states that fixed assets should be depreciated.

3.11 Investments

Investments in the Company Balance Sheet are shown at cost less provision for impairment. Impairment reviews are performed by the directors when there has been an indicator of potential impairment.

3.12 Stocks

Stocks are stated at the lower of cost and net realisable value on a weighted average basis. Cost of finished products and work in progress includes, where appropriate, direct labour and materials and a proportion of factory overheads. Net realisable value is calculated after taking into account provisions for obsolescence, as the actual selling price, net of trade discounts, less costs to completion and all related marketing, selling and distribution costs.

3.13 Warranties and legal claims

Provision is made for the best estimate of the costs of making good under warranty products sold or resolving any legal claims relating to periods before the Balance Sheet date and is discounted, where material.

3.14 Property provisions

Provision is made for the best estimate of the unavoidable future lease payments, on a discounted basis, where material, when the lease becomes onerous, net of amounts that can be reasonably expected to be recovered from subtenants to which the respective property is expected to be sublet.

Provision is made for the best estimate of dilapidation costs, on a discounted basis, where material, 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.

3.15 Restructuring provisions

Provision is made for the best estimate of restructuring cost obligations at the balance sheet date and is discounted, where material.

3.16 Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

3.17 Deferred tax

Deferred tax is accounted for to recognise timing differences between the recognition of gains and losses in the financial statements and their recognition for tax purposes. A deferred tax liability is recognised if transactions or events result in the Group 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 Group the right to pay less tax in the future and it is considered to be probable that the asset will be recovered. Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

3.18 Share based payments

The fair value of share plans, where material, is recognised as an expense in the Consolidated Profit and Loss Account over their expected vesting periods. The fair value of share plans is determined at the date of the grant, taking into account any market based vesting conditions attached to the award. Non market based vesting conditions are taken into account in estimating the number of awards that are likely to vest; these estimates are reviewed regularly and the expense charge adjusted accordingly.

3.19 Finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases where the Group acts as the lessor are presented as a receivable at an amount equal to the net investment in the lease. Rental payments received by the Group under the finance leases are apportioned between the finance charge and the reduction of the outstanding obligation.

For assets held under finance leases when the Group acts as a lessee, the capital element of the leasing commitment is shown as an obligation under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligation and the interest element is charged to the Consolidated Profit and Loss Account in proportion to the reducing capital element.

3.20 Operating leases

Operating lease rentals are charged to the Consolidated Profit and Loss Account on a straight line basis over the lease term. Lease incentives are charged to the Consolidated Profit and Loss Account on a straight line basis over the expected lease term.

3.21 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 Consolidated Profit and Loss Account over the term of the facility.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2020

3. Accounting policies (continued)

3.22 Government Grants

Government grants in respect of capital expenditure and employment costs are released to the Profit and Loss account in the year in which they are received.

3.23 Foreign currency

Monetary assets and liabilities denominated in foreign currencies are translated into sterling rates of exchange ruling at the Balance Sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange gains and losses are recognised in the Consolidated Profit and Loss Account.

The Profit and Loss Accounts of overseas activities are translated into sterling at average rates of exchange. The Balance Sheets of overseas activities 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 year end adjustment to closing rates of Profit and Loss accounts translated at average rates, are taken to reserves.

3.24 Business combinations and goodwill

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

On acquisition of a business, fair values are attributable to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

Goodwill is written off to the Consolidated Profit and Loss Account on a straight line basis over periods that represent the estimated useful economic lives of those assets which are between 5 and 20 years.

The Group has taken advantage of the exemption in respect of applying FRS 102 section 19 "Business Combinations and Goodwill" to business combinations effected before the date of transition.

3.25 Financial instruments

The Group has chosen to adopt FRS 102 Section 11 "Basic Financial Instruments" and FRS 102 Section 12 "Other Financial Instruments Issues" in respect of financial instruments.

Basic financial assets, including trade and other receivables and cash and bank balances, are initially measured at transaction price. Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount

and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow Group companies are initially recognised at transaction price. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Fees paid on the establishment of loan facilities are capitalised and netted against the respective facility and amortised over the period of the facility to which it relates.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Changes in fair value of derivatives are recognised in profit or loss in finance costs or income, as appropriate, unless it is appropriate to apply hedge accounting in which case changes are recognised in the Consolidated Statement of Comprehensive Income.

4. Judgments in applying accounting policies and key sources of estimation uncertainty

'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, particularly in relation to the adoption of the going concern assumption, accounting for pension costs, the valuation of investment properties and freehold and long leasehold land and buildings, the useful economic lives of fixed tangible and intangible assets, the recognition of provisions and the recognition of deferred tax assets. Actual results could differ from those estimates.

'The financial statements have been prepared on the going concern basis, in accordance with Companies Act 2006 and applicable accounting standards in the United Kingdom.

In considering the going concern assumption, the directors have had to apply judgment in relation to the potential impact that the current Covid-19 global pandemic might have on the global and domestic economies the Group operates in and its potential impact on the Group in the coming financial year. In arriving at this judgment, projections have been prepared to model the financial resilience of the Group to various scenarios resulting from a downturn triggered by the Covid-19 pandemic. The projections themselves require judgment and estimates regarding the potential impact that the Covid-19 pandemic will have on the Group's profit and cash flow. The results of the financial resilience tests and the mitigating actions that are available provide a reasonable expectation that the Group has adequate resources to manage its way through the potential impacts of Covid-19. Therefore the directors continue to consider it appropriate to adopt the going concern assumption in preparing these financial statements. The directors have also concluded that, whilst there are uncertainties over the scale and duration of this pandemic, they do not lead the directors to consider that there are material uncertainties which cast significant doubt over the Group's ability to continue as a going concern. The Directors' Report includes more detail on the financial resilience testing undertaken.

The Group has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including life expectancy, salary increases, asset valuations and the discount rate based on the return on high quality corporate bonds. Management estimates these factors in determining the net pension obligation in the Balance Sheet. The assumptions reflect historical experience and current trends. See note 24 for the assumptions used in accounting for defined benefit pension schemes.

Investment property and freehold and long leasehold land and buildings are measured at fair value in these financial statements. Fair value is deemed to be an open market basis valuation and is reassessed annually. They are amended when necessary, to reflect current estimates. See note 14 for the carrying value of investment property and freehold and long leasehold land and buildings.

The annual depreciation charge for tangible and intangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful lives and residual values are reassessed annually. They are amended when necessary, to reflect current estimates. See note 13 for the carrying value of intangible fixed assets and note 14 for the carrying value of tangible fixed assets.

Stocks are stated after provisions for impairment. These are reassessed annually and amended, when necessary, to reflect current estimates. See note 16 for the carrying value of provisions.

Provisions are made for the best estimates in relation to warranties, legal claims, onerous property leases and dilapidations. These are reassessed annually and amended, when necessary, to reflect current estimates. See note 23 for the carrying value of provisions.

Deferred tax assets are only recognised to the extent to which it can be regarded as more likely than not that the Group will generate sufficient future taxable profits from which the reversal of the underlying timing differences can be deducted. See note 21 for details of deferred tax assets recognised.

5. Turnover

It is the Directors' judgment that all sales in the current and prior year relate to one class of business, that of the provision of global supply chain solutions.

An analysis of turnover by category is as follows:

	2020 £m	2019 £m
Sale of goods	419.3	415.4
Provision of services	367.4	383.8
Statutory Group turnover	786.7	799.2
Share of joint ventures (i)	26.8	41.4
Share of associates (i)	68.4	64.2
Total turnover (including joint ventures and associates)	881.9	904.8

The Group has joint ventures and associates, the turnover of which is not included within Group turnover in accordance with FRS 102. However, the Group's share of such turnover is shown above.

(i) The share of joint ventures' and associates' turnover is based on the percentage of shares the Group owns (see note 35).

An analysis of turnover by geographical location of customer is as follows:

	2020 £m	2019 £m
United Kingdom	520.8	529.2
Rest of Europe	154.2	155.8
Rest of World	111.7	114.2
	786.7	799.2

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2020

6. Profit before interest and taxation

	Note	2020 £m	2019 £m
Group turnover		786.7	799.2
Cost of sales		(637.7)	(627.4)
Gross profit		149.0	171.8
Distribution costs		(34.5)	(38.9)
Administration expenses		(106.8)	(119.2)
Other operating income		8.4	4.1
Profit before interest and taxation, before share of profit after taxation of joint ventures and associates and before exceptional items		16.1	17.8
Share of profit after taxation of joint ventures and associates		2.0	7.3
Other exceptional items	7	(2.7)	(4.8)
Profit before interest and taxation		15.4	20.3

Total administration expenses, including exceptionals, are £101.1m (2019: £119.9m). Profit before interest and tax includes £1.6m (2019: £2.2m) of defined benefit costs.

The profit before interest and taxation is stated after charging/(crediting):

	2020 £m	2019 £m
Depreciation of tangible fixed assets	4.4	4.0
Amortisation of intangible assets, including goodwill	1.3	1.3
Amount of stock expensed	214.1	300.1
Operating lease rentals	34.1	40.0
Government grants	(7.1)	-
Sublet income from land and buildings	(2.2)	(2.5)
Loss on disposal of fixed assets	0.1	0.2
Impairment of trade receivables	1.2	1.3
Foreign exchange losses/(gains)	0.7	(0.8)
Other income	-	(1.6)

During the year, the Group (including its overseas subsidiaries) obtained the following services from the Group's auditors:

	2020 £m	2019 £m
Audit of Group and Company Financial Statements	0.1	0.1
Other services to the Group:		
Audit of the Company's subsidiary financial statements pursuant to legislation	0.5	0.5
Taxation compliance services	0.2	0.3
Taxation advisory services	0.1	0.1
Other non-audit services	0.1	0.1

7. Exceptional items

In the current year, an exceptional charge of £2.7m (2019: £4.8m) has been reported in the Consolidated Profit and Loss account. This charge relates to the restructuring of certain UK operations enabling Unipart to respond better to market needs. This restructuring will allow Unipart to effectively pursue its strategy of international growth and new product innovation, whilst remaining competitive in the UK.

In the prior year, an exceptional credit of £3.8m was reported in the Consolidated Profit and Loss Account within the share of profit after taxation of joint ventures and associates. This credit relates to the partial reversal of estimated losses expected to be incurred in previous years on a long-term engineering contract. During the prior year, the contract was renewed and the losses agreed, which were substantially lower than those initially anticipated.

8. Net interest payable and similar charges

	2020 £m	2019 £m
Interest payable and similar charges		
Bank loan interest payable	1.2	2.0
Finance lease interest	0.1	0.1
Amortisation of issue costs on bank facilities	0.3	0.2
Other interest payable	0.1	0.1
	1.7	2.4
Interest receivable and similar income	(0.3)	(0.3)
Net interest payable	1.4	2.1

9. Net other finance charge

	Note	2020 £m	2019 £m
Net finance charge on pension schemes	24	9.8	11.3
Unwinding of discounting of provisions	23	0.2	0.2
Net other finance charge		10.0	11.5

Total finance costs are £11.4m (2019: £13.6m).

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2020

10. Employees

Staff costs were as follows:

	2020 £m	2019 £m
Wages and salaries	206.1	201.1
Social security costs	22.3	21.3
Other pension costs	8.8	9.4
	237.2	231.8

Other pension costs relate to contributions to defined contribution pension schemes and current service costs and administration costs relating to defined benefit pension schemes.

The average monthly number of employees, including the directors, during the year was as follows:

	2020 No.	2019 No.
Direct labour	3,490	3,378
Indirect labour	2,066	1,941
Sales, marketing and administration	1,320	1,414
	6,876	6,733

11. Directors' emoluments

The aggregate emoluments of the directors during the year totalled £2,608,173 (2019: £3,046,618). During the year, retirement benefits were accruing to two directors (2019: two) in respect of a defined contribution pension scheme. Aggregate emoluments include compensation for loss of office for one director (2019: nil). No directors (2019: nil) accrued retirement benefits under a defined benefit scheme or under a money purchase scheme. The highest paid director received aggregate emoluments during the year of £1,033,413 (2019: £1,390,112).

Also included in aggregate emoluments were fees of £114,493 (2019: £120,170), which were paid in the year in respect of the two non-executive directors who served during the year (2019: two).

The aggregate emoluments of key management personnel during the year totalled £5,888,914 (2019: £7,196,624).

12. Tax on profit on ordinary activities

	2020 £m	2019 £m
Analysis of tax charge in the year		
Current tax		
UK corporation tax charge/(credit) on profit for the year	0.3	(0.4)
Adjustments in respect of prior years	-	0.3
	0.3	(0.1)
Foreign corporation tax	4.6	4.1
Total current tax	4.9	4.0
Deferred tax		
Origination and reversal of timing differences	(0.4)	(0.4)
Effect of change in tax rates	(1.7)	-
Adjustments in respect of prior years	(0.8)	(0.5)
Total deferred tax	(2.9)	(0.9)
Tax on profit on ordinary activities	2.0	3.1

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019: higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £m	2019 £m
Profit on ordinary activities before taxation	4.0	6.7
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	0.8	1.3
Effects of:		
Expenses not deductible for tax purposes	0.7	1.7
Adjustments in respect of prior years	(0.8)	(0.2)
Effect of foreign taxation rates	1.3	1.0
Share of joint ventures' and associates' tax reported within profit on ordinary activities	(0.2)	(0.4)
Non taxable income	(0.1)	(1.2)
Effects of changes in tax rates	(1.4)	-
Other timing differences	(0.4)	-
Deferred tax not recognised	2.2	0.9
Utilisation of tax losses	(0.1)	-
Total tax charge for the year	2.0	3.1

Factors that may affect future tax charges

The Group has generated significant UK capital losses from disposals in previous years. Such losses will only be available to offset UK capital profits arising in future periods, such as gains arising on the future sale of freehold properties, and it is expected to be some time before these losses are relieved. Accordingly, the Group has not recognised a deferred tax asset in respect of these losses. As a consequence, the Group does not expect to incur any significant tax charges in respect of capital gains within the foreseeable future.

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. As a result, the relevant deferred tax balances have been remeasured.

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate for larger businesses would increase to 25% (rather than remaining at 19%, as previously enacted). As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2020

13. Intangible assets

Group	Goodwill £m	Licences/Other £m	Total £m
Cost			
At 1 January 2020	32.3	0.9	33.2
Additions	5.7	0.1	5.8
At 31 December 2020	38.0	1.0	39.0
Accumulated amortisation			
At 1 January 2020	23.2	0.8	24.0
Charge for the year	1.3	-	1.3
At 31 December 2020	24.5	0.8	25.3
Net book value			
At 31 December 2020	13.5	0.2	13.7
At 31 December 2019	9.1	0.1	9.2

Company	Licences/Other £m
Cost and Net book value	
At 1 January and 31 December 2020	0.1

14. Tangible assets

Group	Freehold and long leasehold investment properties £m	Freehold land and buildings £m	Long leasehold land and buildings £m	Short leasehold land and buildings £m	Plant and machinery £m	Total £m
Cost or valuation						
At 1 January 2020	4.5	35.2	5.7	3.6	52.7	101.7
Additions	-	0.8	0.4	0.2	4.1	5.5
Disposals	-	-	-	(0.2)	(1.8)	(2.0)
Revaluations	1.3	6.5	-	-	-	7.8
Foreign exchange	-	0.4	0.1	-	0.3	0.8
At 31 December 2020	5.8	42.9	6.2	3.6	55.3	113.8
Accumulated depreciation						
At 1 January 2020	-	0.7	-	2.8	40.2	43.7
Charge for the year	-	0.1	-	0.5	3.8	4.4
Disposals	-	-	-	(0.2)	(1.7)	(1.9)
Revaluations	-	(0.1)	-	-	-	(0.1)
Foreign exchange	-	0.1	-	(0.1)	0.2	0.2
At 31 December 2020	-	0.8	-	3.0	42.5	46.3
Net book value						
At 31 December 2020	5.8	42.1	6.2	0.6	12.8	67.5
At 31 December 2019	4.5	34.5	5.7	0.8	12.5	58.0

Included within plant and machinery are assets held under finance leases with a cost of £2.5m (2019: £2.5m) and accumulated depreciation of £1.6m (2019: £1.2m).

If the freehold and long leasehold land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

Group	2020 £m	2019 £m
Cost	20.2	19.0
Accumulated depreciation	(7.2)	(6.6)
Net book value	13.0	12.4

Of the total revaluation reserve of £35.7m (2019: £27.8m), an amount of £34.2m (2019: £27.2m) relates to freehold and long leasehold land and buildings and an amount of £1.5m (2019: £0.6m) relates to investment properties.

At 31 December 2020, the portfolio of investment, freehold and long leasehold properties was revalued, on an open market basis, giving a total aggregate value of £54.1m (2019: £44.7m).

The investment, freehold and long leasehold properties, including overseas properties, were valued by external valuers Cushman & Wakefield, being qualified valuers and members of the Royal Institution of Chartered Surveyors (RICS). All valuations were carried out in accordance with the RICS Appraisal and Valuation Standards.

The revaluation of investment properties and the revaluation of freehold and long leasehold properties only to the extent that a revaluation decrease exceeds the revaluation gains accumulated in equity in respect of an asset, or to the extent that a revaluation increase reverses a revaluation decrease of the same asset previously recognised in profit or loss, are reported in the Consolidated Profit and Loss Account. All other revaluation gains and losses are reported in other comprehensive income. During the year, total revaluation gains of £1.3m (2019: £nil) are included within profit and loss and revaluation gains of £6.6m (2019: £1.0m) are included within other comprehensive income.

Revaluations of properties recognised in profit or loss, along with the revaluation surplus realised on the disposal of property, are transferred between the Profit and Loss Account and the Revaluation Reserve.

Deferred tax is recognised except to the extent that there are sufficient capital losses available within the Group to utilise any capital gains that arise on the future sale of the revalued properties. A deferred tax liability of £1.1m (2019: £1.0m) has been recognised.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2020

15. Investments

Group	Investments in joint ventures £m	Investments in associates £m	Total £m
Cost			
At 1 January 2020	12.7	16.0	28.7
Share of profits retained	(0.6)	2.6	2.0
Dividends	-	(4.3)	(4.3)
Foreign exchange	(0.2)	0.4	0.2
At 31 December 2020	11.9	14.7	26.6
Net book value			
At 31 December 2020	11.9	14.7	26.6
At 31 December 2019	12.7	16.0	28.7

The Group's interest in joint ventures is 50% of the ordinary share capital of Kautex Unipart Limited, 50% of the ordinary share capital of Unipart Rail ARC Middle East LLC and 50% of the ordinary share capital of Hyperbat Limited which have been included in the consolidated financial statements using the equity method of accounting.

Associated undertakings represent the Group's 29% ordinary shareholding of ACI Auto Components International SRO, the Group's 40% ordinary shareholding of Lucchini Unipart Rail Limited and the Group's 30% ordinary shareholding of UGL Unipart Rail Services Pty Limited, all of which have been included in the consolidated financial statements using the equity method of accounting.

The Group provides certain services to its joint ventures and associated undertakings, the transactions being disclosed in note 33.

Details of the Group's undertakings are shown in note 35.

Company	Investments in subsidiary companies £m
Cost	
At 1 January and 31 December 2020	74.8
Impairment	
At 1 January and 31 December 2020	33.2
Net book value	
At 1 January and 31 December 2020	41.6

Details of the investments of the Company are shown in note 35.

16. Stocks

	Group 2020 £m	Group 2019 £m
Raw materials and consumables	7.8	8.7
Work in progress	4.1	4.2
Finished goods and goods for resale	79.7	85.1
	91.6	98.0

There is no material difference between carrying value and replacement cost.

Stocks are stated after provisions for impairment of £21.8m (2019: £19.9m).

The Company has £nil stocks (2019: £nil).

17. Debtors

	Note	Group 2020 £m	Group 2019 £m	Company 2020 £m	Company 2019 £m
Amounts falling due after more than one year					
Deferred tax	21	108.3	83.6	17.8	13.8
Other debtors		11.1	11.8	7.2	7.1
		119.4	95.4	25.0	20.9

	Note	Group 2020 £m	Group 2019 £m	Company 2020 £m	Company 2019 £m
Amounts falling due within one year					
Trade debtors		94.7	112.7	-	-
Amounts owed by Group undertakings		-	-	20.8	14.5
Amounts owed by joint ventures and associates	33	1.5	1.9	0.3	0.2
Corporation tax		0.3	0.3	-	1.5
Deferred tax	21	0.4	0.4	-	-
Other debtors		6.6	11.2	0.3	-
Prepayments and accrued income		29.3	33.3	-	-
		132.8	159.8	21.4	16.2

Trade debtors are stated after provisions for impairment of £7.5m (2019: £6.3m).

Amounts owed by Group undertakings, joint ventures and associates are unsecured and have no fixed repayment date. Certain amounts owed by Group undertakings bear interest based on three month LIBOR rates.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2020

18. Creditors: amounts falling due within one year

	Note	Group 2020 £m	Group 2019 £m	Company 2020 £m	Company 2019 £m
Bank loans and overdrafts	20	40.3	45.9	-	-
Trade creditors		56.7	62.3	-	-
Amounts owed to joint ventures and associates	33	0.2	0.1	-	-
Finance leases		0.4	0.4	-	-
Corporation tax		1.3	0.6	-	-
Other taxation and social security		29.1	17.1	-	-
Other creditors		22.4	25.7	-	-
Accruals and deferred income		85.7	81.1	1.0	0.7
		236.1	233.2	1.0	0.7

Amounts owed to joint ventures and associates are unsecured and are repayable on demand. Certain amounts owed to joint ventures and associates bear interest based on three month LIBOR rates.

19. Creditors: amounts falling due after more than one year

	Note	Group 2020 £m	Group 2019 £m	Company 2020 £m	Company 2019 £m
Bank loans and overdrafts	20	17.8	20.3	-	-
Finance leases		0.3	0.7	-	-
Other creditors		4.1	7.7	-	-
Accruals and deferred income		13.4	0.9	0.2	0.1
		35.6	29.6	0.2	0.1

The future minimum payments under finance leases due after more than one year are due later than one but not later than five years.

20. Borrowings

	Group 2020 £m	Group 2019 £m
Amounts falling due within one year		
Bank overdrafts	(14.6)	(10.2)
Bank loans	(25.7)	(35.7)
	(40.3)	(45.9)

	Group 2020 £m	Group 2019 £m
Amounts falling due between one and five years		
Bank loans and working capital facilities	(16.8)	(19.2)
	(16.8)	(19.2)

	Group 2020 £m	Group 2019 £m
Amounts falling due after more than five years		
Bank loans and working capital facilities	(1.0)	(1.1)
	(1.0)	(1.1)

The bank loans and overdrafts bear interest based on LIBOR and are secured by fixed and floating charges over certain of the Group's assets. The facility falling due within one year is stated net of unamortised issue costs of £0.1m (2019: £0.1m). The facility falling due in more than one year is stated net of unamortised issue costs of £nil (2019: £nil). The costs are allocated to the Consolidated Profit and Loss Account over the terms of the respective facilities at a constant rate.

The Group has various borrowings facilities available, including a working capital facility of up to £40.0m (2019: £40.0m) committed until December 2021, a working capital facility of up to €3.0m (2019: €3.0m) renewable annually, a revolving facility of up to £30.0m (2019: £30.0m) committed until March 2024, a term loan of £8.5m (2019: £2.5m) repayable in quarterly instalments until March 2024, a term loan of €1.1m (2019: €2.4m) repayable in monthly instalments until November 2021, a revolving loan of €10.0m (2019: €10.0m) renewable annually and a term loan of €2.0m (2019: €2.2m) repayable in monthly instalments until 2031. The amounts falling due after more than five years are in respect of the term loan which is repayable in monthly instalments until 2031.

Therefore, at the balance sheet date, the Group has aggregate borrowing facilities available to it of £78.5m (2019: £72.5m) and €16.1m (2019: €17.6m).

During the year, the revolving facility of £30m and term loan facility of £8.5m were renewed and extended for a further 4 years on similar terms until March 2024.

After the balance sheet date, the working capital facility of up to £40m has been extended on similar terms until March 2024.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2020

21. Deferred tax

Note	Group 2020 £m	Group 2019 £m	Company 2020 £m	Company 2019 £m
At 1 January	82.7	79.4	13.8	12.8
Amounts credited/(charged) to the Profit and Loss Account	2.9	0.9	2.9	(0.5)
Amounts credited to the Statement of Comprehensive Income	21.6	2.4	-	1.5
At 31 December	107.2	82.7	16.7	13.8
Representing:				
Deferred tax asset included within debtors falling due within one year	17	0.4	-	-
Deferred tax asset included within debtors falling due in more than one year	17	108.3	17.8	13.8
Deferred tax liability included within creditors falling due within one year	23	(1.5)	-	-
	107.2	82.7	17.8	13.8

	Group 2020 £m	Group 2019 £m	Company 2020 £m	Company 2019 £m
Accelerated capital allowances	9.2	6.7	-	-
Trading losses and timing differences	8.8	8.0	2.1	-
Capital losses	-	-	4.9	5.2
Deferred tax asset relating to pension deficit	89.2	68.0	9.7	8.6
	107.2	82.7	16.7	13.8

The Group does not recognise an asset of £20.0m (2019: £16.9m) in respect of UK capital losses generated from disposals in previous years and certain trading losses that have arisen and accelerated capital allowances due to the uncertainty concerning the timescale of its recoverability.

The Group does not recognise an asset of £20.1m (2019: £13.8m) relating to the pension deficit due to the uncertainty concerning the timescale of its recoverability.

The Company does not recognise an asset of £17.0m (2019: £15.4m) in respect of UK capital losses generated from disposals in previous years and certain trading losses that have arisen and accelerated capital allowances due to the uncertainty concerning the timescale of its recoverability.

The Company does not recognise an asset of £0.9m (2019: £1.1m) relating to the pension deficit due to the uncertainty concerning the timescale of its recoverability.

22. Financial instruments

The Group has the following financial instruments:

	Note	2020 £m	2019 £m
Financial assets that are debt instruments measured at amortised cost			
Trade debtors	17	94.7	112.7
Amounts owed by joint ventures and associates	17	1.5	1.9
Prepayments and accrued income	17	29.3	33.3
Other debtors	17	17.7	23.0
		143.2	170.9

	Note	2020 £m	2019 £m
Financial liabilities measured at amortised cost			
Bank loans, overdrafts and working capital facilities	20	58.1	66.2
Finance leases	18, 19	0.7	1.1
Amounts owed to joint ventures and associates	18	0.2	0.1
Trade creditors	18	56.7	62.3
Accruals and deferred income	18, 19	99.1	82.0
Other creditors	18, 19	26.5	33.4
		241.3	245.1

Financial instruments are measured at fair value.

Derivative financial instruments - Forward contracts

The Group enters into forward foreign contracts to mitigate the exchange rate risk for certain foreign currency transactions. At 31 December 2020, the outstanding contracts all matured within 12 months (2019: 12 months).

At 31 December 2020, the Group was committed:

- to buy USD 24.0m at fixed rates between \$1.22247:€1 and \$1.23138:€1.

At 31 December 2019, the Group was committed:

- to sell USD 4.2m at a fixed rate of \$1.2280:£1;
- to buy USD 4.2m at a fixed rate of \$1.2868:£1; and
- to buy USD 20.0m at fixed rates between \$1.11585:€1 and \$1.16889:€1

Company

The Company has taken advantage of the exemption, under FRS 102 paragraph 1.12(c), from presenting disclosures in relation to financial instruments on the basis that the Group prepares the equivalent consolidated disclosures.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2020

23. Provisions and contingent liabilities

Group

	Deferred tax liability (note 21) £m	Restructuring £m	Legal and product liability £m	Property £m	Total £m
At 1 January 2020	1.3	3.3	0.7	18.0	23.3
Charged in the year	0.2	-	-	2.1	2.3
Reversed in the year	-	-	(0.3)	(0.2)	(0.5)
Unwinding of discount	-	-	-	0.2	0.2
Utilised in year	-	(3.3)	-	(8.5)	(11.8)
At 31 December 2020	1.5	-	0.4	11.6	13.5

Legal and product liability

A legal and product liability provision is maintained in respect of compliance with regulations and known litigations that impact the Group including warranties, claims and other disputes. Due to the contractual nature of the Group's business, there are from time to time disputes or claims received. In preparing the accounts, the directors assess the validity and likelihood of each new and existing claim and consider how they should be reported or provided for in the financial statements in accordance with the accounting standards. If there are claims at the end of the financial year where a settlement is considered probable and there is a reliable estimate of the expected outcome, a provision is made in the financial statements. The timing of outflows of such provisions will vary as and when claims are received and settled, which is not always known with certainty.

Property

The property provision is in respect of contractual obligations primarily in relation to onerous leases on vacant properties and in relation to dilapidations. The charge in respect of the unwinding of discounting of provisions is included in net other finance charge (note 9). Where it is probable that the Group will not be required to settle a provision, the provision is released. These provisions are expected to be fully utilised at the end of the respective leases, which vary between 1 and 60 years. A discount rate of between 0.0% - 0.8% has been applied (2019: 0.8% - 1.8%).

Restructuring

The restructuring provision is in respect of the estimated costs of restructuring certain operations. These provisions were fully utilised during the financial year.

24. Pension commitments

The Group operates several pension schemes in the United Kingdom, the largest being the Unipart Group Pension Scheme and the Unipart Group Retirement Benefits Scheme. The assets of these pension schemes are held separately from those of the Group in trustee administered funds. The schemes are principally funded defined benefit schemes. Liabilities are assessed in accordance with the advice of an independent qualified actuary using the projected unit method. Contributions are payable in accordance with the long term schedules of contributions agreed with the Trustees of the pension schemes and these schedules will be reviewed in light of the results of the next actuarial valuations. The long term schedule of contributions extends to 2036. Total contributions to the defined benefit sections of these two schemes made in the year were £13.0m (2019: £13.0m).

With effect from 31 December 2005, defined benefit accrual ceased in the Unipart Group Pension Scheme and the Unipart Group Retirement Benefits Scheme and members had the option of continuing to accrue benefits under new defined contribution sections of the schemes.

The latest available formal comprehensive actuarial valuations of the Unipart Group Pension Scheme and the Unipart Group Retirement Benefits Scheme were carried out as at 31 December 2017 by AON Hewitt Limited. Based on this data, the value of the schemes' liabilities has been updated by Lane Clark & Peacock LLP to assess the liabilities of the schemes at 31 December 2020 for the purposes of FRS 102. Scheme assets are stated at their market value at 31 December 2020.

The disclosures for all of the Group's defined benefit arrangements are aggregated opposite.

Total contributions made in the year to defined contribution sections of the Group's schemes were £7.2m (2019: £7.2m).

The key financial and other assumptions used to calculate the schemes' liabilities are:

	2020	2019
Rate of general increase in salaries	2.92%	2.96%
Rate of increase in pensions in payment	2.78%	2.81%
Rate of increase in deferred pensions	2.07%	2.11%
RPI inflation rate	2.92%	2.96%
Discount rate	1.25%	2.08%

A review of mortality for scheme members was conducted in preparation for the actuarial valuations as at 31 December 2017 and the demographic assumptions used in assessing the FRS 102 liabilities reflect this review. For these schemes, the following life expectancies have been used:

	2020	2019
Retirement in this year for male pensioners at age 65	21 years	22 years
Retirement in 2040 for male pensioners at age 65	22 years	23 years
Retirement in this year for female pensioners at age 65	23 years	23 years
Retirement in 2040 for female pensioners at age 65	25 years	25 years

The mortality assumptions used in the valuation of the defined benefit pension liabilities of the Group's UK schemes have been calculated by adjusting the standard mortality tables to reflect the characteristics of the workforce.

In line with prior years, it has been assumed that at retirement, members commute some of their pension for cash. Based on the schemes' current commutation factors, it has been assumed that members will commute 20% of their pension on retirement.

Minor changes in key assumptions may have a material impact on the quantum of the pension deficit.

Group

The fair value of total scheme assets was:

	2020 £m	2019 £m
Equities/absolute return funds	131.2	129.1
Government bonds	22.9	27.9
Corporate bonds	134.6	138.2
Property/infrastructure	93.7	77.2
Other	226.6	224.3
Total fair value of assets	609.0	596.7
Present value of funded pension plans' liabilities	(1,184.0)	(1,076.8)
Deficit in funded plans	(575.0)	(480.1)
Unrecognised assets due to surplus restriction	-	(1.3)
Total deficit in plans	(575.0)	(481.4)

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2020

24. Pension commitments (continued)

The movements in the fair value of scheme assets and present value of scheme liabilities during the year were:

	Liabilities £m	Assets £m	Total £m
At 1 January 2020	(1,076.8)	596.7	(480.1)
Scheme administration costs	-	(0.8)	(0.8)
Current service cost	(0.8)	-	(0.8)
Interest (cost)/income	(22.0)	12.2	(9.8)
Contributions by members	(0.3)	0.3	-
Contributions by Group	-	15.0	15.0
Benefits paid	32.8	(32.8)	-
Actuarial (loss)/gain	(116.9)	18.4	(98.5)
At 31 December 2020	(1,184.0)	609.0	(575.0)

Scheme assets include an interest in shares in the Company valued at £16.0m (2019: £16.0m). Scheme assets do not include any property occupied by any members of the Group. The actual total return on scheme assets in the year was a gain of £30.6m (2019: £49.4m).

The consolidated Profit and Loss Account includes the following amounts:

	2020 £m	2019 £m
Current service cost	(0.8)	(1.1)
Scheme administration costs	(0.8)	(1.1)
Interest costs	(9.8)	(11.3)
	(11.4)	(13.5)

Company

The Company operates the Unipart Group Retirement Benefit Scheme. The fair value of total scheme assets was:

	2020 £m	2019 £m
Equities/absolute return funds	5.9	7.1
Corporate bonds	10.0	10.9
Property/infrastructure	20.4	20.3
Other	50.0	46.4
Total fair value of assets	86.3	84.7
Present value of funded pension plan's liabilities	(142.0)	(135.7)
Total deficit in plan	(55.7)	(51.0)

The movements in the fair value of scheme assets and present value of scheme liabilities during the year were:

	Liabilities £m	Assets £m	Total £m
At 1 January 2020	(135.7)	84.7	(51.0)
Scheme administration costs	-	(0.1)	(0.1)
Interest (cost)/income	(2.8)	1.7	(1.1)
Contributions by Company	-	4.0	4.0
Benefits paid	5.4	(5.4)	-
Actuarial (loss)/gain	(8.9)	1.4	(7.5)
At 31 December 2020	(142.0)	86.3	(55.7)

Scheme assets include an interest in shares in the Company valued at £3.8m (2019: £3.8m). Scheme assets do not include any property occupied by any members of the Group. The actual total return on scheme assets in the year was a gain of £3.1m (2019: £7.0m).

The Company Profit and Loss Account includes the following amounts:

	2020 £m	2019 £m
Scheme administration costs	(0.1)	(0.1)
Interest costs	(1.1)	(1.2)
	(1.2)	(1.3)

Total contributions made by the Company in the year to defined contribution section of the Company's schemes were £0.4m (2019: £0.4m).

25. Called up share capital

The share capital comprises 'A', 'D' and 'E' Ordinary shares of ½p each. Each share, irrespective of class, has the same dividend entitlement and has one vote at a general meeting. On a return of capital on liquidation or otherwise, the assets of the Company available for distribution amongst shareholders shall be applied in paying pro-rata to the holders of the 'A' Ordinary shares the sum of ½p per share and to the holders of the 'D' Ordinary shares and the 'E' Ordinary shares the sum of 1p per share and thereafter, pro-rata to the nominal value of shares held by them.

Group and Company

	2020 £m	2019 £m
73.7 million (2019: 73.7 million) 'A' Ordinary shares of ½p each	0.4	0.4
5.6 million (2019: 5.6 million) 'D' Ordinary shares of ½p each	-	-
2.3 million (2019: 2.3 million) 'E' Ordinary shares of ½p each	-	-
	0.4	0.4

No individual shareholder is able to exercise control and, as a result, the Directors do not consider there to be an ultimate controlling party.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2020

26. Share option schemes

The Group Share Trust has previously granted options to employees over a number of shares which have already been issued and are owned by the Group Share Trust. It is not considered appropriate to consolidate the Group Share Trust in the Group's financial statements due to the terms of the Trust deeds governing the Group Share Trust, which prevent the Group from having de facto control over the Trust.

All remaining options lapsed during the year.

27. Reserves

Share premium account

The share premium account represents amounts received above par value in return for shares within the Company.

Capital redemption reserve

The capital redemption reserve is non-distributable and represents amounts that have been transferred following the purchase of the Company's own shares.

Revaluation reserve

Revaluation reserve represents accumulated revaluation gains and losses for the year and prior years.

Profit and loss account

The profit and loss account represents accumulated comprehensive income for the year and prior years less dividends paid.

28. Acquisitions

On 31 October 2020, the Group acquired 100% of the ordinary share capital of Comms Design Limited.

The assets and liabilities acquired are as follows:

	Fair value £m
Net Assets	0.2
Cash at bank	2.6
	2.8
Consideration	(8.5)
Goodwill	(5.7)

The goodwill is expected to be amortised over 10 years.

Since the date of acquisition, turnover of £0.4m and a profit of £0.3m in relation to Comms Design Limited has been included in the Consolidated Profit and Loss Account.

29. Notes to the cash flow statement

	2020 £m	2019 £m
Profit after taxation	2.0	3.6
Adjustments for:		
Tax on profit	2.0	3.1
Net interest expense	11.4	13.6
Exceptional items	2.7	4.8
Income from interests in associated undertakings	(2.0)	(7.3)
Profit before interest and taxation, before share of profit after taxation of joint ventures and associates and before exceptional items	16.1	17.8
Amortisation of intangible assets	1.3	1.3
Depreciation of tangible assets	4.4	4.0
Loss on disposal of tangible assets	0.1	0.2
Gain on revaluation of property	(1.3)	-
Working capital movements:		
- Decrease/(increase) in stock	7.6	(3.2)
- Decrease/(increase) in debtors	28.4	(28.3)
- Increase in creditors	8.9	30.5
- (Decrease)/increase in provisions	(6.8)	3.9
Cash relating to exceptional items	(2.7)	(1.6)
Difference between pension service charge and cash contributions	(13.4)	(12.0)
Unrealised foreign currency gains and losses	(1.1)	(0.2)
Net cash from operating activities	41.5	12.4

Total defined benefit contributions in the year were £15.0m (2019: £14.2m).

Analysis of changes in net (debt)/cash

	1 January 2020 £m	Cash flow £m	Non-cash movement £m	31 December 2020 £m
Cash at bank and in hand	56.3	23.2	0.9	80.4
Bank overdrafts	(10.2)	(4.3)	(0.1)	(14.6)
Cash and cash equivalents	46.1	18.9	0.8	65.8
Debt:				
Finance leases	(1.1)	0.4	-	(0.7)
Debts due within one year	(35.7)	10.5	(0.5)	(25.7)
Debts falling due after more than one year	(20.3)	2.4	0.1	(17.8)
Total debt excluding cash and overdrafts	(57.1)	13.3	(0.4)	(44.2)
Net (debt)/cash	(11.0)	32.2	0.4	21.6

Non-cash movements relate to the amortisation of issue costs and foreign exchange movements.

30. Capital commitments

At 31 December, the Group and Company had capital commitments as follows:

	2020 £m	2019 £m
Contracted as at the year end but not provided for in the financial statements	1.4	-

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2020

31. Financial commitments

	Group 2020 £m	Group 2019 £m	Company 2020 £m	Company 2019 £m
Guarantees for export trading and loan facilities	1.4	1.5	-	-

Under the Group's banking arrangements, the Company, together with certain of its subsidiary undertakings, has given security, by way of fixed charges over certain assets, to guarantee bank loans provided to the Group. The amount guaranteed by the Company outstanding at 31 December 2020 was £1.7m (2019: £17.0m).

32. Operating lease commitments

At 31 December, the Group had total future minimum lease payments under non-cancellable operating leases as follows:

	2020 £m	2019 £m
Expiry date		
Within 1 year	32.0	33.9
Between 2 and 5 years	69.7	54.3
After more than 5 years	29.5	20.8

The Company had no operating lease commitments at 31 December 2020 (2019: £nil).

33. Related party transactions

During the year, the Group entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading balances outstanding at 31 December, are as follows:

	Note	2020 £m	2019 £m
Entities over which the Group has joint control or significant influence			
Sales to related parties		8.6	13.3
Purchases from related parties		1.7	2.2
Payments made on behalf of related parties		10.1	10.9
Balances due from related parties	17	1.5	1.9
Balances owed to related parties	18	0.2	0.1
Dividends from related parties		4.3	2.9

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made by the Group for doubtful debts in respect of the amounts owed by related parties.

Information regarding transactions with key management personnel is included in note 11.

The Company has taken advantage of the exemption, under FRS 102 paragraph 1.12(e), from disclosing transactions with other wholly owned Group companies and from representing disclosures in relation to key management personnel on the basis that the Group prepares the equivalent consolidated disclosure.

Family members of either directors or key management personnel were employed by the Group during the year and were each paid a salary appropriate for the tasks and responsibilities of their roles. The positions of these family members employed during the year were: Group Innovation Director and Managing Director for the Heat Exchange businesses; Chief Digital Officer; Director of Operational Excellence and Digital Delivery; Operations Manager; Member of the Learning & Development team in Unipart's consultancy business; Head of Forum; and Customer Services Director.

34. Post balance sheet events

Since the end of the reporting period, there has been a significant increase in both corporate bond yields and long term inflation rates, the net magnitude of which would have materially improved the reported pension deficit had those conditions existed at the balance sheet date. As a result, this constitutes a non-adjusting post balance sheet event. Had the discount rate of 1.95% pa and inflation rate of 3.18% pa, as assessed prior to the date of the approval of these financial statements, been used to calculate the year-end reported position, the pension deficit would have been £106.9m lower at £468.1m, which would have more than offset the year-on-year reported pension deficit increase.

Also since the end of the reporting period, the Group extended its £40m working capital facility on 16 March 2021 for a further 3 years on similar terms until March 2024.

35. Group undertakings

35.1 Subsidiary undertakings

At the year end, the Group's subsidiary undertakings were as set out below. Unless otherwise stated, the holdings are 100% of the voting rights and ordinary shares.

Distribution and logistics management			
Europe and the Middle East			
Van Wezel Austria GmbH <i>Schloßmühlstraße 15b, 2320 Schwechat, Austria</i>	Austria	Intertruck Benelux BV <i>Koddeweg 10, 3194 DH Hoogvliet, Netherlands</i>	Netherlands
Serck Services (Bahrain) EC <i>PO Box 3214, Manama, Bahrain</i>	Bahrain	Van Wezel Nederland BV <i>Koddeweg 10, 3194 DH Hoogvliet, Netherlands</i>	Netherlands
Van Wezel Autoparts NV <i>Industriepark 3300, Tienen, Belgium</i>	Belgium	HD Fleet Solutions BV <i>Koddeweg 10, 3194 DH Hoogvliet, Netherlands</i>	Netherlands
Unipart NV <i>Industriepark 3300, Tienen, Belgium</i>	Belgium	Serck Services (Oman) LLC (49%) (ii) <i>PO Box 1056, Ruwi 112, Sultanate of Oman</i>	Oman
Unipart Logistics s.r.o. <i>Vaclavske namesti 832/19, Nove Mesto, Prague 1, 11000, Czech Republic</i>	Czech Republic	Unipart Services Spain, S.L. [in liquidation] <i>Avenida del Sistema Solar, 19, Nave 5 y 6, San Fernando de Henares, 28830, Spain</i>	Spain
Comms Design Limited*	England	Intertruck Holding Limited <i>Level 15 Rolex Tower, Sheikh Zayed Rd, Dubai, UAE</i>	UAE
Instrumentel Limited (87%)*	England	Intertruck MENA LLC (49%) (ii) <i>1068-0 Apricot Building, Dubai, UAE</i>	UAE
Key Fasteners Limited*	England	Serck Services (Gulf) Limited (49%) (ii) <i>PO Box 5834, Sharjah, UAE</i>	UAE
Park Signalling Limited*	England	Serck Services Company LLC (49%) (ii) <i>PO Box 4439, Abu Dhabi, UAE</i>	UAE
Samuel James Engineering Limited*	England	Africa, Americas and Rest of the World	
Unipart Accelerated Logistics Limited*	England	S3 Technical Pty Ltd (75%) <i>111-113 Newton Road, Wetherill Park, NSW 2164, Australia</i>	Australia
Unipart Exports Limited*	England	Unipart Group Australia Pty Limited <i>PricewaterhouseCoopers, 201 Sussex Street, Sydney, NSW 2000, Australia</i>	Australia
Unipart Group Limited (i)*	England	Unipart Services Canada Inc <i>400-725 Granville Street, P.O Box 10325, Vancouver BC, V7Y 1G5, Canada.</i>	Canada
Unipart Logistics Limited*	England	Unipart Logistics (Suzhou) Trading Co., Limited <i>No.88 Xian Dai Avenue, Suzhou Industrial Park, China</i>	China
Unipart North America Limited*	England	Unipart (Suzhou) Logistics Co., Limited <i>Room 901, 9th Floor, Xian Dai Logistics Tower, No.88 Xian Dai Avenue, Suzhou Industrial Park, China</i>	China
Unipart Rail Limited*	England	Unipart Kabushiki Kaisha <i>6F Seifun-Kaikan, 15-6 Nihonbashi-Kabutocho, Chuo-ku, Tokyo, 103-0026, Japan</i>	Japan
Unipart Security Solutions Limited*	England		
Westcode (UK) Limited*	England		
Unipart DCM Service GmbH i.L [in liquidation] <i>Stockstadter Str. 10, 63763 Grossostheim, Germany</i>	Germany		
Van Wezel GmbH <i>Südfeld 7, 59174 Kamen, Germany</i>	Germany		
Intertruck Deutschland GmbH [in liquidation] <i>Siemensstraße 31, 47533, Kleve, Germany</i>	Germany		

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2020

35. Group undertakings (continued)

35.1 Subsidiary undertakings (continued)

Unipart Services India Private Limited Office No. 224, Sector 30-A, Platinum Techno Park, Vashi, Navi Mumbai - 400703, Maharashtra, India	India
Intertruck Africa Limited 111228 Chaka Place, Argwings Khodek Rd, Nairobi, Kenya	Kenya
Rail Supply Chain Services Malaysia Sdn Bhd Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No.1, Leboh Ampang, 50100 Kuala Lumpur, Malaysia	Malaysia
Unipart Rail Malaysia Sdn Bhd Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No.1, Leboh Ampang, 50100 Kuala Lumpur, Malaysia	Malaysia
UL Logistics Pty Ltd 2 Eglin Road, Sunninghill, 2157, South Africa	South Africa
Unipart Korea Yuhan Hoesa 4F The Exchange Seoul Bldg., 21 Mukyo-ro, Jung-gu, Seoul 100-722, Korea	South Korea
Unipart Services America Inc 85 Chestnut Ridge Rd, Suite 211, Montvale, NJ 07645, USA	USA
Serck Services Inc 5501 Pearl Street, Denver, CO 80216, USA	USA
Westcode Inc 3 Dickinson Dr, Chadds Ford, PA 19317, USA	USA
Intertruck Africa Limited Plot 6940, Buyantanshi Road, Lusaka, Zambia	Zambia

Manufacturing and engineering solutions

Metlase Limited (80%) (i)*	England
Unipart International Holdings Limited*	England
Unipart Powertrain Applications Limited*	England

Group vehicle and property holding companies

LGUA17 Limited*	England
Unipart Fleet Services Limited*	England
UGC Properties Limited (i)*	England
Unipart Property Netherlands BV Koddeweg 10, 3194 DH Hoogvliet, Netherlands	Netherlands

Intermediate holding companies

UGC (2015) Limited (i)*	England
Unipart Rail Holdings Limited (i)*	England
Unipart Rail Holdings (North America) Inc 1209 Orange Street, Wilmington, DE 19801, United States of America	USA
UGC Holdings BV Koddeweg 10, 3194 DH Hoogvliet, Netherlands	Netherlands
UNV Invest BV Koddeweg 10, 3194 DH Hoogvliet, Netherlands	Netherlands

Unipart Advanced Manufacturing Limited*	England
Unipart Manufacturing Limited*	England
Unipart Group Holdings Limited (i)*	England

(i) Shares held directly by the Company

(ii) These companies have been treated as subsidiaries under section 1162(4) of the Companies Act 2006. The investments are held for the long term and the Group's management takes an active role in the operational and strategic management of these companies. These operations are effectively controlled by the Group with a dominant influence being exercised over their activities.

* Registered address is Unipart House, Garsington Road, Cowley, Oxford, OX4 2PG, England

35.2 Joint ventures and associates

The Group's interests in joint ventures and associates are set out below. Unless otherwise stated, the holdings are 50% of the voting rights and shares.

Distribution and logistics management

UGL Unipart Rail Services Pty Limited (30%) Level 10, 40 Miller Street, North Sydney, NSW, 2060 Australia	Australia
ACI Auto Components International SRO (29%) Delostrelecka 190/19, 162 00 Praha 6, Czech Republic	Czech Republic
Enerrail Limited (33%) Five Mile House 128 Hanbury Road, Bromsgrove, Worcestershire, B60 4JZ	England
Lucchini Unipart Rail Limited (40%) Ashburton Park Wheel Forge Way, Trafford Park, Manchester, M17 1EH, England	England
Monirail Limited (33%) Five Mile House 128 Hanbury Road, Bromsgrove, Worcestershire, B60 4JZ	England
Unipart Rail ARC Middle East LLC 19th Floor Al Nakhlah Tower, 3026 Prince Mohammed Ibn Salman Ibn Abdulaziz Rd, As Sahafah, Riyadh 13315	Saudi Arabia

Manufacturing and engineering solutions

Hyperbat Limited*	England
Kautex Unipart Limited*	England

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35.3 Non-trading subsidiaries and associates

The Group's non-trading subsidiary undertakings are set out below. Unless otherwise stated, the holdings are 100% of the voting rights and ordinary shares.

Carbitz Otley Limited [in liquidation]*	England
Dorman Traffic Products Limited*	England
Dorman Traffic Products Pension Trustees Limited*	England

EW (Holdings) Limited*	England
Gresty Road 2005 Holdings Limited [in liquidation]*	England
Gresty Road Supplies Limited [in liquidation]*	England
H.Burden Pension Trustees Limited (i)*	England
HCSUI0 Limited (i)*	England
HCSUI3 Limited*	England
HCSUI6 Limited*	England
HCSU29 Limited [in liquidation] 2nd Floor 110 Cannon Street, London, EC4N 6EU	England
LGUA15 Limited*	England
LGUA18 Limited [in liquidation]*	England
Lucchini UK Limited (40%) Ashburton Park, Wheel Forge Way, Trafford Park, Manchester, M17 1EH, England	England
Partco Limited*	England
Railpart (UK) Limited*	England
Secura-Cam (U.K.) Limited*	England
Serck Limited (i)*	England
Serck Services UK Limited*	England
Truck & Trailer Components Limited*	England
Truckparts Limited*	England
UGC JV Pension Trustees Limited (i)*	England
UGC Pension Trustees Limited (i)*	England
UGC Rail Investments Limited [in liquidation] (i)*	England
UGC Retirement Benefits Trustees Limited (i)*	England
Unipart Advanced Logistics Limited*	England
Unipart PA Trustees Limited (i)*	England
Unipart Rail Logistics Limited*	England
UGC Pension Shareholding Limited 1st Floor, Sixty Circular Road, Douglas, IM1 1AE, Isle of Man	Isle of Man
UGC Pension Funding LP (ii) 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, Scotland	Scotland
UGC GP Scotland Limited (i) 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, Scotland	Scotland

(i) Shares held directly by the Company

(ii) A Scottish Limited Partnership

* Registered address is Unipart House, Garsington Road, Cowley,
Oxford, OX4 2PG, England

As well as those undertakings listed above, the Group also has
branches in Australia and Japan.

