UNIPART GROUP

MANUFACTURING · LOGISTICS · CONSULTANCY

Annual Report & Accounts **2021**

Go digital · Go green · Go faster

Contents

Directors
Frank Burns
Bryan Jackson CBE
Darren Leigh
Hamid Mughal OBE
John Neill CBE
UGC GP Scotland Limited

Company Secretary
T Russell

Registered Number
01994997

Registered Office
Unipart House
Cowley
Oxford
OX4 2PG

Registrar
Equiniti
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6ZX

Independent Auditors
PricewaterhouseCoopers LLP
Chartered Accountants and
Statutory Auditors
One Chamberlain Square
Birmingham
B3 3AX

This publication comprises the full Annual Report and Financial Statements of Unipart Group of Companies Limited for 2021, 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 2021.

UNIPART GROUP

MANUFACTURING · LOGISTICS · CONSULTANCY

The Unipart Way

When many people think of Unipart, they recall a company that revolutionised the automotive aftermarket in the 1970s. A lot has changed since then; Unipart is now a highly diversified company bringing a wide range of benefits to clients in the rail, technology, retail, automotive, financial and public sectors.

Each of our client relationships is unique, but what is common to most is how Unipart enables significant cost reductions, improvements in capacity and customer service, and a level of engagement with employees that delivers real commercial benefits.

Our operations today span three major areas: logistics, manufacturing and consultancy.

But across all three, there is a single approach that enables us to deliver more than our clients expect. We call that The Unipart Way.

1987 Unipart becomes a private company through management buyout with half the company owned by employees and managers

1988 Launch of Mark in Action programme recognising outstanding personal customer service by employees

1990 Launch of Our Contribution Counts Circles, which enables all employees to solve problems at their own level

1993 Unipart is first company to set up its own corporate university, the Unipart U

2018 Unipart and Williams form Hyperbat joint venture

2018 Unipart Logistics wins the contract for NHS Supply Chain,

2021 Unipart Logistics wins contract to run the new, custom-built Jaguar Land Rover Global Parts Logistics Centre

2021 Unipart joins UN Race to Zero Campaign, launches the Unipart Technologies Group, opens the Advanced Supply Chain Institute and the UK Rail Research and Innovation Network hub

Our Operations

UNIPART MANUFACTUNG
A global specialist in manufacturing, supply chain and consultancy delivering a unique and tailored solution to manufacturing, engineering and supply chain problems.

UNIPART LOGISTICS
Provides a wide range of supply chain services, underpinned by a suite of digital products across multiple sectors and markets.

UNIPART CONSULTANCY
Supply chain, business transformation and sustainability consultancy that delivers tangible benefits.

UNIPART TECHNOLOGIES GROUP
Provides the strategic, technical, operational and commercial focus to develop and introduce digital products, services, and new ways of working.

UNIPART RAIL
Experts in supply chain and technology & product solutions for the rail industry.

UNIPART INTERNATIONAL
Provides services and products to the truck and bus aftermarket, the automotive collision parts industry and the industrial and automotive heat exchange markets.

Our Story

Unipart Group has a successful history of reinvention.

From our strong heritage in the automotive industry, Unipart has grown into a global company with operations in manufacturing, logistics, and consultancy in operational excellence.

Our core philosophy and values enshrined in The Unipart Way empower everyone at every level of the organisation to deliver benefits to customers.

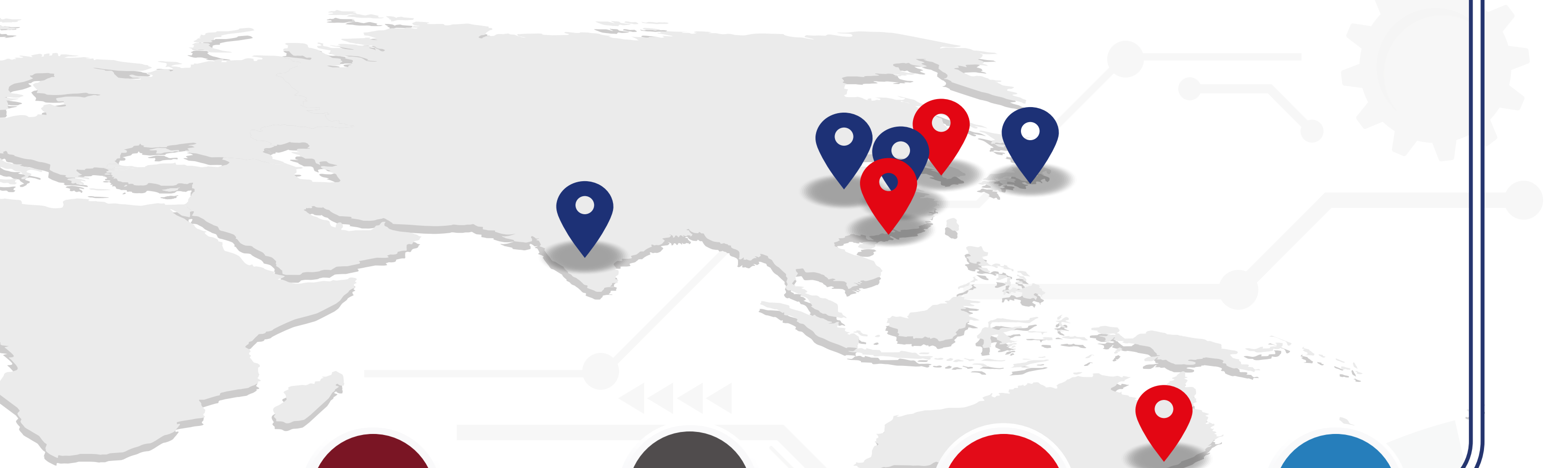
Through continuous improvement our 8,000 colleagues have embraced the Fourth Industrial Revolution, using a digital lens with a green tint to identify safer, more efficient, more sustainable solutions for our customers.

1999 Unipart wins Vodafone as a new customer

2004 Unipart begins its relationship with Sky

2007 Gate to Great launched as a framework to develop the skills and talents of all employees

2012 Siemens Rail Systems renews logistics contract with Unipart Rail



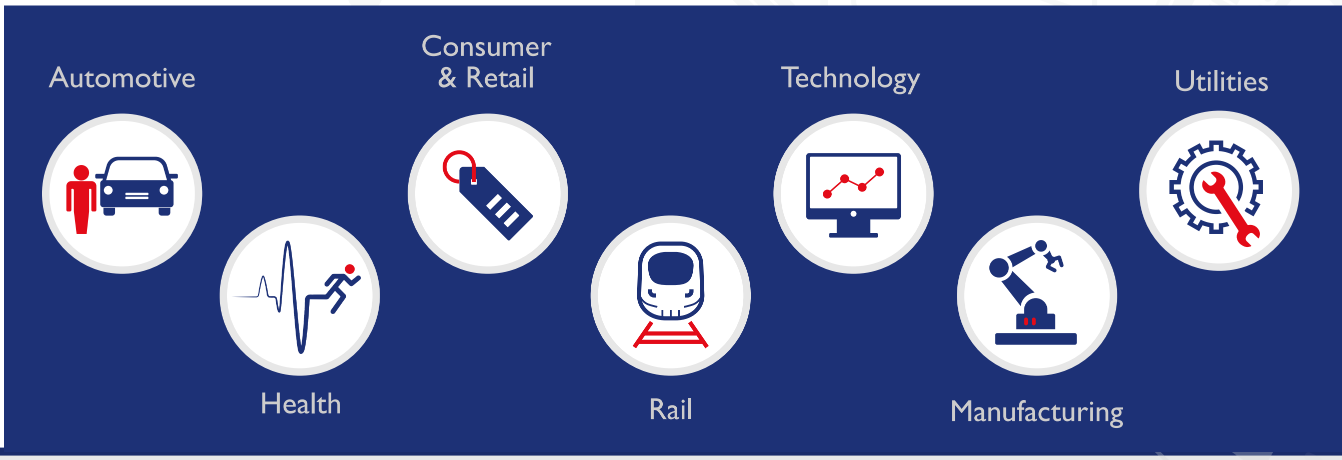
2013 Coventry University and the Unipart Group join forces to develop a new Engineering and Manufacturing Institute

2015 Unipart & Rolls-Royce form joint venture called MetLase

2017 Unipart scores 100% in Responsible Business Index cited as one of the top companies in the UK

2017 Unipart Rail acquires leading technology company Instrumentel Ltd

Our Sectors



Chairman's Statement

John M Neill CBE
Chairman & Group Chief Executive

The last few years have seen a period of unprecedented uncertainty in global markets on a number of fronts, which has resulted in huge demands for businesses to demonstrate agility like never before. Unipart has not been immune to these challenges, but our priorities have been to protect our people and serve the needs of our customers to the highest possible levels. We have succeeded in meeting these priorities and are now looking to the future and to the new post-pandemic world. Our priority will be three-fold, "Go Digital. Go Green. Go Faster.".

We are determined to **Go Digital**, using technological solutions to drive continual improvement and innovation across the Group, delivering productivity improvements in our operations for our customers.

We are focussed on our commitment to **Go Green**, finding success in reducing harmful environmental impacts, reducing CO_2 emissions throughout our activities, and driving towards net zero.

We are striving to **Go Faster**, solving problems both internally and externally to accelerate the clock speed of our decision-making processes so we continue to meet the real and perceived needs of our customers better than anyone else.

With these objectives in mind and despite the continued influence of the pandemic, I am pleased to be able to report in 2021 we increased our turnover and remained profitable at an operational level, delivering growth when many sectors have seen a contraction.

Group turnover increased to £821.6m (2020: £786.7m), delivering positive earnings with Group profit before interest, tax, and defined pension costs at £13.7m (2020: £19.7m).

A few years ago, we committed to embrace all of the principles of Industry 4.0 and set out to be a leader in our sector. We began our journey to increase the use of digital technologies in our company with a view to providing digital products and services to customers. In 2020, we set up Unipart Technologies Group separately from our larger operating companies to enable our digital companies to operate with greater speed and agility, and respond to the sectors in which we're operating.

This year we have launched a technology centre in Doncaster for the UK Rail Research and Innovation Network, and we completed development of the Unipart Advanced Supply Chain Institute in Oxford. Together with the Institute for Advanced Manufacturing and Engineering in Coventry, these sites are centres of excellence for our Group. They provide a showcase for our digital products and capabilities to enable us to develop our own people, apply these technologies in our companies, and to share them with new and existing customers.

Our commitment to digital innovation has been demonstrated throughout the pandemic, where many of our managers, leaders, and team members remained seamlessly connected to colleagues while working from home by using our Digital Communication Cells, workflow platforms, and online tools. The Unipart Digital Communication Cells enable employees everywhere in the world to engage in real time to plan work, discuss issues and, through the "Covid S' feedback process, share their feelings on how the Company is protecting them. I'm delighted to tell you that the feedback has been exceptionally positive. The Digital Communication Cell and many other Unipart Digital products are explained fully on our corporate website www.unipart.com.

In our warehouses and manufacturing operations, colleagues have seen huge changes in automation and digital tools which they have been keen to embrace as they continue to look for ways to deliver maximum efficiency and professional service to our customers.

Our 'Roadmap to Return', an online handbook developed during the first Covid lockdown, underpins our detailed approach to pandemic safety measures so we can continue to provide our customers with outstanding personal customer service, whilst keeping our people safe. This information is continuously updated on The Unipart Way Online so it is immediately available when needed.

Go Digital – The Digital Revolution

Our continued growth and success as a business depends on Unipart successfully integrating digital solutions into its operations, in order to stay ahead of our competition and continue to serve our customers better than anyone else.

To do this, we need to continue to invest in our people, and give them the right tools and training to improve their digital skills and understanding, which they can use at work and to develop their careers – just as we do with The Unipart Way.

That's why we recently launched our online learning platform, the Unipart Digital eLearning Management System to provide our colleagues with the best possible online learning tools that they can use anywhere and at any time. This includes the Digital Gate to Great development programme, made available to all colleagues. This exciting programme provides additional development in six business-critical digital competency areas. These are:

- digital literacy
- business systems
- cyber security
- coding
- data
- automation

We know our growth as a Group of companies depends on our ability to raise the 'digital quotient' of every colleague in our business in order to drive future innovation. Digital skills open the door to many opportunities, so this programme is a critical part of our commitment to the career development of our people and the success of the Group.

Within our operations, Unipart Technologies Group has a specific focus on developing digital products and innovative solutions to meet market needs. Working with extensive engineering capabilities, the team has developed new technology for the rail sector to allow predictive maintenance - reducing failures and enhancing safety. Our digital experts have developed end-to-end workflow transformation, warehouse management, forecasting, and simulation tools designed to solve complex problems with simple solutions. Further to this, our MetLase joint venture together with specialists in our digital teams and logistics experts began development of an autonomous mobile robot (AMR) for driving efficiencies within our distribution centres.

We continually seek to eliminate waste in all our activities. Opportunities to create new products like the AMR enable Unipart to improve our own operations while providing customers with specialist products designed by the people who actually use them. We are designing the entire ecosystem for all the hardware and software layers on the robot, and using our own proprietary product, Unipart Digital Enterprise System, to manage that ecosystem.

Another new product launched in 2021 is SmartBench. This is an excellent example of collaboration between Unipart Technologies Group companies bringing together our Traceability Management Tool (TMT) with the innovative engineering skills at MetLase. SmartBench has achieved a productivity increase of more than 40%, enabling Unipart Rail to respond to our third strategic driver, Go Faster.

Go Green – Moving towards carbon net zero

We began our commitment to environmental responsibility more than 25 years ago. As far as we know, Unipart has won more of the British Safety Council's prestigious Globes of Honour than any other company.

We continue to take environmental responsibility very seriously and are monitoring with interest the ongoing governmental discussions around sustainability, and carbon reduction and elimination targets. We strongly believe the responsibility to achieve carbon neutrality lies with each individual and every business.

Jaguar Land Rover

Unipart secured a five-year contract to run the new, custom-built Jaguar Land Rover Global Parts Logistics Centre at Appleby Magna in Leicestershire, which will open in 2022.

NHS Supply Chain - Sustainability

Unipart Logistics enhanced its fleet of sustainable vehicles across the UK with the aim of creating a long-term carbon neutral fleet.

NHS Supply Chain

Unipart and the NHS Supply Chain were crowned winners of the prestigious New Facility Award at the 2021 Logistics Awards for NHS Supply Chain in Suffolk Park near Bury St Edmunds.

Unipart Technologies Group - Open for business

Unipart Technologies Group has been established to enable our digital companies to operate with greater speed and agility, and respond to markets in which we're operating.

Go Digital
Go Green
Go Faster

Unipart aims to understand the real and perceived needs of its customers better than anyone else, and to serve them better than anyone else. We do this by delivering exceptional levels of service to all of our customers through engagement and empowerment of our people.

- Elimination of single use plastic
- Installed Solar panels in distribution centres
- 100% Renewable energy sources
- Switched to hydrotreated vegetable oil (HVO) fuel for HGVs

VW Group

extended its aftermarket contract with Unipart for a further two years. Unipart supports a UK network of more than 800 dealerships from a 600,000 square feet UK aftermarket operation near Tamworth.

Prenetics

Unipart won a new contract with global digital health company Prenetics to deliver Covid test kit fulfilment services.

We achieve this through the use of the tools and techniques of The Unipart Way to continuously review performance, identify improvements, and make positive changes for our clients.

UK Rail Research & Innovation Network

Unipart opened a technology centre in Doncaster for the UK Rail Research and Innovation Network.

Advanced Supply Chain Institute

Unipart completed development of the Unipart Advanced Supply Chain Institute in Oxford providing a showcase and training facility for digital products.

Reduced water usage across sites

LED lighting installed across sites

UNIPART OUR CARBON PLEDGE RACE TO ZERO

Chairman's Statement (continued)

Therefore, our senior leadership team has set the specific aim within our policy deployment process to achieve carbon neutrality by 2030, with the strategic intent of becoming carbon net zero before 2050. We will progressively identify and develop those technologies, capabilities, and businesses, which will secure our aim and strategic intent, and enable us to eliminate carbon from our operations and generate new pools of sustainable profits.

Articulating this strategy is just the first step to ensure all parts of the Group are focused on achieving this aim with tangible and sustainable improvements.

In 2021, Unipart publicly announced its commitment to the UN Race to Zero Campaign, demonstrating the highest level of ambition to reduce carbon emissions. Race To Zero is a global UN campaign to rally leadership and support from businesses, cities, regions, and investors for a healthy, resilient, zero carbon recovery that prevents future threats, creates decent jobs and unlocks inclusive, sustainable growth. Race to Zero aligns our ambition with keeping global warming within 1.5 degrees Celsius and reaching science-based net zero emissions targets by 2050. As part of Unipart's Race to Zero pledge, the following carbon reduction targets across our businesses have been adopted:

- carbon net zero within its own operations (Scope 1 & 2) by 2030; and
- carbon net zero across its whole value chain (Scope 3) by 2050 or sooner.

During 2021, we reduced waste produced on sites by more than 10%, switched to 100% renewable electricity, removed more than 8,000 tonnes of carbon, and reduced CO_2 emissions from its sites by 36%.

Our Logistics sites achieved its highest-ever, five-star certification of 96.1% in the British Safety Council Environmental Sustainability audit. This is the ninth consecutive year the British Safety Council has awarded us the five-star rating, the benchmark of organisations going above and beyond in this field, underlining our commitment to be carbon net zero within our operations by 2030. The British Safety Council was impressed by the commitment of Unipart's leadership on the issue of sustainability. The Environmental Sustainability rating is a superb benchmark and the culmination of much work and determination to reduce our environmental impact.

Progress also continues to be made in our product offering to support the development of more environmentally-friendly products. For example, this year we implemented a state-of-the-art production line to support a new hybrid fuel tank, and our Hyperbat joint venture has commenced work on launching a high-performance battery pack for a world leading hypercar. As demand for battery-powered vehicles increases, these environmental technologies will be essential for the sustainability of our planet and achieving carbon reduction targets.

Our Logistics operations enhanced their fleet of sustainable vehicles across the UK with the aim of creating a long-term carbon neutral fleet. The new environmentally-friendly vehicles offer the lowest level of carbon emissions to date and are being rolled out for dedicated use within the NHS Supply Chain.

As part of our carbon reduction plan, Unipart has invested in a number of initiatives during 2021:

INSTALLED SOLAR PV (PHOTOVOLTAIC) PANELS in its Honeybourne site

INSTALLED LED LIGHTING ACROSS THE RAIL AND LOGISTICS DIVISIONS, helping to reduce energy consumption further

SWITCHED TO ALTERNATIVE HYDROTREATED VEGETABLE OIL (HVO) FUEL for heavy goods vehicle fleet to ensure more sustainable transportation of goods, **reducing fleet carbon emissions by** up to

90%

SWITCHED TO 100% RENEWABLE ELECTRICITY, removing more than 8,000 tonnes of carbon and **reducing CO_2 emissions from sites by**

36%

REDUCED THE AMOUNT OF WASTE PRODUCED ON SITES by more than 10% (71 tonnes) and achieved an **overall recycling rate of**

97%

Go Faster – Serving our customers

Many of our customers have faced unparalleled disruption in 2021, triggered by a combination of Brexit, global shortages of semiconductors, and the ongoing pandemic. These challenges have created a highly volatile supply chain environment, exacerbated by constraints in global shipping, air freight, driver availability, and port congestion, including through the Suez Canal.

Against this backdrop of significant uncertainty, Unipart has maintained exceptional levels of service, adapting with agility to the ever-changing conditions to provide its customers with competitive advantage. We have maintained excellent performance, delivering world-class service levels. We continue to strengthen and grow our business with many of our customers having remained with us for decades, as they recognise the value we bring in driving continuous improvement through The Unipart Way.

We are incredibly proud of the responsiveness shown within our operations, with many sites having to change and adapt multiple times over the course of the year in order to keep supply chains moving. Furthermore, our teams have not only demonstrated exceptional stock management capabilities for the NHS Intensive Care Unit pandemic stockholding but have also delivered record levels of service for the NHS at a critical time.

REDUCED WATER USAGE ACROSS SITES. In 2022 we will be launching a Zero Water campaign. Sustainable water management systems will be implemented at all sites by 2030, using water saving technologies such as closed loop systems, rainwater harvesting, grey water reclamation and reuse.

CONTINUED TO FOCUS ON THE ELIMINATION OF SINGLE-USE PLASTIC from the supply chain and the reduction and reuse of materials, **reusing more than 300 tonnes of materials in 2021**

Additionally, 2021 has seen many new business wins. As an example, Unipart secured a new site to continue our growth with Apple. The new 350,000 square feet site on the Magna Park development will house all of our current Apple operations and provide additional capacity to support Apple's exciting growth into new products and services. We are building our new site in the most sustainable way for the future and utilising digital technologies to optimise service.

Unipart secured a five-year contract to run the new, custom-built Jaguar Land Rover Global Parts Logistics Centre at Appleby Magna in Leicestershire, which will open in 2022. Unipart has been selected by Jaguar Land Rover to provide aftermarket parts logistics for both the Jaguar and Land Rover luxury automotive brands. The operation will be housed at Jaguar Land Rover's new 2.94m square feet campus, one of the largest UK warehouse developments for a single customer.

Unipart also won two new five-year contracts to support Jaguar Land Rover's global parts logistics operation in North America.

Unipart won a new contract with global digital health company Prenetics to deliver Covid-19 test kit fulfilment services. Prenetics provides preventative health solutions through point-of-care testing, including at-home DNA and blood testing kits. In 2020, the company adapted and evolved into Covid testing, using its laboratory network, scientific expertise, and digital systems. Unipart is now assembling and picking Covid-19 test kits including PCR, lateral flow, and LAMP tests from a new operation at its Oxford Distribution Centre.

Unipart extended its contract with Q Cells, one of the world´s largest and most recognised manufacturers of high-efficiency solar panel technology. Unipart Logistics provides warehousing and integrated distribution solutions to more than 260 customers across the UK, Ireland, and mainland Europe.

Increasing the clock speed and responding faster to market conditions is a key tenet of our strategy to be the performance improvement partner to the rail sector. To this end, during the year we established a business transformation team solely focused on developing our processes to increase pace and efficiency within the business.

The UK Rail Research and Innovation Network hub, launched this year at Unipart Rail headquarters in Doncaster, is another example of where we are supporting ground-breaking engagement between sector leaders and universities to leverage digital capability, and complementary expertise to drive innovation in the industry.

Unipart Rail, working with our Manufacturing Group and its technology partners, launched the first prototype of the new industry-changing TRT-e, a zero-emissions version of the Trac Rail Transposer, the safest and most versatile rail handling machine on the rail infrastructure. This first-of-its-kind solution uses an electric motor and battery power pack instead of the traditional diesel engine, and is run via an electronic control system with remote condition monitoring, enabling it to be worked more extensively on the rail infrastructure where diesel emissions and noise pollution are a major issue.

Chairman's Statement (continued)

Recent Awards

I am pleased to report that the Group has achieved several other awards in 2021, including:

- Unipart won two prestigious Sword of Honour awards for world-class safety with an additional Chief Adjudicator's award to Unipart for recording the highest audit score of the year from all organisations. The awards, which are presented by the British Safety Council, are recognised as the pinnacle of achievement in the world of health and safety management, and have been awarded to Unipart for 11 consecutive years. Unipart Group's combined total 'Swords' has risen to more than 60 since 2011, more than any other organisation in its sector;
- Unipart and the NHS Supply Chain were crowned winners of the prestigious New Facility Award at the 2021 Logistics Awards. The award recognises the successful opening of a new state-of-the-art facility for NHS Supply Chain in Suffolk Park near 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;
- Unipart was the proud recipient of the Outsource Partner of the Year Award at the 2021 Excellence in Customer Service Awards presented by Business Intelligence Group, after assessing nominations from across the globe. The award recognised Unipart's Retailer Customer Support team in the USA, who have continuously demonstrated exceptional customer and retailer support, delivering performance levels including 99.5% accessibility and 100% queries resolved in less than six hours, whilst consistently delivering savings for Unipart customers; and
- Unipart was awarded a prestigious Globe of Honour, having achieved a five-star environmental sustainability certification. This is the ninth consecutive year the British Safety Council has awarded Unipart the five-star rating, where they particularly commended Unipart's public pledge to the UN Race to Zero campaign, where we have committed to be carbon neutral by 2030 and carbon net zero by 2050.

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. More than 3,400 colleagues have been recognised since the awards began in 1987. These awards recognise the most outstanding achievements of Unipart people from across the Group, who are using creative problem solving and innovation to go the extra mile.

Future trading relationships between the UK and the EU

Throughout 2021, following the considerable time invested in preparing for the potential impacts of the Brexit agreement, we found ourselves as well placed as we could be as the UK left the European Union. We continue to engage with all our stakeholders to assess the ongoing impacts to their businesses and adapt our approach to the new legislation. So far, we have received very positive feedback on our planning and response and have maintained the excellent service levels expected by our clients.

Corporate Governance

Unipart has a culture of doing business the right way and the introduction of new 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 and commitment to 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.

The initial challenges presented by the pandemic have been 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 it may have on the Group's trading performance for the coming year. We have undertaken a review of the potential further impacts Covid may have on the Group, further details of which are set out in the Directors' Report. We are confident we have a robust business plan that can withstand the economic challenges which may result from the continuing pandemic.

Our success is entirely dependent on the skills and enthusiasm of our team of well-trained, highly motivated people. The Unipart culture is dependent on all our people who identify opportunities daily to "go the extra mile" for their customers and deliver value through innovation and creative problem solving. I would like to personally thank all our colleagues for their commitment to the success of Unipart Group and the dedication and tenacity they have shown throughout the pandemic.

Strategic and Operating Review

Strategy

Unipart aims to understand the real and perceived needs of its customers better than anyone else, and to serve them better than anyone else. We do this by delivering exceptional levels of service to all of our customers through engagement and empowerment of our people. We achieve this through the use of the tools and techniques of The Unipart Way to continuously review performance, identify improvements, and make positive changes for our clients. In recent years, we have also developed and incorporated the most advanced digital tools into the Unipart Way ecosystem.

Unipart aims to be at the forefront of The Fourth Industrial Revolution through the convergence of digital technologies and the significant adjustments required to keep pace with the fast-changing industrial landscape. To achieve this aim, we now have a clearly defined priority: "Go Digital. Go Green. Go Faster." Our aim is to reduce CO_2 emissions in our drive to carbon net zero, whilst continuously improving and innovating activities to deliver productivity for ourselves and our customers.

Furthermore, our investment in digital and online tools ensured the business was already well equipped to run with minimal disruption. New tools and capabilities continue to be deployed in the Group and are 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 more than 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.

During the early months of the pandemic, the world saw a rapid shift to remote working, which Unipart embraced quickly and efficiently, with the aim of protecting our people. Where remote working was not applicable such as for our warehouse operating colleagues, the group employed Covid-Secure guidelines to keep our people safe, in line with, or often ahead of, government advice.

More than 5,000 of Unipart's standard operating procedures have been individually risk assessed, adapted where necessary, and updated on The 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 focus on 3Ps: to protect our people, our processes, and the flow of products and services to our customers.

The Unipart Way is based on a profound belief that the potential of our business is intrinsically linked to the potential of our people. We encourage all of our people 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.

Strategic and Operating Review (continued)

The importance of engaging people at every level of the business can never be overestimated, and we remain committed to our network of initiatives 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 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;
- The 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; and
- 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.

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 has partnered with several universities to ensure that we are well-placed to participate in new government initiatives for research and development. These partnerships play a key role in helping us to participate in new research and development projects as well as bringing together the educational forum with the commercial forum to help bring through the next generation of talent. Forming partnerships with universities in this way allows innovative projects to develop into market-leading commercial products and services, providing benefits to our existing and future customers. In addition, we can provide undergraduate engineering students with the opportunity to pair their formal education with a hands-on experience in a state-of-the-art manufacturing facility through the Institute for Advanced Manufacturing and Engineering, our collaboration with Coventry University and the UK Rail Research and Innovation Network hub in Doncaster.

Operating Review

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

The business has had a successful year despite the difficult external operating environment. We have maintained excellent performance in our core sectors, delivering world-class service levels to our customers. Our strategy to focus on driving growth in target sectors has also proven successful and we have seen important new wins and a healthy pipeline of new opportunities. We will continue to invest in our people, up-skilling our capabilities into new areas of opportunity, automation for example, and up-scaling our capacity in key functional areas to enable further expansion of our business in line with our strategy.

Automotive

The automotive industry has faced a remarkable combination of disruptive influences in 2021, however throughout this period, Unipart has provided unrivalled levels of service to our customers, adapting swiftly to the rapidly changing conditions to ensure our automotive customers' needs were met.

Unipart was proud to be awarded a five-year contract to run Jaguar Land Rover's new, custom-built Global Parts Logistics Centre at Appleby Magna in Leicestershire. The 2.94 million square feet campus is one of the largest warehouse developments for a single customer in the UK, encompassing distribution centre, parts packing and branded goods operations, as well as a customer support function, supporting Jaguar Land Rover's continued growth ambitions. Unipart was selected on the strength of its expertise in aftermarket logistics, supply chain transformation, customer service, and commitment to digital innovation and sustainability.

In the USA, Jaguar Land Rover awarded Unipart a five-year contract to support its expansion with a new facility in Mickleton, New Jersey. The flagship 280,000 square feet aftermarket operation is the first US dual-brand site for Jaguar Land Rover, servicing 90 retailers and the Port of Baltimore. Unipart will provide a wide spectrum of services, including inbound, outbound, and reverse logistics, transport management, facility management, and branded goods from the new site.

VW Group UK extended its aftermarket contract with Unipart for a further two years. Unipart supports the over 850-strong UK dealer network from a 650,000 square feet UK aftermarket operation near Tamworth.

Throughout the unprecedented disruption the automotive industry faced in 2021, Unipart's teams worked closely with McLaren to predict and respond rapidly to the challenges. Maintain outstanding levels of global parts availability for the aftermarket, and a robust and reliable just-in-time production logistics for Unipart's McLaren operations has been the priority, ensuring a record year for McLaren aftermarket and supporting production in Woking. The latest upgrade to Unipart's powerful proprietary Unipart Digital Enterprise System was also deployed, providing the production logistics team with enhanced functionality, capability and efficiency.

The Tesla business continues to grow rapidly and Unipart has continued to expand with new services and additional warehouse space seamlessly implemented in China to support the brand across the Asia Pacific region.

Unipart's relationship with BMW Group has continued to grow with new services introduced together with the rapid deployment of the Unipart Digital Enterprise System platform, to support production at MINI Plant Oxford and Rolls-Royce Motor Cars production at Goodwood.

Van Wezel, Unipart's distributor of automotive repair and associated products, continues to grow and strengthen its position as one of the leading providers of quality aftermarket products and services across Europe. Despite the economic headwinds, Van Wezel achieved significant milestones and once again demonstrated the commercial benefit of understanding customers' needs and serving them more effectively than any aftermarket alternative.

The Serck Motorsport operation in the UK continued to provide essential race services to its F1 customer base. Despite a delay to the start of the 2021 racing season, the second half of the year saw strong revenues. Serck Motorsport also expanded its business into the USA and opened a new facility in Charlotte, North Carolina, to service the NASCAR and IndyCar motorsport programmes.

Strategic and Operating Review (continued)

Intertruck, the Group's commercial vehicle aftermarket parts distributor, responded well to the pressures brought on by the pandemic. Despite reduced customer spending across the market for commercial vehicle parts, the business continued to focus on margin protection and growing its customer base, increasing its online volumes and developing its digital tools.

Technology

It has been another disrupted and challenging year for the technology industry, with significant product supply issues, Covid impact, and labour shortages. Unipart has worked hard to keep its customers' supply chains performing well, finding the best ways to keep products moving and customers connected.

Unipart is delighted to have extended its long-term partnership with Sky until 2024, reinforcing the strength and success of a partnership that began in 2004. Unipart is proud to have supported Sky's impressive growth, which included the launch of Sky Mobile in 2017 and the expansion of Sky Broadband. Sky Mobile's continuing success resulted in it achieving two million customers in 2021 and Unipart supported Sky with its most successful ever iPhone launch.

As global supply issues impacted the Technology sector, Unipart supported Sky with product reconfiguration in order to balance inventory and keep its supply chain moving. Sky and Unipart remain closely aligned on sustainability, and have achieved key goals such as removing all single use plastic. Unipart continues to work tirelessly to support Sky's commitment to net zero carbon by 2030, and this year trialled a number of new van solutions including the introduction of Electric vans for Sky's engineers.

Unipart has worked with Three since its inception in 2003, and 2021 was another year of strong growth, particularly growth with business customers, which Unipart has supported with logistics and administration services. Unipart's reverse logistics service has continued to grow, including auctions where we pick, pack and despatch auction lots, contributing to the circular economy. Three has a strong sustainability agenda and as part of this has introduced recyclable boxes for despatch, a solution that is more environmentally friendly than plastic bags, whilst also providing better protection for valuable devices and an improved customer experience. And finally increased despatching hours following the launch of Consumer late cut off to help improve customer experience.

Unipart continued to provide returns and repair services for Virgin Media and was proud to support many European Electronic Communications Code projects including the communication of effective instructions to the visually impaired, and a project to ensure effective repair of 5G devices. Working with Virgin Media, Unipart introduced a multi-shipping box to be used in outbound and return logistics to reduce environmental waste and single-use plastic.

Unipart is delighted to have won a new two-year contract to deliver repair and refurbishment services for a mobile phone insurance provider. The contract will commence in early 2022 and will be based in the Nuneaton Repair Centre, which has provided repair and refurbishment services for more than 15 years. The insurance provider is bringing its repair services back to the UK from Europe, and selected Unipart for its technology experience, and commitment to delivering innovative, agile technology repair services at speed, with the highest levels of focus on customer satisfaction.

In early 2022, Unipart will be launching a new PC and laptop repair service for Apple, one of the world's largest global technology companies. Unipart will also launch a flagship new build 350,000 square feet site on Magna Park in September 2022 for Apple. In the summer of 2022, Unipart will be launching a new forward and reverse logistics operation for Apple in the Middle East, Unipart's first dedicated technology site outside of the UK.

Health

Despite incredibly challenging conditions in 2021, it was a positive year for the health sector. In Unipart's third year of managing the logistics operation for the NHS Supply Chain in England, overall performance levels continued to increase across the network, achieving record high service levels to NHS trusts.

With the ongoing pandemic, Unipart's focus continues to be on the provision of logistics services to support frontline NHS staff and patients at home. Demand from NHS trusts and mass vaccination sites has been volatile, with Unipart demonstrating operational agility and flexibility to quickly respond. Unipart continues to provide customer service to trusts through a dedicated vaccine and PPE call centre.

In further support of the pandemic response, Unipart took responsibility for the management of the Intensive Care Unit (ICU) pandemic stock holding in partnership with the Department of Health and Social care and SCCL. This sees Unipart acting as a Control Tower of both DHL and CEVA Logistics, and working closely with Deloitte and Akeso on predictive analytics for future demand. Unipart's management of inventory levels across Covid19, Brexit, ICU and core supply chain demand has helped the NHS Supply Chain optimise its working capital.

In support of the Government's global efforts, critical items were dispatched to India and Nepal, and baby milk and food were delivered to refugees arriving from Afghanistan.

Through successfully navigating the industry challenges of both heavy goods vehicle (HGV) driver and fuel shortages, Unipart acts in an advisory capacity to the Department of Health's Resilience team and continues to be recognised as an expert in supply chain business continuity planning.

Significant focus continues on the NHS Supply Chain's Transformation and Sustainability programme, with the replacement of the HGV fleet and new lighting and temperature control systems, achieving a 29% reduction in the NHS Supply Chain's carbon footprint.

In the wider health sector, Unipart reacted quickly to support Prenetics, a leading genetics and diagnostic health testing company, as it pivoted its business model into the production of Covid test kits. This required rapid development of new quality-assured processes, alongside operational agility in order to manage the fluctuations in demand that resulted from various changes to Government testing and travel policy. In the six months to December 2021, Unipart successfully assembled and dispatched more than 1.2m kits to businesses and consumers on behalf of Prenetics.

Consumer and Utilities

Unipart has continued to support Selco Builders Warehouse in providing centralised supply of light side products to all of its branches across England and Wales. Selco has expanded its trading footprint during 2021 with the opening of three new branches. Unipart has introduced new services including supplier collections and a centralised branch waste recycling service. These initiatives have reduced cost and improved sustainability.

In early 2021, Unipart improved it's packing efficiency for Waterstones by deploying Waterstones automated packing solution for internet orders. By automating the packing of single orders this improved efficiency by 38%.

In support of Kimberly-Clark, Unipart provided 2 dedicated vehicles in response to challenges arising from the UK driver shortage.

At the end of 2021, Unipart extended its contract with Centrica for printed circuit board repair, using Unipart's innovative flying probe technology.

Unipart has continued to provide logistics services for spare parts into the HSS core maintenance and repair centres to enable them to effect timely repair and maintenance of hire equipment. The Unipart Digital Enterprise System was seamlessly implemented by Unipart during the year to further improve the reliability and efficiency of the operation.

Strategic and Operating Review (continued)

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 sector, and also has a growing international presence. In addition to providing customers with solutions to complex supply chains, Unipart Rail manufactures, repairs, and overhauls rail equipment, and has a strong and ever-growing, technology-based offering drawing on Unipart's digital capability.

In recent years, we have reported the trading difficulties seen in the rail sector because of delayed spend by Network Rail, and more recently the impact of Covid. Difficult trading conditions have continued through 2021 and this has affected the rail operations and associated revenues globally, whilst in the UK, the government has initiated rail industry restructuring, causing significant uncertainty for the supply chain in the short-term as the sector moves to a new, more-integrated approach for rail governance and operations.

Nevertheless, the sector expects long-term growth of 2.3% per annum, and several factors including increasing environmental awareness and the international decarbonisation agenda are expected to promote the global industry in the coming years. The rail sector will also undergo transformation through digitalisation, automation, and predictive maintenance, and the restructuring of the UK rail sector is expected to create new opportunities for the rail supply chain. Unipart is well placed to capitalise on these opportunities in the UK and internationally.

In spite of the trading conditions, during 2021 Unipart Rail has developed its strategy for future UK and international growth as a rail performance improvement partner, seeing numerous wins in new business and renewing existing contracts. In the UK, new contracts were secured with Keolis Amey Metrolink and with Torrent Trackside, for supply, traction, and rolling stock. In North America, a new framework contract was established with a major transit authority to provide manufactured products from our Westcode business, and a new contract was established to distribute Dorman Wayside signals to Class I railways and major constructors. We also achieved accredited supplier status with Graham Construction in Canada and contracted with them to support major construction projects.

In 2021, Unipart saw significant development of our digital tools to focus on improving our operations and integration with the supply chain. For example, we are using both in-house and external enterprise management systems to improve the accuracy and quality of our warehouse and manufacturing processes, to improve forecasting and inventory management activity, and to undertake scenario planning to maximise availability. Further, we are using robotic process automation software to improve the speed of transactional processes, and supply chain transparency is being improved through the implementation of a global control centre to track performance and identify issues and improvement activities.

We continue to make positive steps forward to achieving and implementing our vision for the condition-based supply chain, which will provide new solutions to the rail sector. Unipart is well placed to deliver this value.

A key element of our approach to driving new innovation in the rail sector is through our ongoing commitment to the UK Rail Research and Innovation Network (UKRRIN) and DigiRail. During the year, we successfully launched the UKRRIN Technology and Innovation Hub and DigiRail initiative at our offices in Doncaster. The UKRRIN Hub will support industry-wide engagement and enable us to work more collaboratively with universities and small and medium-sized enterprises (SMEs) in commercialising innovation – in particular new digital applications for the rail sector. Seeking to leverage wider Group capability to the benefit of the rail sector, the UKRRIN hub will also link to the Advanced Supply Chain Institute in Oxford and the Institute for Advanced Manufacturing and Engineering in Coventry. The DigiRail initiative is in partnership with Birmingham University and the Sheffield City Region Local Enterprise Partnership (LEP) and will harness and develop SMEs within the LEP region to bring new digital innovation to the rail sector.

This approach has led to a growing pipeline of opportunities that will bring new revenue streams for Unipart and operational benefits to our customers. Some examples include a new Digital Heating, Ventilation, and Air Conditioning (HVAC) Temperature Control Unit (TCU) on trial in North America, a mobile infrastructure monitoring solution, and the development of next generation train protection warning technology. The Digital TCU not only provides temperature control for HVACs but also includes the ability to remotely monitor HVAC units on trains or elsewhere. It has been developed and manufactured through a collaboration involving Unipart companies Instrumentel and Westcode, and was successfully launched in November 2021, with strong interest from a number of US transit authorities.

The mobile infrastructure monitoring solution is through a collaboration between Unipart Rail, Instrumentel, and MoniRail, a joint venture. Through this collaboration we have won a design contest with Network Rail to trial the infrastructure monitoring technology. This technology will deliver the benefits of more frequent track condition measurement at lower cost. Following a successful trial it is anticipated this will lead to a regional or national UK roll out of the technology, along with further international expansion.

Decarbonisation and sustainability remain key themes for Unipart in the rail sector. Many of the products Unipart invests in and manage for third parties within the industry supply chains are repairable products managed closely to prevent the need for new manufacture, with overhauls taking place both within Unipart's overhaul facilities as well as in the supply base. Outside of the work with UKRRIN, much of the product development focus also features a strong decarbonisation and sustainability theme. In particular, 2021 has included the development of battery-powered rail plant equipment designed to replace diesel-powered equivalents. This has been done in conjunction with Hyperbat and third-party SME suppliers supported by Innovate UK funding.

To complement Unipart's UN Race To Zero campaign pledge, Unipart has become a partner of the Supply Chain Sustainability School, which will provide a free learning portal and carbon foot printing tool for all of its partners both in the UK and internationally.

Manufacturing

Unipart Manufacturing faced tough market conditions in 2021 due to the impact of the global semiconductor supply shortage in the automotive sector, which constrained car production during the year. The business responded by temporarily reducing capacity to minimise costs while ensuring it will be able to rapidly respond when the supply of semiconductors returns and automotive manufacturers increase supply to meet the pent up demand now in the sector. The business also continued to look at ways of reducing the reliance it has on internal combustion engine component manufacture. Production of specialised rail track removal equipment continued to increase and expand, and further diversification continued with the production of Track Circuit Assistor Antennas for the rail sector.

Progress continued to be made in support of the automotive sector's requirement to develop more environmentally friendly products. As automotive manufacturers look to hybrid vehicles to reduce environmental impact, we implemented a state-of-the-art production line to support a global automotive manufacturer's new hybrid fuel tank which will launch in early 2022. As demand for battery-powered vehicles increases across the sector, Hyperbat commenced work on launching a high-performance battery pack for a world-leading hypercar, with prototype production planned for early 2022 and serial production to follow.

We continued to invest in the latest technology with the implementation of a 5G virtual 3D engineering model in our Hyperbat joint venture. The solution offers a world-first untethered 5G native experience that will allow design and engineering teams to walk around and interact with a 3D life-size model through a single self-contained device, and without the constraints of a physical connection. Hyperbat colleagues in different locations will be able to work with a 1:1 product scale hologram of the design on the factory floor, review designs in real time, and manage workflows much more effectively, helping to accelerate the pace of innovation and reduce the product cycle time between design, engineering, and manufacturing teams.

The Institute for Advanced Manufacturing and Engineering is a collaboration between Unipart Manufacturing and Coventry University that focuses on developing industry-ready, world-class engineering graduates, and the development and industrialisation of innovative products and processes. During the year, work began on a significant expansion of this facility which will add more than 20,000 square feet and will also see investment in new equipment and facilities including additional laser manufacturing, data driven metrology, functional materials laboratories, and digital manufacturing.

Corporate responsibility

Unipart has long been a proud advocate of the responsible business agenda and to our knowledge was one of the first British companies to publish a mission statement challenging us to inspire all our stakeholders to want to stay with us for for the long-term, moving away from a single short-term focus on shareholders.

Despite the difficult circumstances brought about by the Covid-19 pandemic and Brexit, during 2021 our corporate social responsibility agenda has continued to evolve as we constantly challenge ourselves to do better.

Strategic and Operating Review (continued)

It was an exceptional year in 2021, with a huge focus placed on keeping our people safe and protecting our business and our customers. As government rules and regulations have changed, we have had to respond to keep our people well informed about how those changes will be implemented across our workplaces, and where our decisions went above and beyond regulatory requirements (e.g. maintaining Covid-Secure measures when they were lifted across the wider economy) explaining our rationale.

We have continued to use our 'Roadmap to Return' as an online operational handbook which sets out the processes for managing in a Covid-Secure environment in our warehouses, factories, and offices.

Health and wellbeing has been an area of significant focus during 2021, and is a critical element of our people and health and safety strategy, recognising that attracting, recruiting, and retaining a workforce whilst empowering them to be healthy and resilient is a key enabler for the Unipart's growth strategy.

We understand given the highly competitive nature of the recruitment sector and the battle for talent along with the challenges Covid has placed on people and businesses alike, the health and wellbeing of our people is more important than ever. It represents a direct risk for our business, however it is also a great opportunity for us to focus efforts and resources to fulfil our ambition to have the healthiest workforce we can, and attract the best talent to our business. Our strategy is split into four key areas:

- Find financial wellness (financial)
- Be kind to your mind (mental)
- Seek social connection (social)
- Move your body (physical)

Our focus is on individual ownership and our approach is to provide the framework through an interconnected set of tools and resources, and inspiration through colleague storytelling. We have launched a Mental Health First Aider programme and appointed a specialist role (Head of Health and Wellbeing) to ensure our strategy is delivered and maintained.

The year amplified the importance that attracting and retaining talent plays with regards to organisational success. Across industries, organisations are evolving their attraction and development agenda to tackle 'the war for talent'. Emerging talent sits high on this agenda and presents a real opportunity to grow our own talent within Unipart with a focus on the skills required for the organisation in the present and also for the future.

The recruitment and introduction of a new role, Early Careers & Apprenticeships Manager, demonstrates Unipart's commitment to investing in future talent and thus expanding our emerging talent offering to support the organisation's ambitious strategy for growth.

In 2021, Unipart invested in the Kickstart Scheme, introduced and funded by the government as part of the 'levelling up' agenda. The Kickstart Scheme supports young people at risk of long-term unemployment by offering quality six-month work placements to increase their skills and future employability prospects. We saw huge success from the first cohort who joined us in April, with the majority securing full-time positions within the Group post-scheme.

Following this success, we then recruited a further cohort of 10 'Kickstarters' who joined us in November and are currently progressing well within their placements across the Group. The Kickstart Scheme is just one example of how Unipart is increasing its investment into attracting new colleagues into the organisation by tapping into new talent pools whilst also supporting young people with the key skills and experience to help them secure work opportunities in an increasingly difficult sector. The emerging talent agenda is set to grow in 2022 and we are excited to see our offering expand even further by investing in quality development programs that deliver high-performing individuals and future leaders of the organisation.

Unipart continues 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. Our Diversity and Inclusion Steering Group, which was established in 2020, has continued to drive activity in this area with a review of our policies, the introduction of a new 'Anti-racism' policy, the launch of training as part of our standard compliance training package, and working with our colleagues in communications to ensure recognition is given to key celebratory days and events to enhance the sense of belonging and inclusion to all colleagues.

Unipart has challenged all our people to become leaders of The Fourth Industrial Revolution with the launch of our Digital Gate to Great programme enabling all of our colleagues to become more digitally literate and raise the 'digital quotient' of our business. Despite the challenges of the pandemic we have continued with our Digital Fridays, enabling and encouraging colleagues to deliver digital innovation in their day-to-day roles.

Managing our Covid-Secure workplace has remained a priority throughout 2021. Our communications, corporate responsibility, health and safety and human resources specialists across Unipart have worked together to meet and maintain our three leadership priorities: to protect our people, our processes and the flow of products and services to our customers.

Last year saw the continued use of digital innovation to improve our reporting and auditing processes which has helped to further identify improvement opportunities, and will support the Group in the attainment of ISO45001. For 11 consecutive years we have achieved five stars in the British Safety Council audit, with safety systems so embedded in operations through The Unipart Way that last year we recorded our lowest ever lost-time incident rate, a calculation of the number of incidents resulting in time away from work.

Unipart has made financial investments, where appropriate, to accelerate our environmental performance and, in 2021, Unipart was awarded the British Safety Council Globe of Honour for the ninth consecutive year. 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 harm remains strong, resulting in an unrelenting focus on sustainability and ensuring health, safety, and wellbeing in the workplace. 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 2021.

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 2021.

The Board recognises the long-term success of the Unipart Group is strongly correlated to a positive interaction with all 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, 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 to promote the success of the Unipart Group for the stakeholders as a whole.

Employees

Employees are critical to the delivery of the Group's strategy and the future growth of the business. Through The Unipart Way, leaders empower each colleague throughout the business, encouraging each to solve problems at his or her 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 we can promote from within and provide longterm and fulfilling careers across the Group.

The Mark In Action award ceremonies are held six times each year, even during the pandemic when they were held online, and celebrate our employees who have demonstrated outstanding customer service. Each one of these events have been led and presented by the Group Chief Executive for more than 30 years, with over 3,400 awards presented to date.

The Directors also engage with employees in several 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 and principles 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 WorkWell, which amongst other features provides free support to employees for personal health, financial, and counselling matters through LifeWorks.

Customers

The Board of Directors supports 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 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, 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 that 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 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 this report, the Annual Report & Accounts, which is distributed to all shareholders with a letter from the Chairman and Group Chief Executive. Any questions are invited to be made to the Group Company Secretary.

Our community and the environment

We recognise 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. The Group is committed to reducing its carbon footprint and during 2021 signed up to the UN Race to Zero Campaign. These matters 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 with which it engages. 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 unethical 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.

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. A number of our Logistics, Manufacturing and Rail sites are certified against ISO14001 standard for environmental management systems. These sites have robust processes and procedures in place to help drive environmental improvement across different metrics. In addition, Unipart has joined the UN's Race to Zero campaign, committing to achieve carbon neutrality by 2030 and becoming carbon zero before 2050, aligned to the verification, action plan and progress reporting framework of the campaign.

During the year, Unipart undertook a number of carbon reduction projects. All Logistics and Rail sites, including those for the NHS Supply Chain, began using green (100% renewable) electricity from January 2021 and in addition, the Honeybourne operation had solar panels installed during the year. Our NHS Supply Chain vehicles now use Euro 6 engines that are more fuel efficient and can support the biofuel Hydrated Vegetable Oil (HVO) with the majority of the fleet now using this. We have also undergone facilities improvements across a number of operations, installing technologies and solutions to prevent heat loss and gain, including rapid roller doors, dock levellers, flexi walls and bay door canopies.

As part of our 'Go Digital. Go Green. Go Faster.' strategy, a number of employee engagement activities were implemented as we continue to embed the importance of sustainability into the business. One such activity was 'Green Friday', whereby every team across the Group was invited to use Unipart's problem-solving tools to identify potential improvements to aspects of sustainability in the areas in which they work, generating more than 600 ideas to make our processes more environmentally friendly.

Following enhancements to the Group's IT infrastructure to support large volumes of video conferencing, a blended working policy has now been formalised for the Group, supporting colleagues to work from home and reducing the need for unnecessary travel.

Our chosen intensity measurement ratio is total gross emissions in metric tonnes (t) of CO_2e per million pounds (£) of UK turnover.

UK operations	**2021**	2020
Energy consumption used to calculate emissions: (MWh)	**135,567**	59,120
Emissions from combustion of fuel (tCO_2e) (Scope 1)	**20,426**	20,677
Emissions from purchased electricity (tCO_2e) (Scope 2)	**718**	6,134
Total gross tCO_2e emissions	**21,144**	26,811
Intensity ratio: tCO_2e/£m	**39.39**	51.48

Thank You

The pandemic put massive strains on our people and I would like to conclude as always by thanking my fellow employees for their extraordinary commitment to the company, to our customers and to continuous improvement. Our Digital team created the "Covid S" which we deployed throughout our worldwide operating companies via our Digital Communication Cells. That enabled people every day, in every business unit to identify and countermeasure any Covid-19 risks. We were also able, at the highest levels of the company, to monitor and quantify not only how safe our colleagues were but also how safe they felt. I'm particularly appreciative of the responsible behaviour of so many of my fellow employees and the actions they took to protect each other.

Many colleagues have told me personally that during the pandemic they felt safer at work than anywhere else.

Meeting the real and perceived needs of our customers better than anyone else and serving them better than anyone else has been our Group philosophy since the earliest days of our company. I never forget that we only exist because our customers choose to do business with us and, during the pandemic, we were able to provide them with excellent service and in turn they have been exceptionally supportive. On behalf of all of my colleagues I would like to express my thanks to them as well.

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

John Neill CBE
Chairman & Group Chief Executive
20 July 2022

Financial Review

Darren Leigh
Group Chief Financial Officer and Chief Risk Officer

Unipart's financial results for 2021 were impacted by several well-publicised economic headwinds, including the ongoing pandemic, Brexit related supply-chain disruption and the global semi-conductor shortages, all of which contributed towards severe detrimental trading conditions. Despite these headwinds, Unipart has reported both turnover growth and continued underlying profits for the year.

The Group reports turnover of £821.6m in 2021, an increase of 4.4% over 2020 due in large part to the effectiveness in which our businesses responded to customer needs in a swiftly changing operating environment. This diversity and resilience allowed the Group to report a full year operating profit of £13.7m before the impact of defined benefit pensions. Although a decrease of 30% on 2020, this is a respectable result in the face of the exceptional market challenges encountered throughout the year.

The Group ended the year with a low level of net borrowings at £12.4m after a cash outflow of £33.6m. The cash outflow was primarily driven by the unwind of favourable timing differences reported in 2020 related to careful working capital management and the deferral of some capex projects during the early part of the pandemic.

The full year financial results demonstrate how the Group has been able to respond to market conditions and deliver a respectable and consistent performance in the face of economic uncertainty. The success of our business model and enduring talent and determination of our people to deliver for our customers, even in challenging times, has never been more evident.

Key performance indicators

	2021 £m	2020 £m	*Movement*
Turnover	821.6	786.7	*4.4%*
Underlying PBIT*	9.6	16.1	*(40.3)%*
Net (debt)/cash	(12.4)	21.6	*(157.4)%*
Net assets excluding pension deficit	261.7	246.8	*6.0%*
Return on net assets using Underlying PBIT compared to net assets excluding pension deficit and tax balances	7.2%	11.5%	*(4.3)%*

** 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 2021, 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 consolidated 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 2021 of £821.6m (2020: £786.7m) increased by £34.9m year-on-year. This turnover performance is testament to the Group's ability to partner with its clients to support their businesses, rapidly responding to changing market and economic conditions. Operating over a wide breadth of sectors and geographies, Unipart continued to enhance its relationships with customers to facilitate future growth.

Profit before interest and taxation (note 6)

Profit before interest and taxation, defined benefit pensions and other exceptional items was £13.7m (2020: £19.7m). This decrease in profit was mainly a result of the market conditions in a number of sectors in which we operate, where several large customers were forced to defer projects and curtail planned activity. The overall mix effect of revenue growth in lower margin sectors offsetting revenue decline in higher margin sectors reduced profit before interest and tax and other exceptional items by 30% year-on-year.

Exceptional items (note 7)

An exceptional charge of £4.4m (2020: £2.7m) 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 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 £1.9m (2020: £1.4m), reflecting the higher average borrowings across the year. The net other finance charge of £7.1m (2020: £10.0m) reflects the net interest cost on pension schemes as prescribed by FRS 102. There was no finance charge relating to the unwinding of discounting on provisions and accruals in 2021 (2020: £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 £2.3m (2020: £2.0m).

Profit/(loss) after tax

The loss after tax of £(3.5)m (2020: profit of £2.0m) is stated after a net charge of £7.0m (2020: £9.2m) relating to defined benefit pensions.

Cash flow and funding position (note 28)

Net cash flow used in operating activities before contributions to the defined benefit pension schemes was £(8.1)m (2020: generated £56.5m), and after contributions to the defined benefit pension schemes was £(23.0)m (2020: generated £41.5m). This outflow represents timing differences from careful cash management during the early part of the pandemic and therefore the current and prior year cash flows should be considered in totality rather than in isolation.

As a result of the cash outflow, borrowings have increased over the course of the year and the Group reports a closing net debt position of £12.4m (2020: net cash of £21.6m). 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. Unipart has sufficient borrowing facilities and headroom available to finance the ongoing operating requirements of the Group.

Shareholders' funds

Net assets of the Group, excluding the pension deficit, have increased by £14.9m to £261.7m (2020: £246.8m). The deficit in shareholders' funds of £158.9m (2020: £328.2m) has more than halved in the year due to the reduction in the pension deficit.

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 completely eliminated and the Group would have reported net assets of £48.0m.

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 decreased to £420.6m (2020: £575.0m). This decrease is primarily driven by an improvement in the discount rate applied to the schemes' liabilities, which was particularly low in the prior year. Under FRS 102, the discount rate must be based on high quality corporate bond yields, even though the main schemes do not invest in corporate bonds, instead investing in higher return seeking assets such as equities. However, the methodology required for calculating the discount rate can result in large fluctuations in the value of the liabilities. The increase in discount rate from 1.25% to 1.88% resulted in a reduction in scheme liabilities of £113m during the year.

The scheme assets performed very well during the year and delivered returns well in excess of expectation. Investment returns during 2021 were £72.4m representing a 12% gain.

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 2021, based on advice from the scheme investments advisor, was 3.8%. Using this discount rate, whilst maintaining all other FRS 102 valuation assumptions, would have reduced the reported pension deficit by £275.8m from £420.6m to just £144.8m as at 31 December 2021. Therefore, had the pension deficit been calculated adopting this best estimate discount rate and after considering the corresponding reduction in deferred tax asset, the reported net liabilities of £158.9m (2020: £328.2m) would have been completely eliminated and the Group would report a substantial positive net asset position in the Consolidated Balance Sheet of £48.0m.

It is important to note that, despite the annual reported movements 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. The Group has a deficit repair contribution plan agreed with the pension trustees which runs until 2039, with payments to members anticipated to run until 2080. The Group has made all cash contributions into the schemes on time and in line with the agreed contribution plans.

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 pandemic.

The Group reported profit before interest and taxation and other exceptional items and before defined benefit pension costs of £13.7m (2020: £19.7m).

The Group reported cash and cash equivalents of £43.2m (2020: £65.8m).

The Group reported net debt of £12.4m (2020: net cash of £21.6m).

The Group reported net assets, before pension deficit of £261.7m (2020: £246.8m).

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 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 £226.6m lower and the Group would have reported consolidated net assets of £11.0m.

During March 2022, the 2 main pension schemes satisfactorily completed their 2020 triennial actuarial valuations before the end of the 15 month statutory deadline. As part of these valuations, the Group has agreed affordable schedules of contributions that run until 2039 based on its latest financial projections, which is a positive conclusion for both the Group and the pensions schemes.

On 1 July 2022, the Group disposed of a property for £40.0m which is reported within freehold investment properties at the balance sheet date at a value of £5.1m, which represents a non-adjusting post balance sheet event. This property was surplus to the Group's requirements and therefore has provided a material cash inflow to further improve its financial position.

The Group continues to monitor the devastating impact of the conflict in Ukraine. Whilst the Group does not have any operations in Ukraine or Russia, the indirect impact of energy inflation, product supply and sanctions is likely to have a knock-on effect on the Group, just as it will be impacting virtually all global businesses at this period of time.

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 the pandemic 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 Directors have 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 Board 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 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 2021, the mitigating actions that Group are taking and the overall direction of travel for each risk were:

Key Risks	Description	Unipart's mitigating actions	Direction
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 longterm 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.	↔
IT security and stability	The risk of complex cyber-attacks continues to intensify. 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	Direction
Pandemic virus	The Group recognises that there are, from time to time, human viruses that can have a significant impact on the global population. 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.	The Group already had 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. At the date of approval of the financial statements, the pandemic remains a concern, along with its related consequences such as the global semiconductor supply issues, however the continued rollout of vaccinations and the gradual relaxation of lockdown regulations will steadily reduce the severity of the impact on the global economy and Group. 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. Further details of the impact of the pandemic on the Group are reported within the Directors' Report.	↓
Pace of technological change	The rate of technological change driven by the 4th Industrial Revolution may result in many traditional industries becoming obsolete as digital alternatives become cheaper, faster, and more efficient. The risk of disintermediation by new entrants or businesses who successfully develop their offering appropriately could materially restrict the Group's ability to grow.	The Group's strategy has a strong focus on developing the 'digital quotient' of its employees, processes and products. The Unipart Technologies Group Board, including the Group Chief Executive Officer and Group Chief Financial Officer, is charged with identifying new innovative ideas and continuing to differentiate the Group's digital offering from its competitors. 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. 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. 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.	↔
Legal and regulatory compliance	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. Furthermore, the financial and reputational implications of failing to comply with these laws is becoming increasingly punitive. 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.	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. 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.	↔

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

Darren Leigh
Group Chief Financial Officer and Chief Risk Officer
20 July 2022

Corporate Governance Statement

For the year ended 31 December 2021, 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 6 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 buyout 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. 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 the Executive Vice President, 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 32 and 33 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.

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, for example the establishment of the Group Risk Committee in 2020.

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 Risk Committee was formed in 2020 and is chaired by the Group Chief Financial Officer and Chief Risk Officer, meeting at least six times each year. The Group Risk Committee includes 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, are 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 having migrated its Risk Register onto a web-based platform. Since its introduction in 2018, the system has been rolled out across the all 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 from its earliest days has continually sought ways to recruit more women into the business and promote them to senior roles. Traditionally however the automotive industry and many of the sectors we work in have attracted more men, but we continue to create an effective and inclusive talent pipeline.

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 worldclass 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.

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.

During 2021 the Group publically announced its commitment to the UN Race to Zero Campaign and has set out plans to decarbonise its operations in order to support limiting the planet to a 1.5 degree warming target.

Board of Directors

John 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-today 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 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 Leigh

Group Chief Financial Officer and Chief Risk Officer

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

Darren is a highly experienced and qualified Finance professional with over thirty years in industry and over twenty years in financial leadership roles. He has worked in PE backed, privately owned and listed companies and across multiple sectors including manufacturing, logistics and supply chain. Before joining Unipart Group, Darren's recent experience was in the software and financial technology sectors at Sage PLC and Finastra respectively. He worked in the rail industry with Freightliner Group and, before that, gained experience in the automotive retail sector 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 value.

Frank Burns

Executive Vice President

Frank Burns is responsible for ensuring that we develop and coach the right quality talent for the medium and long-term success of our Group and is Chair of the Group Appointments Committee. Frank also leads various strategic reviews in the business and continues to have overall responsibility for the Unipart Manufacturing Division. 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 and more recently became the Executive Vice President of Unipart Group and a member of the Board.

Bryan Jackson CBE

Non-Executive Director

Hamid Mughal OBE

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.

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.

Directors' Report

For the year ended 31 December 2021

The Directors of Unipart Group of Companies Limited (the "Company") present their report for the year ended 31 December 2021.

The Directors' Report comprises pages 34 to 36, together with the sections of the Annual Report incorporated by reference. The Corporate Governance Statement set out on pages 28 to 31 is incorporated by reference into this report and, accordingly, should be read as part of this report. As permitted by legislation, some of the matters required to be included in the Directors' Report have instead been included in the Strategic and Operating Review on pages 11 to 21 as the Board considers them to be of strategic importance. Specifically, these are:

- the Group's principal activities, a review of the business and likely future developments (throughout the Strategic and Operating Review);
- information on how the Directors have had regard for the Company's stakeholders, and the effect of that regard (on pages 19 to 21); and
- information on the Group's greenhouse gas emissions in compliance with the Streamlined Energy and Reporting (SECR) Guidelines (on page 21).

Results and dividend

The Group reports profit before exceptional items, defined benefit pension costs, interest and tax of £13.7m (2020: £19.7m) and loss after taxation of £(3.5)m (2020: profit of £2.0m). The Company has not paid, nor is it proposing to pay, any dividends in respect of the financial year ended 31 December 2021 (2020: £nil).

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

Directors and their interests

The following served as Directors of the Company throughout the year ended 31 December 2021:

- Frank Burns
- Bryan Jackson CBE
- Darren Leigh
- Hamid Mughal OBE
- John Neill CBE
- UGC GP Scotland Limited

Biographical details are provided on pages 32 and 33.

The interests of the 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 2021** **Number**	31 December 2020 Number
Beneficial Holdings		
John Neill	**7,767,082**	7,767,082
Frank Burns	**112,002**	112,002
Non-Beneficial Holdings		
John M Neill	**898,020**	898,020

No options were granted or exercised during the year (2020: none). No options lapsed during the year (2020: 250,000).

During the year, no Director had any material interest in any contract with the company or its subsidiary undertakings.

Indemnification of Directors and insurance

The Directors have the benefit of an indemnity provision contained in the Company's Articles of Association. In addition, the Directors have been granted a qualifying third-party indemnity provision which remains in force. Also, throughout the financial year, the Company purchased and maintained Directors' and Officers' liability insurance in respect of itself and for its Directors and Officers.

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 to the financial statements respectively.

Employees

The Group continues to consult and communicate with all employees on various matters, including the economic and financial factors affecting the Group, via regular briefings, on-site and online training, employee forums and through its in-house news programme, Grapevine, which is available online. In addition, the Chairman and Group Chief Executive leads the bi-annual Leadership Conference. Staff involvement in the Group's performance is encouraged through employee bonus and recognition schemes, and this involvement extends to the board of trustees of the main pension schemes, on which there are employee representatives.

The Group aims to match the qualifications, aptitude and ability of each current and prospective employees to the appropriate role, and provide equality of opportunity regardless of sex, sexual orientation, nationality, religion, 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 role 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 Unipart Lifeworks, our Employee Health and Wellbeing Programme.

Group Share Trust

In order to enable employees to buy shares and have an interest in the Company, a Group Share Trust was established 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 34 to the financial statements.

Impact of Covid-19

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

Since the start of the escalation of 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 global pandemic. 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. Where virtual meetings using digital technologies have not been possible or practical, clear guidelines have been set out with regards to social distancing and ventilation of meeting rooms. Many of our office employees were already able to work effectively from home and this has been enforced for all but essential working requirements throughout the year. 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.

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 economic 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 varying levels of customers' reduced demand resulting in:

1. A repeat of the adverse financial impact as in 2021; and
2. Operating profits that are 30% lower than 2021.

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 companies within 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 changing the timing of intragroup payments as well as the delaying of discretionary expenditure, which have each been considered and modelled. Furthermore, we have been able to redeploy colleagues from one site to another in line with volume demand due to the consistent use of The Unipart Way across each of our operations.

Based on this assessment, at the date of signing these financial statements, the Board has a reasonable expectation that the Company and 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. We continue to encourage each of our colleagues to get vaccinated to help protect themselves, their families and our colleagues against Covid-19 and have also offered free flu vaccines over the winter period to help protect our people further. The Company and Group will continue to monitor guidance issued from the various worldwide authorities as the global crisis progresses to ensure that our business remains well placed to respond to this ever-changing situation.

Directors' Report (continued)

For the year ended 31 December 2021

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 £13.7m (2020: £19.7m).

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.

Post balance sheet events

Since the end of the reporting period, there have been a number of non-adjusting post balance sheet events, details of which are provided in Note 33.

Independent auditors

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

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and 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 Company and of the profit or loss of the Group and

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 Company will continue in business.

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

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

The Directors are also responsible for the maintenance and integrity of the corporate and financial information included on the Group's website (www.unipart.com). Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to the auditors

Each of the Directors in office at the date of approval of this Directors' Report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

The Directors' report set out on pages 34 to 36 was approved by the Board on 20 July 2022 and signed on its behalf by:

Darren Leigh
Group Chief Financial Officer and Chief Risk Officer

Company 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 2021 and of the Group's loss 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 2021, 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 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 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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 2021 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.

Independent Auditors' Report (continued)

To the members of Unipart Group of Companies Limited

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, 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.

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, 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 by the engagement team 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 judgments 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 judgment 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 obtained 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

Matthew Walker
(Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
20 July 2022

Consolidated Profit and Loss Account

For the year ended 31 December 2021

	Note	Results (before defined benefit pensions) £m	Defined benefit pensions* £m	2021 Total £m	Results (before defined benefit pensions) £m	Defined benefit pensions* £m	2020 Total £m
Turnover	5	**821.6**	-	**821.6**	786.7	-	786.7
Profit before interest and taxation, before share of profit after taxation of joint ventures and associates and before exceptional items **		**11.1**	(1.5)	**9.6**	17.7	(1.6)	16.1
Share of profit after taxation of joint ventures and associates	15	**2.6**	-	2.6	2 .0	-	2.0
Profit before interest and taxation		**13.7**	(1.5)	**12.2**	19.7	(1.6)	18.1
Exceptional items	7	**(4.4)**	-	**(4.4)**	(2.7)	-	(2.7)
Profit before interest and taxation	6	**9.3**	(1.5)	**7.8**	17.0	(1.6)	15.4
Net interest payable and similar charges	8	**(1.9)**	-	**(1.9)**	(1.4)	-	(1.4)
Net other finance charge	9	**-**	(7.1)	**(7.1)**	(0.2)	(9.8)	(10.0)
Profit/(loss) before taxation		**7.4**	(8.6)	**(1.2)**	15.4	(11.4)	4.0
Tax on profit	12	**(3.9)**	1.6	**(2.3)**	(4.2)	2.2	(2.0)
Profit/(loss) after taxation		**3.5**	(7.0)	**(3.5)**	11.2	(9.2)	2.0

The notes on pages 46 to 74 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 2021

	Note	2021 £m	2020 £m
(Loss)/profit for the financial year		**(3.5)**	2.0
Revaluation of freehold and long leasehold land and buildings		**9.1**	6.6
Actuarial gain/(loss) recognised on Group pension schemes	24	**148.1**	(98.5)
Deferred tax relating to actuarial (gain)/loss on Group pension schemes		**(28.1)**	12.1
Effect of change in tax rate on deferred tax relating to Group pension schemes		**28.7**	9.4
Other pension related movements		**(3.0)**	-
Movement in unrecognised asset relating to Group pension schemes		**-**	1.3
Movement in unrecognised deferred tax asset relating to Group pension schemes		**20.1**	-
Actuarial gain/(loss) recognised on joint venture pension schemes		**0.5**	(0.3)
Currency translation differences		**(2.6)**	1.9
Change in value of hedging instrument		**-**	(0.5)
Deferred tax relating to change in value of hedging instrument		**-**	0.1
Other comprehensive income/(expense) for the year		**172.8**	(67.9)
Total comprehensive income/(expense) for the year		**169.3**	(65.9)
(Loss)/profit for the financial year attributable to:			
Non-controlling interest		**0.1**	0.2
Owners of the parent Company		**(3.6)**	1.8
		(3.5)	2.0
Total comprehensive income/(expense) attributable to:			
Non-controlling interest		**0.1**	0.2
Owners of the parent Company		**169.2**	(66.1)
		169.3	(65.9)

Consolidated Balance Sheet

As at 31 December 2021

	Note	2021 £m	2021 £m	2020 £m	2020 £m
Fixed assets					
Intangible assets	13		**13.0**		13.7
Tangible assets	14		**78.4**		67.5
Investments	15		**26.3**		26.6
			117.7		107.8
Current assets					
Stocks	16	**105.4**		91.6	
Debtors: amounts falling due after more than one year	17	**140.1**		119.4	
Debtors: amounts falling due within one year	17	**143.2**		132.8	
Cash at bank and in hand		**57.7**		80.4	
		446.4		424.2	
Creditors: amounts falling due within one year	18	**(243.9)**		(236.1)	
Net current assets			**202.5**		188.1
Total assets less current liabilities			**320.2**		295.9
Creditors: amounts falling due after more than one year	19		**(42.3)**		(35.6)
Provisions for liabilities	23		**(16.2)**		(13.5)
Net assets excluding pension liability			**261.7**		246.8
Pension liability	24		**(420.6)**		(575.0)
Net liabilities			**(158.9)**		(328.2)
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		**39.3**		35.7
Profit and loss account	27		**(215.1)**		(380.7)
Total shareholders' deficit			**(159.5)**		(328.7)
Non-controlling interests			**0.6**		0 .5
Total equity			**(158.9)**		(328.2)

The financial statements were approved and authorised for issue by the Board on 20 July 2022.

John Neill CBE
Chairman & Group Chief Executive

Darren Leigh
Group Chief Financial Officer and Chief Risk Officer

Company number: 01994997

Company Balance Sheet

As at 31 December 2021

	Note	2021 £m	2021 £m	2020 £m	2020 £m
Fixed assets					
Intangible assets	13		**1.2**		0.1
Investments	15		**41.6**		41.6
			42.8		41.7
Current assets					
Debtors: amounts falling due after more than one year	17	**28.5**		25.0	
Debtors: amounts falling due within one year	17	**20.2**		21.4	
Cash at bank and in hand		**3.6**		6.4	
		52.3		52.8	
Creditors: amounts falling due within one year	18	**(3.9)**		(1.0)	
Net current assets			**48.4**		51.8
Total assets less current liabilities			**91.2**		93.5
Creditors: amounts falling due after more than one year	19		**(0.6)**		(0.2)
Net assets excluding pension liability			**90.6**		93.3
Pension liability	24		**(40.4)**		(55.7)
Net assets			**50.2**		37.6
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		**33.9**		21.3
Total shareholders' funds			**50.2**		37.6

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 £nil (2020: £5.4m) and the Company's other comprehensive income for the financial year was £12.6m (2020: expense of £(4.8)m).

The financial statements were approved and authorised for issue by the Board on 20 July 2022.

John Neill CBE
Chairman & Group Chief Executive

Darren Leigh
Group Chief Financial Officer and Chief Risk Officer

Company number: 01994997

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

	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 2021	0.4	4.4	11.5	35.7	(380.7)	**(328.7)**	0.5	**(328.2)**
(Loss)/profit for the financial year	-	-	-	-	(3.6)	**(3.6)**	0.1	**(3.5)**
Other comprehensive income for the year	-	-	-	9.1	163.7	**172.8**	-	**172.8**
Dividends paid to non-controlling interests	-	-	-	-	-	**-**	-	**-**
Transfer between reserves	-	-	-	(5.5)	5.5	**-**	-	**-**
As at 31 December 2021	0.4	4.4	11.5	39.3	(215.1)	**(159.5)**	0.6	**(158.9)**

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)**

Company Statement of Changes in Equity

For the year ended 31 December 2021

	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 2021	**0.4**	**4.4**	**11.5**	**21.3**	**37.6**
Profit for the financial year	**-**	**-**	**-**	**-**	**-**
Other comprehensive income for the year	**-**	**-**	**-**	**12.6**	**12.6**
As at 31 December 2021	**0.4**	**4.4**	**11.5**	**33.9**	**50.2**

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**

Consolidated Cash Flow Statement

For the year ended 31 December 2021

	Note	2021 £m	2020 £m
Net cash (used in)/generated from operating activities	28	**(23.0)**	41.5
Taxation paid		**(4.3)**	(3.9)
Net cash (used in)/generated from operating activities after taxation		**(27.3)**	37.6
Cash flow from investing activities			
Acquisition of businesses		**-**	(2.7)
Acquisition of intangible assets	13	**(1.4)**	-
Purchase of tangible assets	14	**(6.7)**	(5.5)
Dividends received from joint ventures and associates	15	**3.3**	4.3
Interest received	8	**0.1**	0.3
Net cash used in investing activities		**(4.7)**	(3.6)
Cash flow generated from/(used in) financing activities			
Receipts from debt		**18.2**	9.5
Repayments of debt		**(5.4)**	(22.4)
Interest paid		**(2.0)**	(2.0)
Dividends paid to minority interests		**-**	(0.2)
Net cash generated from/(used in) financing activities		**10.8**	(15.1)

Net (decrease)/increase in cash and cash equivalents		**(21.2)**	18.9
Cash and cash equivalents at 1 January	28	**65.8**	46.1
Exchange (losses)/gains on cash and cash equivalents	28	**(1.4)**	0.8
Cash and cash equivalents at 31 December	28	**43.2**	65.8
Cash and cash equivalents consists of:			
Cash at bank and in hand	28	**57.7**	80.4
Bank overdrafts	20, 28	**(14.5)**	(14.6)
Cash and cash equivalents	28	**43.2**	65.8

Notes to the Financial Statements

For the year ended 31 December 2021

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 financial statements, the Company 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 Company's performance in the coming financial year. The financial resilience tests take into account the significant long-term borrowing facilities available for the Company and the Group, 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 Directors are of the view that the Company and Group will have sufficient headroom available to finance both the ongoing activities of the Company 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, 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 cash flows 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.

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 is 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 five and ten 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
Freehold land and buildings	-	35 to 50 years
Long leasehold land and buildings	-	35 to 50 years
Short leasehold land and buildings	-	Over the lease term
Plant and machinery	-	One to 15 years

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. Accounting policies (continued)

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 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. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

3.16 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.

3.17 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.

3.18 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.

3.19 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.

3.20 Government grants

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

3.21 Foreign currency

Monetary assets and liabilities denominated in foreign currencies are translated into sterling rates of exchange prevailing at the Balance Sheet date. Transactions in foreign currencies are translated into sterling at the rate prevailing 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.

3.22 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 five and twenty 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.

3.23 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 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 tangible and intangible fixed 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 the 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 economic environment (being the impact of the war in Ukraine on energy and commodity prices, the impact of inflation of raw material and labour costs and the ongoing impact of Covid-19 on worldwide supply chains) might have on the global and domestic economies the Company and Group operates in and its potential impact on the Group. In arriving at this judgment, projections have been prepared to model the financial resilience of the Company and Group to various scenarios resulting from a downturn triggered by the economic environment. The projections, and the choice of the severe but plausible downside scenarios applied to these projections, themselves require judgment and estimates regarding the potential impact that the Covid-19 pandemic will have on the Company's and Group's profit and cash flow.

In addition, the directors have applied judgment in considering whether the impact of the material uncertainty relating to going concern reported in a subsidiary sub-group (the Unipart Rail business headed by Unipart Rail Holdings Limited and substantially relating to Unipart Rail Limited) would be significant enough to impact the overall going concern assessment for the Company and Group. The Rail sub-group has separate financing facilities, which have no recourse onto the wider Unipart Group, and operates independently in terms of day-to-day trade and operations. Whilst there are some head office shared functions, the contribution of the Rail sub-group to their cost is immaterial. There is limited indebtedness between the Unipart Rail sub-group and the rest of the Unipart Group and there are no projected cash flows (i.e. dividends) from the Rail sub-group to the wider Unipart Group in the next 18 months. There are also no contractual or other such commitments which would have a resource onto the wider Unipart Group which would be required to be factored into the forecasted cash flows for the period up to 30 September 2023. For these reasons, the judgement of the directors is that the reported uncertainty in the Rail sub-group would not impact the ability of the Group to continue to operate as a going concern and therefore the directors have not identified a material uncertainty at both the Company and Group.

The results of these financial resilience tests and assessments, and the mitigating actions that are available provide a reasonable expectation that the Company and 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 the impact of the current economic environment, they do not lead the directors to consider that there are material uncertainties which cast significant doubt over the Company's and 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 and former 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 stocks.

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:

	2021 £m	2020 £m
Sale of goods	**372.1**	419.3
Provision of services	**449.5**	367.4
Statutory Group turnover	**821.6**	786.7
Share of joint ventures (i)	**27.5**	26.8
Share of associates (i)	**59.8**	68.4
Total turnover (including joint ventures and associates)	**908.9**	881.9

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 34).

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

	2021 £m	2020 £m
United Kingdom	**536.8**	520.8
Rest of Europe	**159.7**	154.2
Rest of World	**125.1**	111.7
	821.6	786.7

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

6. Profit before interest and taxation

	Note	2021 £m	2020 £m
Group turnover		**821.6**	786.7
Cost of sales		**(667.9)**	(637.7)
Gross profit		**153.7**	149.0
Distribution costs		**(35.1)**	(34.5)
Administration expenses		**(111.7)**	(106.8)
Other operating income		**2.7**	8.4
Profit before interest and taxation, before share of profit after taxation of joint ventures and associates and before exceptional items		**9.6**	16.1
Share of profit after taxation of joint ventures and associates		**2.6**	2.0
Exceptional items	7	**(4.4)**	(2.7)
Profit before interest and taxation		**7.8**	15.4

Total administration expenses, including exceptionals, are £113.4m (2020: £101.1m). Profit before interest and tax includes £1.5m (2020: £1.6m) of defined benefit costs.

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

	2021 £m	2020 £m
Depreciation of tangible fixed assets	**3.8**	4.4
Amortisation of intangible assets, including goodwill	**1.8**	1.3
Amount of stock expensed	**215.0**	214.1
Operating lease rentals	**42.8**	34.1
Government grants	**(1.2)**	(7.1)
Sublet income from land and buildings	**(2.2)**	(2.2)
Loss on disposal of fixed assets	**-**	0.1
Impairment of trade receivables	**0.2**	1.2
Foreign exchange losses	**1.6**	0.7

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

	2021 £m	2020 £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	**0.4**	0.5
Taxation compliance services	**-**	0.2
Taxation advisory services	**-**	0.1
Other non-audit services	**-**	0.1

Non-audit services include £1,200 (2020: £1,200) for a subscription related service.

7. Exceptional items

An exceptional charge of £4.4m (2020: £2.7m) has been reported in the Consolidated Profit and Loss Account. This charge relates to the restructuring of certain operations enabling the Group to respond better to market needs. This restructuring will allow the Group to effectively pursue its strategy of international growth and new product innovation, whilst remaining competitive in the UK.

8. Net interest payable and similar charges

	2021 £m	2020 £m
Interest payable and similar charges		
Bank loan interest payable	**1.5**	1.2
Finance lease interest	**-**	0.1
Amortisation of issue costs on bank facilities	**0.3**	0.3
Other interest payable	**0.2**	0.1
	2.0	1.7
Interest receivable and similar income	**(0.1)**	(0.3)
Net interest payable	**1.9**	1.4

9. Net other finance charge

	Note	**2021 £m**	2020 £m
Net finance charge on pension schemes	24	**7.1**	9.8
Unwinding of discounting of provisions	23	**-**	0.2
Net other finance charge		**7.1**	10.0

Total finance costs are £9.0m (2020: £11.4m).

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

10. Employees

Staff costs were as follows:

	2021 £m	2020 £m
Wages and salaries	**213.6**	206.1
Social security costs	**22.5**	22.3
Other pension costs	**10.0**	8.8
	246.1	237.2

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:

	2021 No.	2020 No.
Direct labour	**3,492**	3,490
Indirect labour	**2,025**	2,066
Sales, marketing and administration	**1,359**	1,320
	6,876	6,876

The monthly average number of employees including directors in the Company during the year was 3 (2020: 3), with staff costs of £2.2m (2020: £1.7m).

11. Directors' emoluments

The aggregate emoluments of the Directors during the year totalled £2,678,737 (2020: £2,608,173). During the year, retirement benefits were accruing to no Directors (2020: two) in respect of a defined contribution pension scheme. Aggregate emoluments include compensation for loss of office for one Director (2020: one). No Directors (2020: none) accrued retirement benefits under a defined benefit scheme. The highest paid Director received aggregate emoluments during the year of £1,358,270 (2020: £1,033,413).

Also included in aggregate emoluments were fees of £129,051 (2020: £114,493), which were paid in the year in respect of the two Non-Executive Directors who served during the year (2020: two).

The aggregate emoluments of key management personnel during the year totalled £6,961,805 (2020: £5,888,914).

In April 2020, the highest paid Director, along with his direct reports, took a 20% pay reduction, reflecting the uncertainties caused at the start of the global pandemic. This was repaid during 2021 once those uncertainties had reduced and the financial impact on the Group had become clearer.

12. Tax on profit on ordinary activities

	2021 £m	2020 £m
Analysis of tax charge in the year		
Current tax		
UK corporation tax (credit)/charge on (loss)/profit for the year	**(0.2)**	0.3
Adjustments in respect of prior years	**(0.1)**	-
	(0.3)	0.3
Foreign corporation tax	**3.9**	4.6
Total current tax	**3.6**	4.9
Deferred tax		
Origination and reversal of timing differences	**0.7**	(0.4)
Effect of change in tax rates	**(2.5)**	(1.7)
Adjustments in respect of prior years	**0.5**	(0.8)
Total deferred tax	**(1.3)**	(2.9)
Tax on (loss)/profit	**2.3**	2.0

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020: higher than) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £m	2020 £m
(Loss)/profit before taxation	**(1.2)**	4.0
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	**(0.2)**	0.8
Effects of:		
Expenses not deductible for tax purposes	**0.5**	0.7
Adjustments in respect of prior years	**0.4**	(0.8)
Effect of foreign taxation rates	**1.5**	1.3
Share of joint ventures' and associates' tax reported within profit on ordinary activities	**(0.2)**	(0.2)
Non-taxable income	**-**	(0.1)
Effects of changes in tax rates	**(2.5)**	(1.4)
Other timing differences	**(0.3)**	(0.4)
Deferred tax not recognised	**3.3**	2.2
Utilisation of tax losses	**(0.2)**	(0.1)
Total tax charge for the year	**2.3**	2.0

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 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining reducing at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the Balance Sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

13. Intangible assets

Group

	Goodwill £m	Licences/Other £m	Total £m
Cost			
At 1 January 2021	38.0	1.0	**39.0**
Additions	-	1.4	**1.4**
Transfer from tangible assets	-	0.2	**0.2**
Reassessment of deferred consideration	(0.5)	-	**(0.5)**
At 31 December 2021	**37.5**	**2.6**	**40.1**
Accumulated amortisation			
At 1 January 2021	24.5	0.8	**25.3**
Charge for the year	1.7	0.1	**1.8**
At 31 December 2021	**26.2**	**0.9**	**27.1**
Net book value			
At 31 December 2021	**11.3**	**1.7**	**13.0**
At 31 December 2020	13.5	0.2	13.7

Company

	Licences/Other £m
Cost	
At 1 January 2021	0.1
Additions	1.1
At 31 December 2021	**1.2**
Net book value	
At 31 December 2021	**1.2**
At 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 2021	5.8	42.9	6.2	3.6	55.3	**113.8**
Additions	-	1.5	0.5	0.1	4.6	**6.7**
Disposals	-	-	-	-	(1.7)	**(1.7)**
Transfer to intangible assets	-	-	-	-	(0.2)	**(0.2)**
Revaluations	-	8.0	1.0	-	-	**9.0**
Foreign exchange	-	(0.5)	(0.3)	-	(0.8)	**(1.6)**
At 31 December 2021	**5.8**	**51.9**	**7.4**	**3.7**	**57.2**	**126.0**
Accumulated depreciation						
At 1 January 2021	-	0.8	-	3.0	42.5	**46.3**
Charge for the year	-	0.1	0.2	0.2	3.3	**3.8**
Disposals	-	-	-	-	(1.7)	**(1.7)**
Revaluations	-	-	(0.1)	-	-	**(0.1)**
Transfer	-	(0.3)	-	-	0.3	**-**
Foreign exchange	-	-	(0.1)	-	(0.6)	**(0.7)**
At 31 December 2021	**-**	**0.6**	**-**	**3.2**	**43.8**	**47.6**
Net book value						
At 31 December 2021	**5.8**	**51.3**	**7.4**	**0.5**	**13.4**	**78.4**
At 31 December 2020	5.8	42.1	6.2	0.6	12.8	67.5

Included within plant and machinery are assets held under finance leases with a cost of £2.5m (2020: £2.5m) and accumulated depreciation of £1.9m (2020: £1.6m).

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:

	2021 £m	2020 £m
Cost	**22.2**	20.2
Accumulated depreciation	**(7.5)**	(7.2)
Net book value	**14.7**	13.0

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

14. Tangible assets (continued)

Of the total revaluation reserve of £39.3m (2020: £35.7m), an amount of £37.8m (2020: £34.2m) relates to freehold and long leasehold land and buildings and an amount of £1.5m (2020: £1.5m) relates to investment properties.

At 31 December 2021, the portfolio of investment, freehold and long leasehold properties was revalued, on an open market basis, giving a total aggregate value of £64.5m (2020: £54.1m).

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 £nil (2020: £1.3m) are included within profit and loss and revaluation gains of £9.1m (2020: £6.6m) 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 £1.4m (2020: £1.1m) has been recognised.

15. Investments

Group

	Investments in joint ventures £m	Investments in associates £m	Total £m
Cost			
At 1 January 2021	11.7	14.9	**26.6**
Share of profits retained	0.2	2.4	**2.6**
Share of other comprehensive income	0.5	-	**0.5**
Dividends	(2.5)	(0.8)	**(3.3)**
Foreign exchange	0.1	(0.2)	**(0.1)**
At 31 December 2021	**10.0**	**16.3**	**26.3**
Net book value			
At 31 December 2021	**10.0**	**16.3**	**26.3**
At 31 December 2020	11.7	14.9	26.6

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 32.

Company

	Investments in subsidiary companies £m
Cost	
At 1 January and 31 December 2021	74.8
Impairment	
At 1 January and 31 December 2021	33.2
Net book value	
At 1 January and 31 December 2021	**41.6**

Details of the investments of the Company are shown in note 34.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

16. Stocks

	Group 2021 £m	Group 2020 £m
Raw materials and consumables	**9.8**	7.8
Work in progress	**3.5**	4.1
Finished goods and goods for resale	**92.1**	79.7
	105.4	91.6

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

Stocks are stated after provisions for impairment of £23.8m (2020: £21.8m).

The Company has £nil stocks (2020: £nil).

17. Debtors

	Note	Group 2021 £m	Group 2020 £m	Company 2021 £m	Company 2020 £m
Amounts falling due after more than one year					
Deferred tax	21	**130.5**	108.3	**21.2**	17.8
Other debtors		**9.6**	11.1	**7.3**	7.2
		140.1	119.4	**28.5**	25.0

	Note	Group 2021 £m	Group 2020 £m	Company 2021 £m	Company 2020 £m
Amounts falling due within one year					
Trade debtors		**104.8**	94.7	**-**	-
Amounts owed by Group undertakings		**-**	-	**18.3**	20.8
Amounts owed by joint ventures and associates	32	**0.3**	1.5	**0.3**	0.3
Corporation tax		**0.3**	0.3	**1.6**	-
Deferred tax	21	**0.4**	0.4	**-**	-
Other debtors		**7.3**	6.6	**-**	0.3
Prepayments and accrued income		**30.1**	29.3	**-**	-
		143.2	132.8	**20.2**	21.4

Trade debtors are stated after provisions for impairment of £7.7m (2020: £7.5m).

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 applicable reference rates.

18. Creditors: amounts falling due within one year

	Note	**Group 2021 £m**	Group 2020 £m	**Company 2021 £m**	Company 2020 £m
Bank loans and overdrafts	20	**42.9**	40.3	**-**	-
Trade creditors		**56.6**	56.7	**-**	-
Amounts owed to joint ventures and associates	32	**-**	0.2	**-**	-
Finance leases		**0.2**	0.4	**-**	-
Corporation tax		**0.6**	1.3	**-**	-
Other taxation and social security		**18.2**	29.1	**0.1**	-
Amounts owed to Group undertakings		**-**	-	**3.1**	-
Other creditors		**27.0**	22.4	**-**	-
Accruals and deferred income		**98.4**	85.7	**0.7**	1.0
		243.9	236.1	**3.9**	1.0

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 applicable reference rates.

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

	Note	**Group 2021 £m**	Group 2020 £m	**Company 2021 £m**	Company 2020 £m
Bank loans and overdrafts	20	**26.9**	17.8	**-**	-
Finance leases		**0.1**	0.3	**-**	-
Other creditors		**2.3**	4.1	**-**	-
Accruals and deferred income		**13.0**	13.4	**0.6**	0.2
		42.3	35.6	**0.6**	0.2

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 2021 £m	Group 2020 £m
Amounts falling due within one year		
Bank overdrafts	**(14.5)**	(14.6)
Bank loans	**(28.4)**	(25.7)
	(42.9)	(40.3)

	Group 2021 £m	Group 2020 £m
Amounts falling due between one and five years		
Bank loans and working capital facilities	**(26.1)**	(16.8)
	(26.1)	(16.8)

	Group 2021 £m	Group 2020 £m
Amounts falling due after more than five years		
Bank loans and working capital facilities	**(0.8)**	(1.0)
	(0.8)	(1.0)

The bank loans and overdrafts bear interest based on the applicable reference rate 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 (2020: £0.1m). The facility falling due in more than one year is stated net of unamortised issue costs of £nil (2020: £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 (2020: £40.0m) committed until March 2024, a working capital facility of up to €2.2m (2020: €3.0m) reviewed annually, a revolving facility of £30.0m (2020: £30.0m) committed until April 2024, a term loan of £6.5m (2020: £8.5m) repayable in quarterly instalments until April 2024, a term loan of €7.1m (2020: €1.1m) repayable in quarterly instalments until July 2026, a revolving loan of €10.0m (2020: €10.0m) renewable annually, and a term loan of €1.8m (2020: €2.0m) 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 £76.5m (2020: £78.5m) and €21.1m (2020: €16.1m).

During the year, the working capital facility of up to £40m was extended until March 2024.

21. Deferred tax

	Note	Group 2021 £m	Group 2020 £m	Company 2021 £m	Company 2020 £m
At 1 January		**107.2**	82.7	**17.8**	13.8
Amounts credited to the Profit and Loss Account		**1.3**	2.9	**3.1**	1.2
Amounts credited to the Statement of Comprehensive Income		**20.7**	21.6	**0.3**	2.8
At 31 December		**129.2**	107.2	**21.2**	17.8
Representing:					
Deferred tax asset included within debtors falling due within one year	17	**0.4**	0.4	**-**	-
Deferred tax asset included within debtors falling due in more than one year	17	**130.5**	108.3	**21.2**	17.8
Deferred tax liability included within creditors falling due within one year	23	**(1.7)**	(1.5)	**-**	-
		129.2	107.2	**21.2**	17.8

	Group 2021 £m	Group 2020 £m	Company 2021 £m	Company 2020 £m
Accelerated capital allowances	**12.2**	9.2	**-**	-
Trading losses and timing differences	**11.9**	8.8	**3.5**	2.1
Capital losses	**-**	-	**7.7**	4.9
Deferred tax asset relating to pension deficit	**105.1**	89.2	**10.0**	10.8
	129.2	107.2	**21.2**	17.8

The Group does not recognise an asset of £27.8m (2020: £20.0m) in respect of UK capital losses generated from disposals in previous years, 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 £nil (2020: £20.1m) relating to the pension deficit due to the uncertainty concerning the timescale of its recoverability.

The Company does not recognise an asset of £21.8m (2020: £17.0m) in respect of UK capital losses generated from disposals in previous years, 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 £nil (2020: £0.9m) relating to the pension deficit due to the uncertainty concerning the timescale of its recoverability.

For the year ended 31 December 2021

22. Financial instruments

The Group has the following financial instruments:

	Note	2021 £m	2020 £m
Financial assets that are debt instruments measured at amortised cost			
Trade debtors	17	**104.8**	94.7
Amounts owed by joint ventures and associates	17	**0.3**	1.5
Other debtors	17	**16.9**	17.7
		122.0	113.9

	Note	2021 £m	2020 £m
Financial liabilities measured at amortised cost			
Bank loans, overdrafts and working capital facilities	20	**69.8**	58.1
Finance leases	18, 19	**0.3**	0.7
Amounts owed to joint ventures and associates	18	**-**	0.2
Trade creditors	18	**56.6**	56.7
Accruals and deferred income	18, 19	**111.4**	99.1
Other creditors	18, 19	**29.3**	26.5
		267.4	241.3

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 2021, the oustanding contracts all matured within 12 months (2020: 12 months).

At 31 December 2021, the Group was committed: to sell JPY 50.0m at a fixed rate of ¥155.55:£1.

At 31 December 2020, the Group was committed: to buy USD 24.0m at fixed rates between $1.22247:€1 and $1.23138:€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.

23. Provisions for liabilities

Group

	Deferred tax liability (note 21) £m	Legal and product liability £m	Property £m	Total £m
At 1 January 2021	1.5	0.4	11.6	**13.5**
Charged in the year	0.2	2.2	3.0	**5.4**
Reversed in the year	-	-	(1.4)	**(1.4)**
Utilised in year	-	-	(1.3)	**(1.3)**
At 31 December 2021	**1.7**	**2.6**	**11.9**	**16.2**

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 financial statements, 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. 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 0.7% - 1.1% has been applied (2020: 0.0% - 0.8%).

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 2039. Total contributions to the defined benefit sections of these two schemes made in the year were £13.0m (2020: £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. During the year, these defined contribution sections were closed and transferred into the Legal and General Master Trust.

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 2020 by Aon Solutions UK 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 2021 for the purposes of FRS 102. Scheme assets are stated at their market value at 31 December 2021.

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

Total contributions made in the year to defined contribution schemes were £8.5m (2020: £7.2m).

24. Pension commitments (continued)

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

	2021	2020
Rate of general increase in salaries	**3.28%**	2.92%
Rate of increase in pensions in payment	**3.03%**	2.78%
Rate of increase in deferred pensions	**2.71%**	2.07%
RPI inflation rate	**3.28%**	2.92%
Discount rate	**1.88%**	1.25%

A review of mortality for scheme members was conducted in preparation for the actuarial valuations as at 31 December 2020 and the demographic assumptions used in assessing the FRS 102 liabilities reflect this review. For these schemes, the following life expectancies have been used:

	2021	2020
Retirement in this year for male pensioners at age 65	**21 years**	21 years
Retirement in 2040 for male pensioners at age 65	**22 years**	22 years
Retirement in this year for female pensioners at age 65	**23 years**	23 years
Retirement in 2040 for female pensioners at age 65	**24 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:

	2021 £m	2020 £m
Equities/absolute return funds	**71.0**	131.2
Government bonds	**133.3**	22.9
Corporate bonds	**157.3**	134.6
Property/infrastructure	**103.7**	93.7
Other	**195.8**	226.6
Total fair value of assets	**661.1**	609.0
Present value of funded pension plans' liabilities	**(1,081.7)**	(1,184.0)
Total deficit in plans	**(420.6)**	(575.0)

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 2021	(1,184.0)	609.0	(575.0)
Scheme administration costs	-	(0.9)	(0.9)
Current service cost	(0.6)	-	(0.6)
Interest (cost)/income	(14.6)	7.5	(7.1)
Contributions by members	(0.2)	0.2	-
Contributions by Group	-	14.9	14.9
Benefits paid	34.5	(34.5)	-
Actuarial gain	83.2	64.9	148.1
At 31 December 2021	**(1,081.7)**	**661.1**	**(420.6)**

Scheme assets include an interest in shares in the Company valued at £16.0m (2020: £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 £72.4m (2020: £30.6m).

The Consolidated Profit and Loss Account includes the following amounts:

	2021 £m	2020 £m
Current service cost	**(0.6)**	(0.8)
Scheme administration costs	**(0.9)**	(0.8)
Interest costs	**(7.1)**	(9.8)
	(8.6)	(11.4)

As explained in the Financial Review, using the best estimate discount rate of 3.8%, whilst maintaining all other assumptions, would have resulted in a reported pension deficit of just £144.8m, which would have meant net assets of £48.0m were reported in the Consolidated Balance Sheet.

Company

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

	2021 £m	2020 £m
Equities/absolute return funds	**8.8**	5.9
Government bonds	**16.4**	-
Corporate bonds	**28.8**	10.0
Property/infrastructure	**22.0**	20.4
Other	**19.6**	50.0
Total fair value of assets	**95.6**	86.3
Present value of funded pension plan's liabilities	**(136.0)**	(142.0)
Total deficit in plan	**(40.4)**	(55.7)

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 2021	(142.0)	86.3	(55.7)
Scheme administration costs	-	(0.1)	(0.1)
Interest (cost)/income	(1.7)	1.0	(0.7)
Contributions by Company	-	4.0	4.0
Benefits paid	5.4	(5.4)	-
Actuarial gain	2.3	9.8	12.1
At 31 December 2021	**(136.0)**	**95.6**	**(40.4)**

Scheme assets include an interest in shares in the Company valued at £3.8m (2020: £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 £10.8m (2020: £3.1m).

The Company Profit and Loss Account includes the following amounts:

	2021 £m	2020 £m
Scheme administration costs	**(0.1)**	(0.1)
Interest costs	**(0.7)**	(1.1)
	(0.8)	(1.2)

Total contributions made by the Company in the year to defined contribution sections of the Company's schemes were £nil (2020: £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

	2021 £m	2020 £m
74.3 million (2020: 73.7 million) 'A' Ordinary shares of ½p each	**0.4**	0.4
5.6 million (2020: 5.6 million) 'D' Ordinary shares of ½p each	**-**	-
1.7 million (2020: 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.

26. Share option schemes

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

During the prior year, all remaining share options lapsed.

27. Reserves

Share premium account

The share premium account represents amounts received above par value in return for shares in 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

The 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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

28. Notes to the cash flow statement

	2021 £m	2020 £m
(Loss)/profit after taxation	**(3.5)**	2.0
Adjustments for:		
- Tax on profit	**2.3**	2.0
- Net interest expense	**9.0**	11.4
- Exceptional items	**4.4**	2.7
- Income from interests in associated undertakings	**(2.6)**	(2.0)
Profit before interest and taxation, before share of profit after taxation of joint ventures and associates and before exceptional items	**9.6**	**16.1**
Amortisation of intangible assets	**1.8**	1.3
Depreciation of tangible assets	**3.8**	4.4
Loss on disposal of tangible assets	**-**	0.1
Gain on revaluation of property	**-**	(1.3)
Working capital movements:		
- (Increase)/decrease in stock	**(15.2)**	7.6
- (Increase)/decrease in debtors	**(11.2)**	28.4
- Increase in creditors	**3.0**	8.9
- Increase/(decrease) in provisions	**2.3**	(6.8)
Cash relating to exceptional items	**(4.4)**	(2.7)
Difference between pension service charge and cash contributions	**(13.4)**	(13.4)
Unrealised foreign currency gains and losses	**0.7**	(1.1)
Net cash (used in)/generated from operating activities	**(23.0)**	**41.5**

Total defined benefit contributions in the year were £14.9m (2020: £15.0m).

Analysis of changes in net (debt)/cash	1 January 2021 £m	Cash flow £m	Non-cash movement £m	31 December 2021 £m
Cash at bank and in hand	80.4	(21.2)	(1.5)	**57.7**
Bank overdrafts	(14.6)	-	0.1	**(14.5)**
Cash and cash equivalents	**65.8**	**(21.2)**	**(1.4)**	**43.2**
Debt:				
Finance leases	(0.7)	0.4	-	**(0.3)**
Debts due within one year	(25.7)	(3.5)	0.8	**(28.4)**
Debts falling due after more than one year	(17.8)	(9.3)	0.2	**(26.9)**
Total debt excluding cash and overdrafts	**(44.2)**	**(12.4)**	**1.0**	**(55.6)**
Net (debt)/cash	**21.6**	**(33.6)**	**(0.4)**	**(12.4)**

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

29. Capital commitments

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

	2021 £m	2020 £m
Contracted as at the year end but not provided for in the financial statements	**-**	1.4

30. Financial commitments

	Group 2021 £m	Group 2020 £m	Company 2021 £m	Company 2020 £m
Guarantees for export trading and loan facilities	**1.2**	1.4	**-**	-

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 2021 was £16.5m (2020: £1.7m).

31. Operating lease commitments

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

	2021 £m	2020 £m
Expiry date		
Within 1 year	**32.6**	32.0
Between 2 and 5 years	**72.5**	69.7
After more than 5 years	**21.6**	29.5

The Company had no operating lease commitments at 31 December 2021 (2020: £nil).

32. 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	2021 £m	2020 £m
Entities over which the Group has joint control or significant influence			
Sales to related parties		**5.3**	8.6
Purchases from related parties		**0.2**	1.7
Payments made on behalf of related parties		**8.3**	10.1
Balances due from related parties	17	**0.3**	1.5
Balances owed to related parties	18	**-**	0.2
Dividends from related parties		**3.4**	4.3

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.

33. 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 3.44% pa and inflation rate of 3.36% 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 £226.6m lower at £194.0m.

On 29 March 2022, the 2 main pension schemes satisfactorily completed their 2020 triennial actuarial valuations before the end of the 15 month statutory deadline. As part of these valuations, the Group has agreed affordable schedules of contributions that run until 2039 based on its latest financial projections. This positive agreement constitutes a non-adjusting post balance sheet event.

The Group continues to monitor the devastating impact of the conflict in Ukraine, which constitutes a non-adjusting post balance sheet event. Whilst the Group does not have any operations in Ukraine or Russia, the indirect impact of energy inflation, product supply and sanctions is likely to have a knock-on effect on the Group, just as it will be impacting virtually all global businesses at this period of time.

On 1 July 2022, the Group disposed of a property for £40.0m which is reported within freehold investment properties at the balance sheet date at a value of £5.1m. The negotiations around this disposal commenced after the balance sheet date and the increase in value represents particular circumstances that would not have been included in the valuations prepared by Cushman and Wakefield. Therefore the increase in value and the profit realised on disposal of this property represent a non-adjusting post balance sheet event.

34. Group undertakings

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 shares.

Distribution and logistics management	
Europe and the Middle East	
Van Wezel Austria GmbH *Schloßmühlstraße 15b, 2320 Schwechat, Austria*	Austria
Serck Services (Bahrain) EC *PO Box 3214, Manama, Bahrain*	Bahrain
Unipart NV *Soldatenplein Z2, Industriepark 33, 3300 Tienen, Belgium*	Belgium
Van Wezel Autoparts NV *Soldatenplein Z2, Industriepark 33, 3300 Tienen, Belgium*	Belgium
Unipart Logistics s.r.o. *Václavské náměstí 808/66, Nové Město, 110 00 Praha 1, Czech Republic*	Czech Republic
Comms Design Limited *	England
Instrumentel Limited (87%) *	England
Park Signalling Limited *	England
Samuel James Engineering Limited *	England
Unipart Accelerated Logistics Limited *	England
Unipart Exports Limited *	England
Unipart Group Limited * (i)	England
Unipart Logistics Limited *	England
Unipart North America Limited *	England
Unipart Rail Limited *	England
Unipart Security Solutions Limited *	England
Westcode (U.K.) Limited *	England
Unipart DCM Service GmbH [in liquidation] *Stockstadter Str. 10, 63763 Grossostheim, Germany*	Germany
Van Wezel GmbH *Südfeld 7, 59174 Kamen, Germany*	Germany
HD Fleet Solutions B.V. *Koddeweg 10, 3194 DH Hoogvliet, Rotterdam, Netherlands*	Netherlands
Intertruck Benelux B.V. *Koddeweg 10, 3194 DH Hoogvliet, Rotterdam, Netherlands*	Netherlands
Van Wezel Nederland B.V. *Koddeweg 10, 3194 DH Hoogvliet, Rotterdam, Netherlands*	Netherlands
Serck Services (Oman) LLC (49%) (ii) *PO Box 1056, Ruwi 112, Sultanate of Oman*	Oman
Unipart Logistics (Single Shareholder) LLC *Integrated Logistics Bonded Zone, Building 8791, 105th Street, Riyadh, 13442 , Saudi Arabia*	Saudi Arabia
Unipart Services Spain, S.L. *Avenida del Sistema Solar, 19, Nave 5 y 6, San Fernando de Henares, 28830, Madrid, Spain*	Spain
Intertruck Holding Limited *Level 15 Rolex Tower, Sheikh Zayed Rd, Dubai, UAE*	UAE
Serck Services (Gulf) Limited (49%) (ii) *PO Box 5834, Sharjah, UAE*	UAE

Serck Services Company LLC (49%) (ii) *PO Box 4439, Abu Dhabi, UAE*	UAE

Africa, Americas and Rest of the World

S3 Technical Pty Ltd (75%) *111-113 Newton Road, Wetherill Park, NSW 2164, Australia*	Australia
Unipart Group Australia Pty Limited *111-113 Newton Road, Wetherill Park, NSW 2164, Australia*	Australia
Unipart Services Canada Inc *400-725 Granville Street, PO Box 10325, Vancouver BC V7Y 1GS, Canada*	Canada
Unipart Logistics (Suzhou) Trading Co., Limited *No.88 Xian Dai Avenue, Suzhou Industrial Park, China*	China
Unipart (Suzhou) Logistics Co., Limited *Room 901, 9th Floor, Xian Dai Logistics Tower, No.88 Xian Dai Avenue, Suzhou Industrial Park, China*	China
Unipart Services India Private Limited *Office No. 224, Sector 30-A, Platinum Techno Park, Vashi, Navi Mumbai - 400703, Maharashtra, India*	India
Unipart Kabushiki Kaisha *6F Seifun-Kaikan, 15-6 Nihonbashi-Kabutocho, Chuo-ku, Tokyo, 103-0026, Japan*	Japan
Intertruck Africa Limited *1/1228 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 Lumpar, Malaysia*	Malaysia
Unipart Rail Malaysia Sdn Bhd *Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No.1, Leboh Ampang, 50100 Kuala Lumpar, Malaysia*	Malaysia
UL Logistics (Pty) Ltd *30 Helium Road, Rosslyn, Gauteng, South Africa, 0200*	South Africa
Unipart Korea Yuhan Hoesa *4F The Exchange Seoul Bldg., 21 Mukyo-ro, Jung-gu, Seoul 100-722, Korea*	South Korea
Serck Services, Inc. *5501 Pearl Street, Denver, CO 80216, USA*	USA
Unipart Services America Inc. *1209 Orange Street, Wilmington, DE 19801, USA*	USA
Westcode Inc. *Wilmington-West Chester Pike 223, Suite 105, 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
Serck Services UK Limited *	England
Unipart Powertrain Applications Limited *	England

Group vehicle and property holding companies

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

Intermediate holding companies

UGC(2015) Limited * (i)	England
Unipart Advanced Manufacturing Limited *	England
Unipart Group Holdings Limited * (i)	England
Unipart International Holdings Limited *	England
Unipart Manufacturing Limited *	England
Unipart Rail Holdings Limited * (i)	England
UGC Holdings B.V. *Koddeweg 10, 3194 DH Hoogvliet, Rotterdam, Netherlands*	Netherlands
UNV Invest B.V. *Koddeweg 10, 3194 DH Hoogvliet, Rotterdam, Netherlands*	Netherlands
Unipart Rail Holdings (North America) Inc. *1209 Orange Street, Wilmington, DE 19801, USA*	USA

(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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

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, s.r.o. (29%) *Dělostřelecká 190/19, Střešovice 162 00 Praha 6, Czech Republic*	Czech Republic
Enerail Limited (34.48%) *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*	Saudi Arabia

Manufacturing and engineering solutions	
Hyperbat Limited *	England
Kautex Unipart Limited *	England

Non-trading subsidiaries and associates

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

Dorman Traffic Products Limited *	England
Dorman Traffic Products Pension Trustees Limited *	England
EW (Holdings) Limited *Chiltern House, Oxford Road, Garsington Road, Cowley, Oxford, OX4 2PG, England*	England
H.Burden Pension Trustees Limited * (i)	England
HCSU10 Limited (i) *Chiltern House, Oxford Road, Garsington Road, Cowley, Oxford, OX4 2PG, England*	England
HCSU13 Limited *Chiltern House, Oxford Road, Garsington Road, Cowley, Oxford, OX4 2PG, England*	England
HCSU16 Limited *Chiltern House, Oxford Road, Garsington Road, Cowley, Oxford, OX4 2PG, England*	England
HCSU17 Limited *Chiltern House, Oxford Road, Garsington Road, Cowley, Oxford, OX4 2PG, England*	England
HCSU29 Limited [in liquidation] *2nd Floor 110 Cannon Street, London, EC4N 6EU*	England
Key Fasteners Limited *	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
Truck & Trailer Components Limited *	England
Truckparts Limited *	England
UGC JV Pension Trustees Limited * (i)	England
UGC Pension Trustees Limited * (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 Shareholdings Limited 1st Floor, Sixty Circular Road, Douglas, IM1 1AE, Isle of Man	Isle of Man
UGC GP Scotland Limited (i) *50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, Scotland*	Scotland
UGC Pension Funding LP (ii) *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.

UNIPART GROUP

MANUFACTURING · LOGISTICS · CONSULTANCY