Registered number
6911073

Delphi (UK) Holdings Limited

Consolidated Report and Accounts and Company Report and Accounts

31 December 2011

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Consolidated Report and Accounts

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Delphi (UK) Holdings Limited
Report and accounts
Contents

Delphi (UK) Holdings Limited
Registered number: 6911073
Directors' Report

The directors present their report and audited financial statements for the Delphi (UK) Holdings Limited consolidated group for the year ended 31 December 2011

Principal activities and review of the business
Delphi (UK) Holdings Limited ("the company") operates as a holding company for the UK subsidiaries of Delphi The principal activity of the group is the manufacture of automotive parts and components for sale to the motor industry and subsequent aftercare market

We have reported separately on the parent company financial statements of Delphi (UK) Holdings Limited for the year ended 31 December 2011

On 7 May 2011 the company acquired the entire share capital of Radclive Holdings Limited Radclive Holdings Limited operates as a holding company for Hartridge Limited The principal activity of the group is the design, manufacture and sale of test equipment for testing diesel fuel injection equipment mainly to the automotive market

In 2010 an announcement was made regarding the planned cessation of manufacturing in Liverpool, by Delphi Electronics Overseas Company Limited, in 2011 As a result, the accounts were impacted by a £19 8m charge for restructuring costs in 2010 In 2011 there was a restructuring credit posted of £2 3m The Liverpool manufacturing facility ceased production in June 2012 resulting in approximately 180 people being made redundant The Liverpool manufacturing business was sold to the Delphi Szombathely plant based in Hungary in December 2011 for an initial purchase price of £3 0 million in December 2011 As a result of the business closure, the financial statements have been updated to reflect the continuing and discontinued operations of the entity

Profit on ordinary activities before taxation for the year was £65,857,000 (2010 £23,091,000)

The consolidated balance sheet on page 7 shows net assets of £213,462,000 (2010 £205,310,000) Net current assets are £195,420,000 (2010 £157,880,000)

During 2011 the company did not pay any dividends (2010 nil)

The performance of the Delphi UK companies, which are included in this group, is discussed in the individual accounts of those companies, which do not form part of this report

Going concern
The financial statements have been prepared on a going concern basis which assumes the group will continue in operational existence for the foreseeable future

The directors have reviewed the forecasts for future trading and the forecast cash requirements and have confirmed that adequate financing is available to enable the group to meet its liabilities as they fall due

Research and development
The group maintains a level of investment commensurate with its objectives of meeting the needs of the market place and enhancing its competitive position

Financial risk management

The company does not use derivatives to manage its financial risk The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk Due to the nature of the company's business, and the assets and liabilities contained within the company's balance sheet, the only financial risk directors consider relevant to this company is credit risk This risk is mitigated by the company's credit controls policies

Directors

The directors who held office during the year were as follows

M C McGuire
J A Parsons
T Misniakiewicz
M T Conlon
A P Humphreys

None of the directors had any beneficial interests in any contract to which the Company was a party during the year No director had any interests in the share capital of this or any other group company during the year

Employees

Employee involvement is actively encouraged in all areas by the group and is seen as fundamental to the groups' continuing success Regular and open communications is carried out to encourage participation and update all employees on group objectives and progress towards them

Disabled employees

The group gives full consideration to the possibility of employing disabled persons wherever suitable opportunities exist

Political and charitable donations

Neither the company nor any of its subsidiaries made any disclosable political or charitable donations during the period

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

In accordance with s 485 of the Companies Act 2006, a resolution is to be proposed at the annual general meeting for reappointment of Ernst & Young LLP as auditor

Approved by the Board of Directors
and signed on behalf of the Board 5th November 2012

J A Parsons
Director

Delphi (UK) Holdings Limited
Directors' Responsibilities Statement

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to give a true and fair view of the state of affairs and of the profit or loss of the group for that period In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's transactions and disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Independent auditors' report
to the members of Delphi (UK) Holdings Limited

We have audited the financial statements of Delphi (UK) Holdings Limited for the year ended 31 December 2011 which comprise the Consolidated Profit and Loss Account, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses, and the related notes 1 to 28 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor
As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

Opinion on financial statements
In our opinion the financial statements
- give a true and fair view of the state of the group's affairs as at 31 December 2011 and its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Other matter
We have reported separately on the parent company financial statements of Delphi (UK) Holdings Limited for the year ended 31 December 2011

Steven Bagworth (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditors
Birmingham

Ernst & Young LLP

7 November 2012

Delphi (UK) Holdings Limited
Consolidated Profit and Loss Account
for the year ended 31 December 2011

	Notes	2011 £000's	2010 £000's
Turnover			
Continuing operations			
Ongoing	2	566,723	487,166
Acquisition	2	7,322	-
		574,045	487,166
Discontinued operations	2	65,462	43,252
Total Turnover		639,507	530,418
Cost of sales			
Continuing operations		(401,706)	(354,733)
Discontinued operations		(54,314)	(38,791)
		(456,020)	(393,524)
Gross profit		183,487	136,894
Distribution costs		(10,492)	(8,453)
Administrative expenses		(156,568)	(120,699)
Other operating income		59,085	53,349
Operating profit			
Continuing operations			
Ongoing		64,361	51,994
Acquisition		1,137	-
	3	65,498	51,994
Discontinued operations		10,014	9,097
		10,014	9,097
Exceptional items			
Loss on disposal of plant and machinery	4	(167)	(146)
Profit on sale of trade and assets	4	1,141	-
Restructuring credit/(expense)	4	2,349	(19,820)
		3,323	(19,966)
		78,835	41,125
Interest income	7	9,547	7,399
Interest expense	8	(22,525)	(25,433)
Profit on ordinary activities before taxation		65,857	23,091
Tax (charge)/credit on profit on ordinary activities	9	(15,539)	1,631
Profit for the financial year		50,318	24,722

Delphi (UK) Holdings Limited
Consolidated Statement of Total Recognised Gains and Losses
for the year ended 31 December 2011

	Notes	2011 £000's	2010 £000's
Profit for the financial year		50,318	24,722
Actuarial (loss)/gain relating to retirement benefits	26	(48,812)	16,199
Tax charge relating to pension obligations	9	(2,975)	(2,595)
Reduction of deferred tax asset due to decrease in tax rate		(328)	(257)
Current tax relief for pension contributions		9,949	-
Total recognised gains and losses related to the year		8,152	38,069

Delphi (UK) Holdings Limited
Consolidated Balance Sheet
as at 31 December 2011

	Notes		2011 £000's		2010 £000's
Fixed assets					
Intangible assets	10		292,314		301,818
Tangible assets	12		108,930		109,400
			401,244		411,218
Current assets					
Stocks	13	71,781		59,488	
Debtors	14	315,841		249,232	
Cash at bank and in hand		2,591		26,620	
		390,213		335,340	
Creditors: amounts falling due within one year	15	(194,793)		(177,460)	
Net current assets			195,420		157,880
Total assets less current liabilities			596,664		569,098
Creditors: amounts falling due after more than one year	16		(262,189)		(246,421)
Provisions for liabilities					
Defined benefit pension liability	26		(112,340)		(112,540)
Other provisions	17		(8,673)		(4,827)
			(121,013)		(117,367)
Net assets			213,462		205,310
Capital and reserves					
Called up share capital	18		92,700		92,700
Share premium	19		92,700		92,700
Profit and loss account	20		28,062		19,910
Shareholder's funds	21		213,462		205,310

Approved by the Board of Directors
and signed on behalf of the Board 5th November 2012

J A Parsons J. P
Director
Registered number 6911073

Delphi (UK) Holdings Limited
Consolidated Cash Flow Statement
for the year ended 31 December 2011

	Notes	2011 £000's	2010 £000's
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		78,835	41,125
Depreciation, amortisation and impairment charges		35,639	36,031
Loss on sale of fixed assets		172	146
Increase in stocks		(10,913)	(17,620)
Increase in debtors		(61,178)	(53,649)
(Decrease)/increase in creditors		(42,184)	5,757
Other adjustments		-	13,347
Net cash inflow from operating activities		371	25,137

CASH FLOW STATEMENT

	Notes	2011 £000's	2010 £000's
Net cash inflow from operating activities		371	25,137
Returns on investments and servicing of finance	22	5,995	(3,042)
Taxation		(4,621)	1,870
Capital expenditure	22	(14,944)	(12,572)
Acquisitions and disposals	22	(9,465)	-
		(22,664)	11,393
Financing	22	(1,365)	-
(Decrease)/increase in cash in the year		(24,029)	11,393

Reconciliation of net cash flow to movement in net debt

	Notes	2011 £000's	2010 £000's
(Decrease)/increase in cash in the year		(24,029)	11,393
Non cash movements in net debt		(15,810)	(14,992)
Change in net debt	23	(39,839)	(3,599)
Net debt at beginning of year	23	(218,779)	(215,180)
Net debt at end of year		(258,618)	(218,779)

Delphi (UK) Holdings Limited
Notes to the Accounts
for the year ended 31 December 2011

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation
The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules

Going concern
The directors are of the view that the group has adequate resources to be able to meet its debts as they fall due for a period of at least 12 months from the date of approval of these financial statements Accordingly, they have concluded that the financial statements should be prepared on a going concern basis

Basis of consolidation
The consolidated financial statements include the financial statements of the company and its subsidiary undertakings The acquisition method of accounting has been adopted Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal

Goodwill
Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation in respect of acquisitions since 1 January 1998 is capitalised Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life, which is 20 years Provision is made for any impairment

Tangible fixed assets and depreciation
Fixed assets are recorded at cost on acquisition

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less the estimated residual value, of each asset on a straight line basis over their estimated useful economic lives, as follows

Freehold buildings	27-50 years
Leasehold land and buildings	life of lease
Plant and machinery	3 to 20 years
Capital tooling	3 to 5 years
Fixtures & fittings	8 to 15 years

Impairment of fixed assets, goodwill and income generating units ("IGUs")
The carrying amounts of the group's assets and IGUs are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable If any such indication exists, the asset's/IGU's recoverable amount is estimated

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount Impairment losses are recognised in the profit and loss account unless it arises on a previously revalued fixed asset An impairment loss on a revalued fixed asset is recognised in the profit and loss account if it is caused by a clear consumption of economic benefits Otherwise impairments are recognised in the statement of total recognised gains and losses until the carrying amount reaches the asset's depreciated historic cost

Impairment losses recognised in respect of income-generating units are allocated first to reduce the carrying amount of any goodwill allocated to income-generating units, then to any capitalised intangible asset and finally to the carrying amount of the tangible assets in the unit on a pro rata or more appropriate basis An income generating unit is the smallest identifiable group of assets that generates income that is largely independent of the income streams from other assets or groups of assets

Calculation of recoverable amount
The recoverable amount of fixed assets is the greater of their net realisable value and value in use In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs

Reversals of impairment
An impairment loss is reversed on intangible assets and goodwill only if subsequent external events reverse the effect of the original event which caused the recognition of the impairment or the loss arose on an intangible asset with a readily ascertainable market value and that market value has increased above the impaired carrying amount For other fixed assets where the recoverable amount increases as a result of a change in economic conditions or in the expected use of the asset then the resultant reversal of the impairment loss should be recognised in the current period

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised

Foreign currencies
Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

Warranty costs
Warranty costs are accrued against income based on anticipated liabilities calculated using historical experience arising on sales made

Leases
Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease

Post retirement benefits
Defined contribution scheme
The group operates a defined contribution pension scheme The assets of the scheme are held separately from those of the Group in an independently administered fund The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period

Defined benefit scheme
The cost of providing benefits under the defined benefit plans are determined using the projected unit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations), and are based on actuarial advice Past service costs are recognised in profit and loss on a straight line basis over the vesting period or immediately if the benefits have vested When a settlement or a curtailment occurs the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the profit and loss account Losses are measured at the date that the employer becomes demonstrably committed to the transaction and gains when all parties whose consent is required are irrevocably committed to the transaction

The interest element of the defined benefit cost represents the change in present value of scheme obligations resulting from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year The expected return on plan assets is based on an assessment made at the beginning of the year of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year The difference between the expected return on plan assets and the interest costs is recognised in the income statement as other finance income or expense

Actuarial gains and losses are recognised in full in the statement of recognised gains and losses in the period in which they occur

The defined benefit pension asset or liability in the balance sheet comprises the total of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds that have been rated at AA or equivalent status), less any past service cost not yet recognised and less the fair value of plan assets out of which the obligations are to be settled directly Fair value is based on market price information and in the case of quoted securities is the published mid-market price The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme

Research and development expenditure
Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred

Stocks and work in progress
Stocks and work in progress are valued at the lower of cost and net realisable value

Costs used in the valuation are based on a weighted average basis or a first in first out basis and include all costs incurred in bringing each product to its present location and condition, as follows

Raw materials and consumables	- purchase cost on a first-in, first-out basis
Finished goods	- cost of direct materials and attributable overheads based on a normal level of activity

Net realisable value is based on selling price less any further costs expected to be incurred to completion and disposal

Deferred taxation
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold,

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Classification of financial instruments issued by the group
Following the adoption of FRS 25, financial instruments issued by the group are treated as equity (i e forming part of shareholders' funds) only to the extent that they meet the following two conditions

a) they include no contractual obligations upon the company (or group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company (or group), and

b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds

Interest bearing borrowings
Immediately after issue debt is stated at the fair value of the consideration received on the issue of the capital instrument after deduction of issue costs The finance cost of the debt is allocated to periods over the term of the debt at a constant rate on the carrying amount

Turnover
Turnover is recognised to the extent that the company obtains the right to consideration in exchange for its performance Turnover is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty The following criteria must also be met before turnover is recognised

Sale of goods
Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods

Interest income
Interest income is recognised as interest accrues using the effective interest method

Dividends on shares presented within equity
Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements

2 Analysis of turnover

Turnover and loss before tax are derived from the group's principal activities, the supply of various automotive products and aftermarket automotive components Turnover is stated net of value added tax and discounts

By geographical market

	2011 £000's	2010 £000's
Continuing operations		
UK	149,942	137,654
Europe	304,153	245,552
Rest of world	119,950	103,960
	574,045	487,166
Discontinued operations		
UK	22,198	18,753
Europe	39,065	21,546
Rest of world	4,199	2,953
	65,462	43,252
Continuining operations		
Turnover from acquisition	7,322	-
Turnover from ongoing continuing operations	566,723	487,166
	574,045	487,166

3 Operating profit

	2011 £000's	2010 £000's
This is stated after charging		
Depreciation of owned fixed assets	16,758	16,887
Amortisation of goodwill	18,430	18,132
Research and development expenditure	48,137	31,910
Operating lease rentals - plant and machinery	1,089	1,091
Operating lease rentals - land buildings	1,231	1,323
Auditors' remuneration for audit of these financial statements	8	19
Auditors' remuneration for audit of financial statements of subsidiaries	316	254
Auditors' remuneration for other services	418	3

4 Exceptional items

	2011 £000's	2010 £000's
Loss on disposal of plant and machinery	(167)	(146)
Profit on sale of trade and assets	1,141	-
Restructuring credit/(expense)	2,349	(19,820)
	3,323	(19,966)

The restructuring costs in the prior year relate to the costs of closure of the manufacturing operations in Liverpool including redundancy costs and fixed assets write down, following the announcement of the closure in August 2010

The restructuring credit in the current year includes additional fixed asset write downs offset by adjustments to pension curtailments and other estimations made in the prior year redundancy provision calculation

On 31 December 2011 the group disposed ot its trade and assets to a fellow group company in Hungary The disposal is analysied as follows

	2011 £000's
Net assets disposed of	
Fixed assets	2,039
Warranty reserve	(200)
	1,839
Profit on sale of trade and assets	1,141
	2,980
Satisfied by	
Cash	3,180
Intercompany creditor	(200)
	2,980

As prescribed within the business transfer agreement the company has retained sufficient stock levels, at the request of the buyer, in order to continue production until the buyer is able to bring its own production on stream A final true-up exercise will be undertaken to assess the level of consideration that will be received for any surplus stock balances held by the company

5 Remuneration of directors

Directors emoluments for the year were £nil (2009 £nil), as the directors are remunerated by other Delphi companies The directors consider that the level of their qualifying services provided to this company is inconsequential

Directors of the company are paid via other group companies which are part of the consolidated results disclosed

6 Staff costs

	2011 £000's	2010 £000's
Wages and salaries	107,168	96,386
Social security costs	8,643	7,654
Other pension costs/(credit)	15,658	(900)
	131,469	103,140

Average number of employees during the year	**Number**	**Number**
Administration	1,398	1,357
Manufacturing	1,751	1,721
	3,149	3,078

7 Interest income

	2011 £000's	2010 £000's
Bank interest	3,331	2,559
Intercompany interest	6,194	4,673
Other interest	22	167
	9,547	7,399

8 Interest expense

	2011 £000's	2010 £000's
Bank loans and overdrafts	3,308	2,548
Intercompany interest	210	153
Net interest on pension plan assets and liabilities	3,163	7,515
Amortisation of loan note discount	15,810	14,992
Other interest	34	225
	22,525	25,433

Delphi (UK) Holdings Limited
Notes to the Accounts
for the year ended 31 December 2011

9 Taxation

	2011 £000's	2010 £000's
Analysis of charge in period		
Current tax		
UK corporation tax on profits of the period	10,167	2,465
Adjustments in respect of previous periods	(1,175)	(870)
	8,992	1,595
Less double taxation relief	(241)	(126)
UK corporation tax on profits of the period	8,751	1,469
Overseas tax	241	126
Deferred tax		
Origination and reversal of timing differences	6,730	(634)
Change in tax rate	616	363
Adjustments in respect of previous periods	(799)	(2,955)
	6,547	(3,226)
Tax charge/(credit) on profit on ordinary activities	15,539	(1,631)

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows

	2011 £000's	2010 £000's
Profit on ordinary activities before tax	65,857	23,091
Standard rate of corporation tax in the UK	26 5%	28 0%
	£000's	£000's
Profit on ordinary activities multiplied by the standard rate of corporation tax	17,452	6,465
Effects of		
Expenses not deductible for tax purposes	5,027	4,075
Net utilisation of brought forward tax losses	-	(1)
Group relief (received)/given free of charge	(941)	43
Accelerated capital allowances	(625)	(177)
Additional deductions for R&D expenditure	(1,773)	-
Short term timing differences	143	(105)
Movement in pension liability	(5,020)	(13,201)
Deferred expenditure for tax purposes	(4,096)	5,366
Adjustments to tax charge in respect of previous periods	(1,175)	(870)
Current tax charge for period	8,992	1,595

Deferred tax

Provision for deferred tax comprises

	2011 £000's	2010 £000's
Capital allowances in excess of depreciation	(3,607)	(3,245)
Short term timing differences	817	5,638
Heldover gains	-	(687)
Deferred tax (liability)/asset recognised	(2,790)	1,706
Deferred tax on pension provision (note 26)	38,166	43,626
	35,376	45,332

At the period end the group has unrecognised deferred tax assets of £nil (2010 £nil)

Factors affecting future tax charges

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014 A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, from 25% to 24% (also effective from 1 April 2012) was substantively enacted on 26 March 2012 and a further reduction to 23% (effective from 1 April 2013) was substantively enacted on 5 July 2012

This will reduce the company's future current tax charge accordingly and further reduce the deferred tax asset at 31 December 2011

It has not yet been possible to quantify the full anticipated effect of the further 2% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax asset accordingly

10 Intangible fixed assets

Goodwill	£000's
Cost	
At 1 January 2011	338,795
Additions (note 11)	8,926
At 31 December 2011	347,721
Amortisation	
At 1 January 2011	36,977
Provided during the year	18,430
At 31 December 2011	55,407
Net book value	
At 31 December 2011	292,314
At 31 December 2010	301,818

The directors consider each acquisition separately for the purpose of determining the amortisation period of any goodwill that arises Goodwill is amortised over 20 years unless the directors consider its value is impaired

The company holds 20% or more of the share capital of the following companies

Subsidiary undertakings	Principal activity	Shares held Class	Percentage of shares held
Delphi Electronics Overseas Company Limited	Motor products	Ordinary	100%
Delphi Automotive Systems UK Limited	Motor products	Ordinary	100%
Delphi Diesel Systems Limited	Diesel products	Ordinary	100%
Radclive Hodings Limited	Diesel products	Ordinary	100%

Delphi (UK) Holdings Limited
Notes to the Accounts
for the year ended 31 December 2011

11 Acquisitions

On 7 May 2011 the Company acquired all of the shares of Radclive Holdings Ltd, the UK Holding company of Hartridge Ltd, a manufacturer of specialised diesel testing equipment The resulting goodwill was capitalised and will be amortised over 20 years, being the period over which the directors expect to gain benefit from the acquisition

	Book value £000's	Fair value £000's
Fixed assets		
Tangible	1,967	1,967
Current assets		
Stock	1,380	1,380
Debtors	1,925	1,925
Cash	964	964
Total assets	6,236	6,236
Liabilities		
Creditors	4,733	4,733
Total liabilities	4,733	4,733
Net assets	1,503	
Goodwill		8,926
Purchase consideration and costs of acquisition		10,429

Purchase consideration is comprised of cash only

The acquired group made a profit of £495,000 from the beginning of its financial year to the date of acquisition In its previous financial year commencing on 1 January 2010 the profit was £1,024,000

Delphi (UK) Holdings Limited
Notes to the Accounts
for the year ended 31 December 2011

12 Tangible fixed assets

	Land and buildings £000's	Plant and machinery £000's	Capital tooling £000's	Total £000's
Cost				
At 1 January 2011	26,555	96,541	3,790	126,886
Additions	1,843	14,205	3,087	19,135
Disposals	-	(3,910)	(635)	(4,545)
At 31 December 2011	28,398	106,836	6,242	141,476
Depreciation				
At 1 January 2011	502	15,446	1,538	17,486
Charge for the year	752	14,486	1,520	16,758
Impairment for assets relating to restructuring (note 4)	-	304	147	451
On disposals	-	(1,988)	(161)	(2,149)
At 31 December 2011	1,254	28,248	3,044	32,546
Net book value				
At 31 December 2011	27,144	78,588	3,198	108,930
At 31 December 2010	26,053	81,095	2,252	109,400

13 Stocks

	2011 £000's	2010 £000's
Raw materials and consumables	21,196	15,354
Work in progress	10,955	8,540
Finished goods and goods for resale	39,630	35,594
	71,781	59,488

The difference between purchase price or production cost of stocks and their replacement cost is not material

14 Debtors

	2011 £000's	2010 £000's
Trade debtors	107,939	81,849
Amounts due from group undertakings	196,896	161,890
Corporation tax receivable	6,468	1,257
Deferred tax	-	1,705
Other debtors	2,551	852
Prepayments and accrued income	1,987	1,679
	315,841	249,232

£nil (2010 £126m) included in the amounts due from group undertakings represents cash loans made to Delphi France Holding SAS £166m (2010 £nil) included in the amounts due from group undertakings represent cash balances held in a group treasury function and are readily convertible to cash in this company

All debtors with the exception of the deferred tax asset of £nil (2010 £1,705,000) are due within one year

15 Creditors: amounts falling due within one year

	2011 £000's	2010 £000's
Funding in respect of factored receivables	28,314	17,093
Trade creditors	88,132	81,307
Amounts owed to group undertakings	43,238	40,925
Other taxes and social security costs	2,200	2,456
Other creditors	15,218	13,598
Accruals and deferred income	17,691	22,081
	194,793	177,460

16 Creditors: amounts falling due after one year

	2011 £000's	2010 £000's
Discounted loan notes	261,209	245,399
Accruals and deferred income	980	1,022
	262,189	246,421

The company issued discounted loan notes to provide finance for the purchase of the subsidiary undertakings All the notes are unsecured, do not bear any interest and are all repayable in full on 31 December 2019 The company amortises the discount over the life of the loan notes, the amortisation charge is included in the results for the period and is included within interest payable and similar charges

Delphi (UK) Holdings Limited
Notes to the Accounts
for the year ended 31 December 2011

17 Provisions for liabilities

	Deferred taxation	Warranties and other	Total £000's
At 1 January 2011	-	4,827	4,827
Acquired in year	103	-	103
Provided in year	2,687	1,916	4,603
Utilised	-	(517)	(517)
Released	-	(343)	(343)
At 31 December 2011	2,790	5,883	8,673

Provision has been made for estimated future claims by customers under warranties in respect of products sold during the current and prior years It is expected that the majority of this expenditure will be incurred in the next five financial years

18 Share capital

	Nominal value	2011 Number	2011 £000's	2010 £000's
Allotted, called up and fully paid				
Ordinary shares	£1 each	92,700,001	92,700	92,700

19 Share premium

	2011 £000's	2010 £000's
At 1 January	92,700	92,700
At 31 December	92,700	92,700

20 Profit and loss account

	2011 £000's	2010 £000's
At beginning of year	19,910	(18,159)
Profit for the financial year	50,318	24,722
Actuarial (loss)/gain relating to retirement benefits scheme	(48,812)	16,199
Tax credit/(charge) relating to pension obligations	(2,975)	(2,595)
Adjustment to deferred tax due to reduction in tax rate	(328)	(257)
Current tax relief for pension contributions	9,949	-
At 31 December	28,062	19,910

21 Reconciliation of movement in shareholder's funds

	2011 £000's	2010 £000's
At beginning of period	205,310	167,241
Profit for the financial year	50,318	24,722
Other recognised gains and losses	(42,166)	13,347
At 31 December	213,462	205,310

Delphi (UK) Holdings Limited
Notes to the Accounts
for the year ended 31 December 2011

22 Gross cash flows

	2011 £000's	2010 £000's
Returns on investments and servicing of finance		
Interest received	9,547	7,399
Interest paid	(3,552)	(10,441)
	5,995	(3,042)
Capital expenditure		
Payments to acquire intangible fixed assets	-	(1,008)
Payments to acquire tangible fixed assets	(17,368)	(11,687)
Receipts from sales of tangible fixed assets	2,424	123
	(14,944)	(12,572)
Acquisitions and disposals		
Purchase of subsidiary undertaking	(10,429)	-
Cash acquired with subsidiary	964	-
	(9,465)	-
Financing		
Loan repayments	(1,365)	-

23 Analysis of changes in net debt

	At 1 Jan 2011 £000's	Cash flows £000's	Non-cash changes £000's	At 31 Dec 2011 £000's
Cash at bank and in hand	26,620	(24,029)	-	2,591
Debt due after 1 year	(245,399)	-	(15,810)	(261,209)
Total	(218,779)	(24,029)	(15,810)	(258,618)

24 Capital commitments

	2011 £000's	2010 £000's
Amounts contracted for but not provided in the accounts	22,008	9,105

25 Other financial commitments

At the year end the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2011 £000's	Land and buildings 2010 £000's	Other 2011 £000's	Other 2010 £000's
Operating leases which expire				
within five years	1,553	983	1,300	1,516
in over five years	-	402	52	-
	1,553	1,385	1,352	1,516

26 Pension schemes

Defined contribution pension scheme
The group operates a defined contribution scheme The pension cost charge for the period represents contributions payable by the group to the scheme and amounted to £61,000
Contributions amounting to £9,000 were payable to the scheme and are included in creditors

Defined benefit schemes
The companies in the group participate in funded defined benefit pension schemes for all qualified employees These were closed for new entrants from 1 April 2012 New employees can join a new defined contribution pension plan

The assets of the schemes are held in separate trustee administered funds The schemes are subject to valuation by independent actuaries using the projected unit method, in which the actuarial liability makes allowances for projected earnings

Following the UK Government's announcement in July 2010, the inflation index to be used to derive statutory pension increases, has been changed from Retail Prices Index (RPI) to the Consumer Prices Index (CPI) Due to a number of differences between the indices, CPI is expected to be lower than RPI over the long term, which means that the Plan liabilities have reduced The reduction is recognised as an assumption change and the impact is put through the STRGL The change has been recognised at 31 December 2010

The group pension charge for the period was £15,658,000 (2010 £8,129,000), calculated in accordance with the provisions of financial Reporting Standard 17 (FRS17) "Retirement benefits", consistently applied

During the period the company made contributions to the plan of £72,532,000 (2010 £53,197,000)

Delphi (UK) Holdings Limited
Notes to the Accounts
for the year ended 31 December 2011

The assets and liabilities of the schemes at 31 December are

	2011 £000's	2010 £000's
Equities	169,363	251,555
Government bonds	152,300	96,955
Corporate bonds	77,927	55,100
Property	27,835	-
Alternative	71,300	27,400
Other	67,145	89,269
Total market value of scheme assets	565,870	520,279
Present value of scheme liabilities	(716,376)	(676,445)
Deficit in the scheme	(150,506)	(156,166)
Related deferred tax asset	38,166	43,626
Net pension liability	(112,340)	(112,540)

The size of the assets in the Other category at 31 December 2011 (and at 31 December 2010) reflects the payment of a large contribution to the Plan shortly before the year-end which was still held in cash at that date

The amount recognised in the profit and loss account and in the statement of total recognised gains and losses (STRGL) for the year are analysed as follows

	2011 £000's	2010 £000's
Recognised in the profit and loss account		
Current service charge	15,397	14,214
Past service cost / (income)	2,600	(13,700)
Curtailments and settlements	(3,100)	100
Recognised in arriving at operating profit	14,897	614
Interest on pension plan liabilities	36,157	36,730
Expected return on scheme assets	(32,994)	(29,215)
Total recognised in the profit and loss account	3,163	7,515
Recognised in STRGL		
Actual return less expected return on pension scheme assets	30,422	(23,239)
Experience (gain)/loss on the scheme liabilities	(5,651)	(12,191)
Loss/(Gain) on change in actuarial assumptions (financial and demographic)	24,041	19,231
Actuarial loss/(gain) recognised in STRGL	48,812	(16,199)

The total amount recognised in the consolidated statement of total recognised gains and losses in respect of actuarial gains and losses is £48,812,000 loss (2010 £16,199,000 gain)

The valuations have been updated to 31 December 2011 in accordance with Financial Reporting Standard 17 "Retirement Benefits" by independent, qualified actuaries The principal assumptions used by the actuaries were

	2011 **% p.a.**	**2010** **% p.a.**
RPI inflation	3 2%	3 5%
CPI inflation	2 2%	2 8%
Salary growth	3 7%	4 0%
Pension increases	1 75% - 3 5%	1 75% - 3 5%
Discount rate	4 9%	5 5%

Expected rates of return on plan assets

	2011 **% p.a.**	**2010** **% p.a.**
Equities	7 9%	8 0%
Government bonds	2 9%	4 2%
Corporate bonds	5 3%	5 2%
Property	6 5%	-
Alternative	7 6%	7 7%
Other	2 5%	6 1%

Changes in the present value of the defined benefit obligations are analysed as follows

	2011 **£000's**	**2010** **£000's**
At beginning of period	676,446	657,354
Current service costs	15,397	14,214
Past service cost/(income)	2,600	(13,700)
Curtailment/settlements	(5,000)	100
Interest cost	36,157	36,730
Contributions by participants	210	1,083
Actuarial loss	18,390	7,040
Benefits paid	(27,824)	(26,375)
At 31 December	716,376	676,446

Delphi (UK) Holdings Limited
Notes to the Accounts
for the year ended 31 December 2011

The investments of the schemes are managed by a variety of asset management companies
Changes in the present value of plan assets are analysed as follows

	2011 £000's	2010 £000's
At beginning of period	520,279	439,920
Expected return on plan assets	32,994	29,215
Actuarial (loss)/gain	(30,422)	23,239
Curtailments	(1,900)	-
Employer contributions	72,532	53,197
Contributions by participants	210	1,083
Benefits paid	(27,823)	(26,375)
At 31 December	565,870	520,279

History of asset values, defined benefit obligation and deficit

	2011 £000's	2010 £000's	2009 £000's
Fair value of scheme assets	565,870	520,279	439,920
Present value of defined benefit obligation	(716,376)	(676,446)	(657,353)
Deficit in scheme	(150,506)	(156,167)	(217,433)

History of experience gains and losses

	2011 £000's	2010 £000's	2009 £000's
Experience gain on scheme assets	(30,422)	23,239	2,198
Experience gain on scheme liabilities	5,651	12,191	91

27 Share based payments

In April 2010, the Compensation Committee of the Delphi Board of managers approved the VCP, a long-term incentive plan designed to focus executives on enhancing the value of Delphi, retain executives over several years and provide executives with an opportunity to share in Delphi's growth and success The amounts to be paid under the VCP have been determined based on Delphi's enterprise value as of 31 December 2012

The grant date is determined to be 15 September 2010 In these financial statements a compensation expense has been recognised over the period from the grant date through to the vesting date of 31 December 2012 This compensation expense has been based on the estimated Delphi enterprise value

The participants vest generally on the settlement date of 31 December 2012 However, certain retirement eligible employees age 55 with at least 10 years of service are provided interim vesting date provisions as follows

31 December 2010 - 25%
31 December 2011 - 50%

The total amounts recognised in the group's financial statements is as follows

	2011 £000's	2010 £000's
Long term incentive plan	1,214	-

28 Ultimate controlling party

The ultimate parent undertaking and controlling entity is Delphi Automotive PLC, a United Kingdom listed company with registered address Queensway House, Hilgrove Street, St Helier, Jersey Island, JE1 1ES

Registered number
6911073

Delphi (UK) Holdings Limited

Company Report and Accounts

31 December 2011

Delphi (UK) Holdings Limited
Report and accounts
Contents

Delphi (UK) Holdings Limited
Registered number: 6911073
Directors' Report

The directors present their report and audited financial statements for the year ended 31 December 2011

Principal activities and review of the business
Delphi (UK) Holdings Limited operates as a holding company for the UK subsidiaries of Delphi The principal activity of the group is the manufacture of automotive parts and components for sale to the motor industry and subsequent aftercare market

Loss on ordinary activities before taxation for the year was £16,214,000 (31 December 2010 £15,012,000) During 2011 the company did not pay any dividends (2010 nil)

Going concern
The financial statements have been prepared on a going concern basis which assumes the company will continue in operational existence for the foreseeable future

Financial risk management
The company does not use derivatives to manage its financial risk The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk Due to the nature of the company's business, and the assets and liabilities contained within the company's balance sheet, the only financial risk directors consider relevant to this company is credit risk This risk is mitigated by the company's credit controls policies

Directors
The directors who held office during the year were as follows

M C McGuire
J A Parsons
T Misniakiewicz
M T Conlon
A P Humphreys

None of the directors had any interests in the shares of the company or any other Delphi group company at the year end No director was or is materially interested in any contract subsisting during, or at the end of, the financial period

Political and charitable donations
The company made no political or charitable contributions during the period

Disclosure of information to auditors
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Delphi (UK) Holdings Limited
Registered number: 6911073
Directors' Report

Auditors
In accordance with s 485 of the Companies Act 2006, a resolution is to be proposed at the annual general meeting for reappointment of Ernst & Young LLP as auditor of the company

Approved by the Board of Directors
and signed on behalf of the Board 5th November 2012

J P Parsons
Director

Delphi (UK) Holdings Limited
Directors' Responsibilities Statement

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to give a true and fair view of the state of affairs and of the profit or loss of the company for that period In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Delphi (UK) Holdings Limited
to the shareholder of Delphi (UK) Holdings Limited

We have audited the parent company financial statements of Delphi (UK) Holdings Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 13 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor
As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Directors' Report and financial statements to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements
In our opinion the financial statements
- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the parent company financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Other matter

We have reported separately on the group financial statements of Delphi (UK) Holdings Limited for the year ended 31 December 2011

Ernst & Young LLP

Steven Bagworth (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditors
Birmingham

7 November 2012

Delphi (UK) Holdings Limited
Profit and Loss Account
for the year ended 31 December 2011

	Notes	2011 £000's	2010 £000's
Administrative expenses		(9)	(20)
Operating loss	2	(9)	(20)
Interest expense	3	(16,205)	(14,992)
Loss on ordinary activities before taxation		(16,214)	(15,012)
Tax on loss on ordinary activities	4	-	-
Loss for the financial year		(16,214)	(15,012)

Continuing operations
The loss in the period has resulted from continuing operations

Recognised gains and losses
There are no recognised gains or losses except the results shown above

Delphi (UK) Holdings Limited
Balance Sheet
as at 31 December 2011

	Notes		2011 £000's		2010 £000's
Fixed assets					
Investments	5		427,337		415,400
Current assets					
Cash at bank and in hand		42		-	
Creditors: amounts falling due within one year	6	(12,427)		(44)	
Net current liabilities			(12,385)		(44)
Total assets less current liabilities			414,952		415,356
Creditors. amounts falling due after more than one year	7		(261,209)		(245,399)
Net assets			153,743		169,957
Capital and reserves					
Called up share capital	8		92,700		92,700
Share premium	9		92,700		92,700
Profit and loss account	10		(31,657)		(15,443)
Shareholder's funds	11		153,743		169,957

Approved by the Board of Directors
and signed on behalf of the Board 5th November 2012

J P Parsons
Director
Registered number 6911073

Delphi (UK) Holdings Limited
Notes to the Accounts
for the year ended 31 December 2011

1 Accounting policies

Basis of preparation
The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards

The company is not taking the exemption from preparing a set of consolidated financial statements, these will be prepared and reported in a separately filed set of financial statements

Going concern
The directors are of the view that the group has adequate resources to be able to meet its debts as they fall due for a period of at least 12 months from the date of approval of these financial statements Accordingly, they have concluded that the financial statements should be prepared on a going concern basis

Investments
Investments in subsidiary undertakings are stated at cost less any provision for impairment

Deferred taxation
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Foreign currencies
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date All differences are taken to the profit and loss account

Classification of financial instruments issued by the company
Following the adoption of FRS 25, financial instruments issued by the company are treated as equity (i e forming part of shareholders' funds) only to the extent that they meet the following two conditions

a) they include no contractual obligations upon the company (or group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company (or group), and

b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds

Interest bearing borrowings
Immediately after issue debt is stated at the fair value of the consideration received on the issue of the capital instrument after deduction of issue costs The finance cost of the debt is allocated to periods over the term of the debt at a constant rate on the carrying amount

2 Operating profit

	2011 £000's	2010 £000's
This is stated after charging		
Auditors' remuneration for audit services	8	19

3 Interest expense

	2011 £000's	2010 £000's
Amortisation of loan note discount	15,810	14,992
Interest on intercompany loans	395	-
	16,205	14,992

4 Taxation

	2011	2010
	£000's	£000's
Analysis of charge in period		
Tax on profit on ordinary activities	-	-

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows

	2011	2010
	£000's	£000's
Loss on ordinary activities before tax	(16,214)	(15,012)
Standard rate of corporation tax in the UK	26 5%	28%
	£000's	£000's
Profit on ordinary activities multiplied by the standard rate of corporation tax	(4,297)	(4,203)
Effects of		
Unutilised losses carried forward	-	535
Group relief surrendered free of charge	4,297	3,668
Current tax charge for period	-	-

Factors affecting future tax charges

During 2011 the UK corporation tax rate was reduced from 27% to 26% and then to 25% These reductions were substantively enacted on 29 March 2011 and 5 July 2011 respectively

The 2012 Budget on 21 March 2012 announced a further reduction in the corporation tax rate to 24% (effective from 1 April 2012) This was substantively enacted on 26 March 2012 There will be further reductions in the rate until it reaches 22% from 2014

5 Investments

	Investments in subsidiary undertakings £000's
Cost	
At 1 January 2011	415,400
Additions	11,937
At 31 December 2011	427,337

On 7 May 2011 Delphi acquired all of the shares of Radclive Holdings Ltd, the UK Holding company of Hartridge Ltd, a manufacturer of specialised diesel testing equipment

The company holds 20% or more of the share capital of the following companies

Subsidiary undertakings	Principal activity	Shares held Class	Percentage of shares held
Delphi Electronics Overseas Company Limited	Motor products	Ordinary	100%
Delphi Automotive Systems UK Limited	Motor products	Ordinary	100%
Delphi Diesel Systems Limited	Diesel products	Ordinary	100%
Radclive Hodings Limited	Diesel products	Ordinary	100%

6 Creditors: amounts falling due within one year

	2011 £000's	2010 £000's
Amounts owed to group undertakings	12,427	-
Other creditors	-	1
Accruals and deferred income	-	43
	12,427	44

7 Creditors: amounts falling due after one year

	2011 £000's	2010 £000's
Discounted loan notes	261,209	245,399

The company issued discounted loan notes to provide finance for the purchase of the subsidiary undertakings All the notes are unsecured, do not bear any interest and are all repayable in full on 31 December 2019 The company amortises the discount over the life of the loan notes, the amortisation charge is included in the results for the period and is included within interest payable and similar charges

Delphi (UK) Holdings Limited
Notes to the Accounts
for the year ended 31 December 2011

8 Share capital

	Nominal value	2011 Number	2011 £000's	2010 £000's
Allotted, called up and fully paid				
Ordinary shares	£1 each	92,700,001	92,700	92,700

9 Share premium

	2011 £000's	2010 £000's
At beginning of period	92,700	92,700
At 31 December	92,700	92,700

10 Profit and loss account

	2011 £000's	2010 £000's
At beginning of period	(15,443)	(431)
Loss for the financial year/period	(16,214)	(15,012)
At 31 December	(31,657)	(15,443)

11 Reconciliation of movement in shareholder's funds

	2011 £000's	2010 £000's
At beginning of period	169,957	184,969
Loss for the financial year/period	(16,214)	(15,012)
At 31 December	153,743	169,957

12 Related parties

The company has taken advantage of the exemption within FRS 8 as a wholly owned subsidiary and accordingly no disclosure is required of transactions with group companies

13 Ultimate controlling party

The ultimate parent undertaking and controlling entity is Delphi Automotive PLC, a quoted company on the New York Stock Exchange with registered address Queensway House, Hilgrove Street, St Helier, Jersey Island, JE1 1ES