

Notes to the financial statements (continued)

46. Contingencies

The Group is, from time to time, party to legal proceedings and claims, which arise in the ordinary course of business. Management does not anticipate that the outcome of any current proceedings or known claims, either individually or in aggregate, will have a material adverse effect upon the Group's financial position.

47. Operating leases

The Group rents certain office premises and plant, equipment and vehicles under operating lease arrangements. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. During the period, the Group recognised as an expense operating lease rentals of \$55.1 million (2007: \$53.8 million; 2006: \$50.1 million).

As at 3 January 2009, the Group had outstanding commitments under non-cancellable operating leases of \$229.5 million (29 December 2007: \$232.8 million), falling due as follows:

	As at 3 January 2009 \$ million	As at 29 December 2007 \$ million
Payments to be made:		
– Within one year	41.3	37.7
– In the second to fifth years, inclusive	111.1	105.2
– After more than five years	77.1	89.9
	229.5	232.8

48. Capital commitments

As at 3 January 2009, the Group had entered into contractual commitments for the purchase of property, plant and equipment amounting to \$18.7 million (29 December 2007: \$73.3 million), and for the purchase of non-integral computer software amounting to \$4.1 million (29 December 2007: \$11.4 million).

49. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and therefore are not required to be disclosed in these financial statements. Details of transactions between the Group and other related parties are disclosed below.

Post-employment benefit plans

During the period, the Group paid employer's contributions amounting to \$84.9 million (2007: \$113.4 million; 2006: \$113.5 million) in total to defined benefit and defined contribution pension plans established for the benefit of its employees. As at 3 January 2009, an amount of \$15.1 million (29 December 2007: \$14.9 million) in respect of employer's contributions due was included in trade payables. In addition, during the period, the Group paid benefits of \$13.0 million (2007: \$15.6 million; 2006: \$17.4 million) to other post-employment benefit plans.

Group financial statements

Compensation and interests of key management personnel

For the purposes of these disclosures, the Group regards its key management personnel as the Directors of the Company together with those persons who, in accordance with the Listing Rules of the UKLA, are regarded as discharging management responsibility.

Compensation paid or payable to key management personnel in respect of their services to the Group was as follows:

	Year ended 3 January 2009 \$ million	Year ended 29 December 2007 \$ million	Year ended 30 December 2006 \$ million
Short-term employee benefits:			
– Salaries and fees	6,064	6,667	6,759
– Bonus cash	1,504	4,080	4,932
– Benefits-in-kind	308	308	235
– Social security contributions	509	1,110	994
– Termination benefits	37	2,253	–
	8,422	14,418	12,920
Share-based incentives:			
– Bonus shares	324	930	1,210
– Deferred shares	647	1,775	2,420
– Notional gains on the exercise of share options	–	–	7,246
	971	2,705	10,876
Pension contributions	2,603	1,979	1,630
	11,996	19,102	25,426

As at 19 February 2009, the interests of key management personnel in the Company's ordinary shares were as follows:

	Ordinary shares	Ordinary shares held as ADSs	Total
Directors	2,849,536	108,364	2,957,900
Other executive officers	1,017,378	170,600	1,187,978
	3,866,914	278,964	4,145,878

All of the above interests are beneficially owned and in aggregate comprise less than 1% of the Company's issued ordinary shares.

As at 19 February 2009, key management personnel held the following options over the Company's ordinary shares:

Scheme	Grant date	Expiry date	Exercise price	Number of options held		
				Directors	Other executive officers	Total
Premium Priced Option	11 February 2002	10 February 2012	197.00p	2,538,072	–	2,538,072
Premium Priced Option	11 February 2002	10 February 2012	276.00p	1,522,842	–	1,522,842
Premium Priced Option	11 February 2002	10 February 2012	345.00p	1,015,228	–	1,015,228
Ongoing Option	11 February 2002	10 February 2012	197.00p	550,000	–	550,000
ESOS 4	17 January 2003	16 January 2013	208.25p	1,440,576	–	1,440,576
ESOS 4	18 July 2003	17 July 2013	246.50p	–	200,000	200,000
ESOS 4	1 September 2003	31 August 2013	262.75p	–	150,000	150,000
ESOS 4	12 December 2003	11 December 2013	265.75p	1,228,880	335,000	1,563,880
SAYE 2	19 April 2004	30 November 2009	204.00p	8,014	8,014	16,028
ESOS 4	29 November 2004	28 November 2014	248.75p	1,331,030	440,000	1,771,030
				9,634,642	1,133,014	10,767,656

With the exception of options held under SAYE 2, all options shown above have vested.

An analysis of the compensation, interests in ordinary shares and options over ordinary shares of each of the Directors is presented in the Remuneration Committee report. For the purposes of Form 20-F, the sections of the Remuneration Committee report that are marked as "audited" are not required to be audited in accordance with PCAOB standards and are not considered audited in the Form 20-F.

Notes to the financial statements (continued)

49. Related party transactions (continued)

Associates

Sales to and purchases from associates were as follows:

	Year ended 3 January 2009 \$ million	Year ended 29 December 2007 \$ million	Year ended 30 December 2006 \$ million
Sales	1.0	0.6	0.6
Purchases	(20.0)	(12.0)	(10.1)

Amounts outstanding in respect of these transactions were as follows:

	As at 3 January 2009 \$ million	As at 29 December 2007 \$ million
Receivables	0.1	0.2
Payables	(1.0)	(3.0)

Entities controlled by minority shareholders

Sales to and purchases from entities controlled by minority shareholders were as follows:

	Year ended 3 January 2009 \$ million	Year ended 29 December 2007 \$ million	Year ended 30 December 2006 \$ million
Sales	45.2	46.4	48.2
Purchases	(58.7)	(61.4)	(58.1)

Amounts outstanding in respect of these transactions were as follows:

	As at 3 January 2009 \$ million	As at 29 December 2007 \$ million
Receivables	2.9	0.8
Payables	(4.7)	(2.0)

Other related parties

Dexon Investments Limited

Dexon Investments Limited ("Dexon") is the minority shareholder in the Group's 60% owned subsidiary, Winhere LLC, that was incorporated during 2006. On 19 July 2006, Winhere LLC, through its wholly-owned subsidiary, Gates Winhere Automotive Pump Products (Yantai) Co Ltd ("Gates Winhere"), acquired the business and assets of the water pump manufacturing operations of Winhere Auto Part Manufacturing Co Ltd ("Winhere"), a fellow subsidiary of Dexon, for \$8.6 million in cash. During 2008, Gates Winhere purchased land and buildings for \$1.8 million from Winhere. At 3 January 2009, there was a nil balance outstanding in respect of this transaction.

50. Exchange rates

The principal exchange rates used for translation purposes were as follows:

	Average rate			Closing rate		
	Year ended 3 January 2009 \$1=	Year ended 29 December 2007 \$1=	Year ended 30 December 2006 \$1=	As at 3 January 2009 \$1=	As at 29 December 2007 \$1=	As at 30 December 2006 \$1=
Sterling	0.52	0.50	0.55	0.68	0.50	0.51
Canadian dollar	1.05	1.06	1.13	1.22	0.98	1.16
Euro	0.67	0.73	0.80	0.72	0.68	0.76
Mexican peso	11.13	10.92	11.01	13.75	10.90	10.83
Chinese yuan renminbi	6.95	7.62	8.06	6.85	7.30	7.81
Indian rupee	39.87	41.35	45.45	50.10	39.43	44.26