Independent auditor's report to the members of Inchcape plc

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Inchcape plc (the 'parent company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2020 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company statement of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated statement of cash flows;
- the accounting policies; and
- the related notes 1 to 34 to the consolidated financial statements and the related notes 1 to 14 to the parent company financial statements.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law, international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group and parent company for the year are disclosed in note 3 to the financial statements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: – UK goodwill and site impairment – Central America goodwill and indefinite-life intangible asset impairments Within this report, key audit matters are identified as follows: Newly identified Increased level of risk Similar level of risk Decreased level of risk
Materiality	The materiality that we used for the Group financial statements was £10.7 million which was determined on the basis of 1.0% of net assets and equates to 8.3% of profit before tax and exceptional items. We changed the benchmark used in determining materiality in the current year to net assets from profit before taxation and exceptional gains and losses on business disposals, impairments and restructuring costs, which was used in the prior year. Volatility in profit in the current year when compared to previous years, resulting from the impact of the COVID-19 pandemic on the Group's operations and consumer demand in the markets in which the Group operates, was the reason that we have deemed the use of only a profit based benchmark to be inappropriate in the current year.
Scoping	We conducted our work in 18 countries (2019: 19 countries), with 23 components subject to audit procedures (2019: 25 components). The reporting units where we conducted our audit work accounted for 90% of the Group's revenue (2019: 88%), 90% of the Group's profit before taxation and exceptional items (2019: 95%) and 90% of the Group's net assets (2019: 89%).
Significant changes in our approach	We identified a 'Goodwill impairment assessment' key audit matter in the prior year, focussed on the UK. In the current year we have identified a 'UK goodwill and site impairment' key audit matter, given the increased judgement relating to the impairment of certain site assets. As a result of the impact of the COVID-19 pandemic on the performance of the Group and the economic environment of the markets in which the Group operates we identified increased risk of impairments in certain cash generating units (CGUs). A new key audit matter was identified in the current year relating to Central America goodwill and indefinite-life intangible asset impairments as a result of the significant judgement related to the level of impairment recognised. In the prior year we had identified a key audit matter relating to disposal accounting as a result of the Group's strategy to dispose of a significant number of retail sites and businesses across multiple geographies; in the current year there is a lower level of accounting complexity and judgement relating to disposed of sites and therefore we have not identified as a key audit matter. Given the Group completed its transition to the IFRS 16 'Leases' accounting standard in the prior year, the ongoing application of the standard does not require the same level of accounting complexity or judgement, and consequently we have not identified a key audit matter in relation to leases in the current year.

4. Conclusions relating to going concern

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.

Our evaluation of the Directors' assessment of the Group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- Understanding the Group's processes and related controls over the assumptions in the going concern assessment;
- Assessing the Group's available facilities, with a separate assessment performed on Government assistance (CCFF) and assess whether this facility is not included in the liquidity headroom as they are not committed facilities;
- Considering the reasonableness of the projections and the appropriateness of the sensitivities performed by management;
- Engaging valuation specialists to perform integrity checks of the going concern model, including checking for mathematical and clerical accuracy;
- Evaluating the accuracy and completeness of covenants calculation within the model;
- Confirming consistency of the forecasted cash flows with the forecasts prepared for the impairment models;
- Performing additional sensitivity scenario tests; and
- Assessing the disclosures 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 parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

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

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. UK goodwill and site impairment

Key audit matter description	**Account balances: Intangible assets, property, plant and equipment and right-of-use assets. Refer to the Audit Committee report on page 65, the Critical accounting judgements and sources of estimation uncertainty in the Accounting policies section on page 117, note 2 Exceptional items on page 132, note 11 Intangible assets on page 145, note 12 Property, plant and equipment on page 149 and note 13 Right-of-use assets and Lease liabilities on page 151.** At December 2020 the Group has goodwill of £119.0 million (2019: £215.7 million), property, plant and equipment of £569.8 million (2019: £695.1 million) and right-of-use assets of £257.3 million (2019: £313.3 million). £nil (2019: £80.2 million) of the goodwill, £203.6 million (2019: £262.2 million) of property, plant and equipment and £73.6 million (£78.6 million) of right-of-use assets relate to the UK. As a result of the impact of the COVID-19 pandemic, the Group was required to close its dealerships in the UK for a period of time which severely impacted the Group's performance in the market. As such, indicators of impairment were identified prior to the reporting of the Group's interim results as of 30 June 2020 and an impairment review of the UK goodwill and site assets was carried out at that date. Impairment reviews of assets at the Group's sites were performed initially, followed by the UK operation as a whole, which is the level of aggregation that the associated goodwill is assessed. Management concluded that the recoverable amount of certain sites was lower than their carrying amount and recorded impairment charges of £6.4 million against computer software, £29.5 million against property, plant and equipment and £8.1 million against right-of-use assets. Subsequently an impairment review of the UK group of CGUs, which is the level at which the goodwill is reviewed, was performed which resulted in the impairment of the total remaining goodwill amount of £80.2 million. At 31 December 2020 management performed updated impairment reviews which resulted in the reversal of £7.9 million of previously recognised property, plant and equipment impairments, offset by the additional impairment of £0.4 million of right-of-use assets. In accordance with the accounting standards, once goodwill has been fully impaired no subsequent impairment reviews need to be performed. The estimation of the recoverable amount requires management to assess the 'value in use' of the individual sites as well as the whole UK operation for goodwill purposes. This is particularly judgemental due to the forecasting of future cash flow assumptions, and accordingly we determined these to be the key estimates in management's determination of the level of impairment charge to record. Given the impact of the COVID-19 pandemic on consumer confidence, forecasting demand for vehicles and aftersales services in the short and medium term is particularly uncertain. Further, with the announcement that the sale of new petrol and diesel vehicles will be banned from 2030, the electrification of the UK's car parc adds further complexity to forecasting cash flows. Management also engaged specialists to assess the fair values of each of its sites which showed indicators of impairment. In line with the accounting standard, the impaired assets were written down to the higher of its value in use or fair value less cost to sell.
How the scope of our audit responded to the key audit matter	Our procedures in response to the key audit matter identified included: – Obtaining an understanding of relevant controls over the preparation and use of cash flow forecasts used in the impairment reviews; – Assessing the integrity of the models used by management including reviewing their mechanical accuracy; – Assessing management's historical forecasting accuracy by comparing budgets to actuals; – Benchmarking management's assumptions against views of internal industry experts, reputable third party industry growth forecasts, publications, news articles, government legislation and economic data; – Challenging management's analysis of the risks and opportunities arising from the transition to electric vehicles and the impact this has on forecast future cash flows; – Evaluating the competence, capabilities and objectivity of management's expert; – Engaging internal real estate valuation specialists to assist in assessing valuation reports prepared by management's expert; – Engaging internal valuations specialists to independently evaluate the appropriateness of inputs and methodology used in determining the discount rates used; – Performing sensitivities in order to challenge the reasonableness of management's assumptions; and – Assessing the appropriateness of management's disclosures.
Key observations	We concluded that the judgements management have made are reasonable. There are sources of estimation uncertainty which remain, particularly the strength of the recovery in demand for vehicles and aftersales services after the impact of the COVID-19 pandemic and the risks and opportunities resulting from the transition to electric vehicles. We are satisfied that the Group's disclosures in the Critical accounting judgements and sources of estimation uncertainty in the Accounting policies section, in note 11 Intangible assets, note 12 Property, plant and equipment and note 13 Right-of-use-assets and Lease liabilities appropriately highlight these uncertainties.

5.2. Central America goodwill and indefinite-life intangible asset impairments (!)

Key audit matter description	**Account balances: Intangible assets. Refer to the Audit Committee report on page 65, the Critical accounting judgements and sources of estimation uncertainty in the Accounting policies section on page 117, note 2 Exceptional items on page 132 and note 11 Intangible assets on page 145.** In addition to goodwill of £119.0 million (2019: £215.7 million) the Group has distribution agreements of £246.6 million (2019: £261.1 million) which are classified as indefinite-life intangible assets. £37.6 million (2019: £44.8 million) of the goodwill is allocated to Central America and £52.2 million (2019: £85.3 million) of the value of the distribution agreements relates to the exclusive right to distribute Suzuki vehicles in Costa Rica and Panama. The goodwill and distribution agreement assets were recognised after the acquisition of the Grupo Rudelman business in 2018. Since acquisition, political instability, in Costa Rica in particular, has impacted demand for vehicles in that market. The COVID-19 pandemic has had a significant impact on the economies in Costa Rica and Panama and profitability fell further in the current year. Management performed impairment reviews on the Suzuki CGU and then the Central America group of CGUs, which resulted in an impairment of £31.2 million against the value of the distribution agreement and £6.2 million against the value of the goodwill. There are significant uncertainties over the strength and timing of the recovery of the market, increasing the uncertainty in management's forecast cash flow assumptions, which were modelled through different scenarios considered as part of their impairment review. Although the penetration of electric vehicles in each market is currently low, in Costa Rica as part of its 'National Decarbonization Plan' there are commitments to move to full electrification of its transport network by 2050.
How the scope of our audit responded to the key audit matter	Our procedures in response to the key audit matter identified included: – Obtaining an understanding of relevant controls over the preparation and use of cash flow forecasts used in the impairment reviews; – Assessing the integrity of the models used by management including reviewing their mechanical accuracy; – Assessing management's historical forecasting accuracy by comparing budgets to actuals; – Benchmarking management's assumptions against views of internal industry experts, reputable third party industry growth forecasts, publications, news articles, government legislation and economic data; – Challenging management's analysis of the risks and opportunities arising from the transition to electric vehicles and the impact this has on forecast future cash flows; – Evaluating the competence, capabilities and objectivity of management's expert; – Engaging internal valuations specialists to independently evaluate the appropriateness of inputs and methodology used in determining the discount rates used; – Performing sensitivities in order to challenge the reasonableness of management's assumptions; and – Assessing the appropriateness of management's disclosures.
Key observations	We concluded that the judgements management have made are reasonable. There are uncertainties which remain, particularly the strength of the recovery in demand for vehicles and aftersales services after the impact of the COVID-19 pandemic, in what has historically been a volatile market, and the risks and opportunities resulting from the transition to electric vehicles. We are satisfied that the Group's disclosures in the Critical accounting judgements and sources of estimation uncertainty in the Accounting policies section and note 11 Intangible assets appropriately highlight these uncertainties.

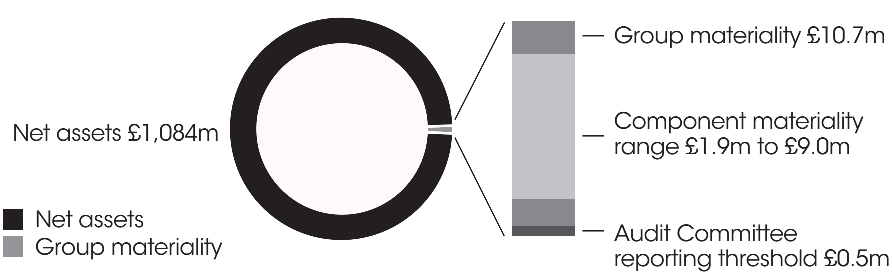
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	£10.7 million (2019: £16.1 million)	£9.0 million (2019: £16.0 million)
Basis for determining materiality	Our materiality was determined on the basis of 1.0% of net assets and equates to 8.3% of profit before tax and exceptional items. Prior year materiality was determined based on 5% profit before taxation adjusted for other asset impairments, restructuring costs and gains and losses on the disposal of sites and businesses.	Parent company materiality equates to 1.1% of net assets. In the prior year parent company materiality equated to 1% of net assets, capped lower than Group materiality.
Rationale for the benchmark applied	We consider net assets to be an important benchmark for the Group for 2020 given the volatility in profit in the current year when compared to previous years. This volatility resulted from the impact of the COVID-19 pandemic on the Group's operations and consumer demand in the markets in which the Group operates. Further, net assets continues to reflect the ability of the Group to meet ongoing obligations as they fall due.	As the Company is non-trading, operates primarily as a holding company for the Group's trading entities, and is not profit orientated, we consider the net asset position to be the most appropriate benchmark to use.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	70% (2019: 70%) of Group materiality	70% (2019: 70%) of parent company materiality
Basis and rationale for determining performance materiality	We set our performance materiality after considering: – our cumulative experience from prior year audits, including the low value of misstatements identified in prior periods and management's willingness to correct any misstatements identified; – our risk assessment, including our understanding of the entity and its environment and the impact of COVID-19 on the financial statements; and – our assessment of the Group's overall control environment.	

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.5 million (2019: £0.8 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

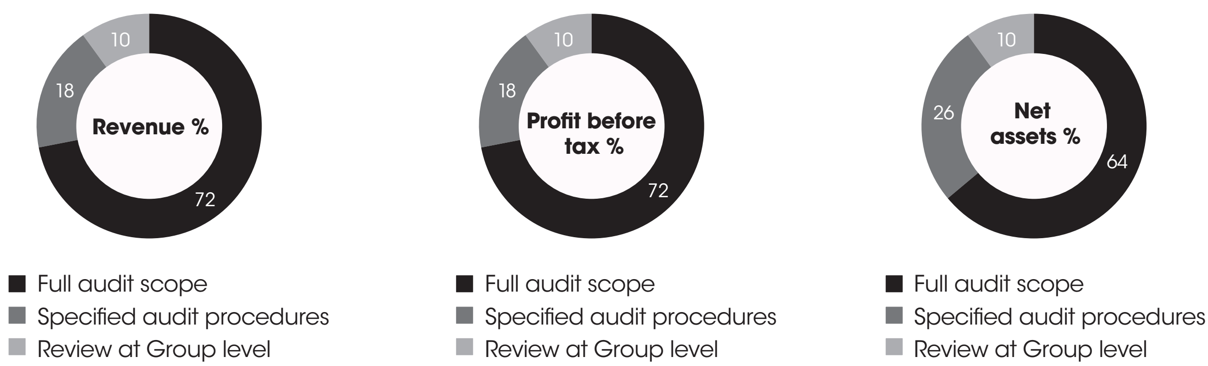
In selecting the components which are in scope for audit procedures to be performed as part of the Group audit, we consider:

- the inherent risk in each of the markets that the Group operates;
- the Group's control environment;
- the significance of identified risks in each of the components;
- the financial significance of the component to the Group's revenue, profit/loss and net assets; and
- the nature of any acquisitions and disposals within the year.

We conducted our work in 18 (2019: 19) countries, engaging 18 (2019: 21) component audit teams with 23 (2019: 25) reporting units subject to audit procedures. Changes in the number of components identified were driven by the disposal of certain of the Group's operations, as well as acquisitions and changes in the relative prominence and risk of other components within the Group.

Our significant components which were subject to full audit procedures were in Australia, Chile, Colombia, Ethiopia, Hong Kong, Russia, Singapore and the UK. Our components performed audits of specific account balances in Brunei, Belgium, Costa Rica, Ecuador, Greece, Guam, Peru, Poland, Romania and Uruguay.

The range of component materialities applied, excluding the parent company, is £1.9 million to £9.0 million (2019: £1.0 million to £6.8 million). The reporting units where we conducted our audit work accounted for 90% (2019: 88%) of the Group's revenue, 90% (2019: 95%) of the Group's profit before taxation and 90% (2019: 89%) of the Group's net assets.



7.2. Working with other auditors

We engaged component auditors from Deloitte member firms to perform procedures at these components under our direction and supervision. This approach also allows us to engage local auditors who have appropriate knowledge of local regulations to perform the audit work, under a common Deloitte audit approach. We issued detailed instructions to the component auditors and held planning meetings, interim update meetings and year end close meetings with each component team. In response to the COVID-19 pandemic which limited our ability to make component visits, frequent calls were held between the Group and component teams throughout the year and remote access to relevant documents was provided. A dedicated senior member of the Group audit team was assigned to facilitate an effective and consistent approach to component oversight, which focused on their audit work over key judgements.

In addition to the work performed at a component level the Group audit team also performed audit procedures on the parent company and consolidated financial statements, corporate activities such as treasury and pensions, goodwill and intangible asset impairments, litigation provisions, the consolidation, going concern assessment and financial statement disclosures. The Group audit team also performed analytical reviews on out-of-scope components.

8. Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

9. Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors 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 parent 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 parent company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's 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 auditor's 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.

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 auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

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.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for Directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit, in-house legal counsel and the Audit Committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team including significant component audit teams and relevant internal specialists, including tax, valuations, pensions and IT regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: the judgements related to goodwill and other asset impairment reviews, and the valuation of used vehicle inventory. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules, pensions legislation and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included the Group's environmental regulations.

11.2. Audit response to risks identified
As a result of performing the above, we identified UK goodwill and site impairment and Central America goodwill and indefinite-life intangible asset impairments as key audit matters related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC;
- in addressing the risk of fraud through inappropriate valuation of used vehicle inventory, testing the value of vehicles with reference to third party data sources; and assessing whether the value of vehicles sold after year end provide information about the value of vehicles at the balance sheet date; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006
In our opinion the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the Directors' report.

13. Corporate Governance Statement
The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 100;
- the Directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 50;
- the Directors' statement on fair, balanced and understandable set out on page 100;
- the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 57;
- the section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on page 70; and
- the section describing the work of the Audit Committee set out on page 65.

14. Matters on which we are required to report by exception

14.1. Adequacy of explanations received and accounting records

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the 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.

We have nothing to report in respect of these matters.

14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made or the part of the Directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Other matters which we are required to address

15.1. Auditor tenure

Following the recommendation of the Audit Committee, we were appointed by the members on 25 May 2018 to audit the financial statements for the year ending 31 December 2018 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is three years, covering the years ending 31 December 2018 to 31 December 2020.

15.2. Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

16. Use of our report

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.

Anna Marks FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, UK

24 February 2021