AN EXHILARATING DRIVE

Inchcape

ANNUAL REPORT & ACCOUNTS 2014

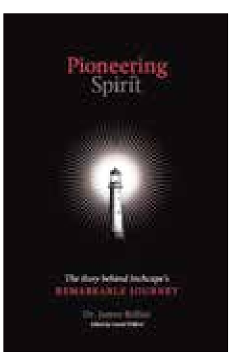
Strategic report

Governance

Financial statements

INCHCAPE IS THE GLOBAL INDUSTRY LEADER IN PREMIUM AUTOMOTIVE RETAIL AND DISTRIBUTION AND A KEY STRATEGIC PARTNER TO THE WORLD'S LEADING CAR BRANDS IN THE GROWING LUXURY AND PREMIUM SECTOR.

OUR UNRIVALLED EXPERTISE AND GLOBAL SCALE PROVIDE OUR BRAND PARTNERS WITH A PROFESSIONAL AND WELL FINANCED ROUTE TO MARKET FOR VEHICLES AND PARTS ACROSS FIVE CONTINENTS.



OUR CORE PURPOSE:

To create an incredible customer experience for the best car brands in the world

OUR VISION:

Our Customer 1st journey will create incredible growth for our people, our brand partners and our shareholders

OUR HERITAGE AND VALUES:

For more than 170 years, our success in global trading has been built on both a pioneering spirit and a set of values based on integrity and respect, that are still our guiding light

Find out what has made us who we are today at www.inchcape.com/about_us/history

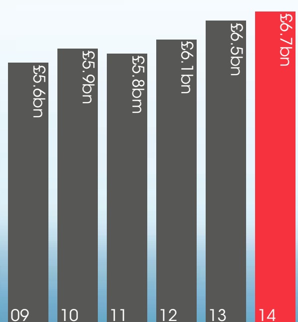
Performance Highlights

Inchcape's unique business model, Customer 1st strategy and operational focus have again delivered a year of record results. Our prospects for future growth in market share, margin, profit and shareholder value continue to give us confidence in our exhilarating journey ahead.

2014 marks a fifth consecutive year of double-digit earnings growth[1].

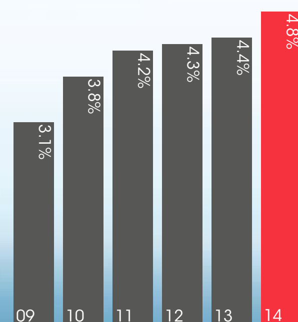
Sales

£6.7bn
2013: £6.5bn



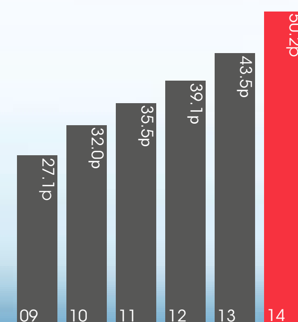
Operating margin[2]
(before exceptional items)

4.8%
2013: 4.4%



Adjusted earnings per share[2]
(before exceptional items)

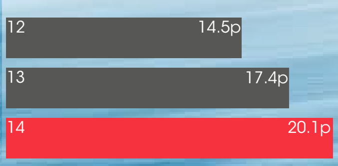
50.2p
2013: 43.5p



Step-up performance in cash generation and returns to shareholders.

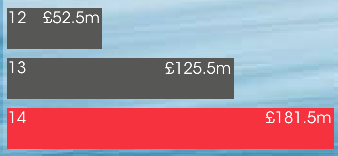
Dividend per share

+15.5%
year-on-year



Cash returned to shareholders

+44.6%
year-on-year



ROCE
(before exceptional items)

+380 BPS
year-on-year

1. Based on adjusted earnings per share.
2. 2012 restated for the adoption of IAS 19 (revised).

OPERATIONAL AND STRATEGIC HIGHLIGHTS:

- Acceleration of like for like sales momentum in 2014 with revenue growth of 10.1% at constant currency
- Strong underlying operating profit growth of 15.3% at constant currency
- Fifth consecutive year of double-digit earnings growth[1]
- Step-up in free cash flow generation
- £181.5m returned to shareholders in 2014 through dividends and share buy backs
- Excellent performance in Australasia from both our Subaru Distribution business and our Retail operations
- The start of the recovery in Singapore delivered strong revenue and profit growth
- Strong performance in North Asia, growing market share in Hong Kong by 270bps and achieving a new record trading profit of £66.9m

AN EXHILARATING DRIVE

GROWTH OF THE AUTOMOTIVE MARKET

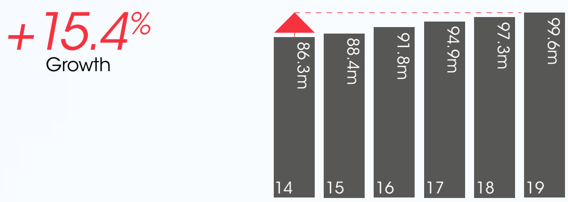
SOLID INDUSTRY GROWTH FORECAST

In the next five years, the global New Car market and Car Parc are expected to grow by 15.4% and 18.7% respectively. A number of global trends are driving this growth:

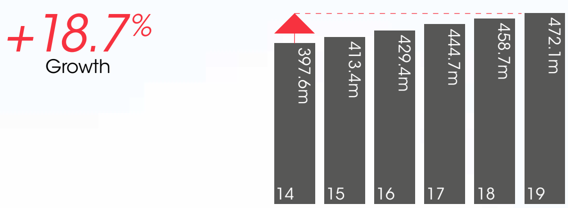
- Broad based growth in the New Car market across all continents will fuel growth in the Car Parc.
- The industry's structural growth will be led by wealth creation in Asia Pacific and Emerging Markets.
- Technological progress by the leading manufacturers will create value for customers and drive vehicle replacement.
- The Car Parc will grow rapidly, as replaced cars move into the Used Car category.
- The best-funded industry players will lead industry consolidation.

More on global growth trends on pages 22 to 23

Global TIV[1] 1-5 years



Global Car Parc[2] 1-5 years



1. TIV: Total Industry Volume (number of new light vehicles sold). Source: IHS Automotive.
2. Global Car Parc: Total number of cars on the road. Source: IHS Automotive.

OUR MARKETS ARE GROWING CONSISTENTLY

In the Asia Pacific and Emerging Markets where we create 75% of our trading profit, the New Car market is expected to grow by an average 3.4%* a year and the Car Parc by an average 3.6%*, both well ahead of the rest of the world.

* Source: IHS Automotive.

Inchcape 2014 Like for like revenue growth[3]	Global markets 2014 TIV[4]
+10.1%	+3.5%

More on our markets on pages 6 to 7

MARKET LEADERSHIP IN GROWTH MARKETS

Hong Kong

Our subsidiary in Hong Kong, Crown Motors, has retained and strengthened its number one position once again with market share growth of 270bps in 2014. We benefited from the successful launch of a number of new models including the Toyota Noah, Toyota Camry, Lexus NX, Lexus CT200h and the Lexus ES. As the number one brand in Hong Kong, Crown Motors was the clear leader in passenger cars, commercial vehicles and the market overall and was awarded the coveted Toyota Triple Crown for the 23rd consecutive year.

Market Leader for

23 YEARS

3. At constant currency.
4. Source: LMC Automotive.

OUR 'GO TO MARKET' STRATEGY

STRONG IN SMALL MARKETS WITH DISTRIBUTION AND SELECTIVE IN LARGE MARKETS WITH RETAIL

The Group has a strong presence with our high-margin distribution model in small and emerging markets where we have secured leadership positions against our main competitors. This is balanced by our selective retail-only approach in large markets.

In 2014 this balance saw us deliver 75% of our earnings from fast-growing high-return Asia Pacific and Emerging Markets, and 25% from the UK and Europe.

Overall, 74% of our earnings came from our high-margin, capital-light Distribution businesses in expanding Asia Pacific and Emerging Markets – a key driver of shareholder value.

	DISTRIBUTION 83% Trading profit*	RETAIL ONLY 17% Trading profit
ASIA PACIFIC AND EMERGING MARKETS 75%	74% Trading profit	1% Trading profit
UK AND EUROPE 25%	9% Trading profit	16% Trading profit

More on our role in the value chain on pages 8 to 9

* Where we act as a Distributor, we typically operate 10–20% of the retail network. Trading profit for these retail operations of 8% is included in Distribution in the table above.

OUR BRAND PARTNERS

SIX CORE RELATIONSHIPS DELIVER 90% OF OUR PROFITS

Our brand partners' strong R&D capabilities continue to lead powertrain and segment innovation

Our brand partners are the powerhouse of innovation in our industry worldwide, growing their R&D investment well ahead of their competition: by 66% since 2010 against the industry average of 39%.*

The pricing power of premium brands

Between 2010 and 2013, our brand partners drew on the power of their brands to increase revenues by an average of 11.7%. Competitor revenues grew by just 5.9% in the same period.*

More on our Brand Partners on pages 20 to 21

* Sources: OEM Financials and IHS Automotive.

WHERE WE OPERATE

26 MARKETS ACROSS THE WORLD

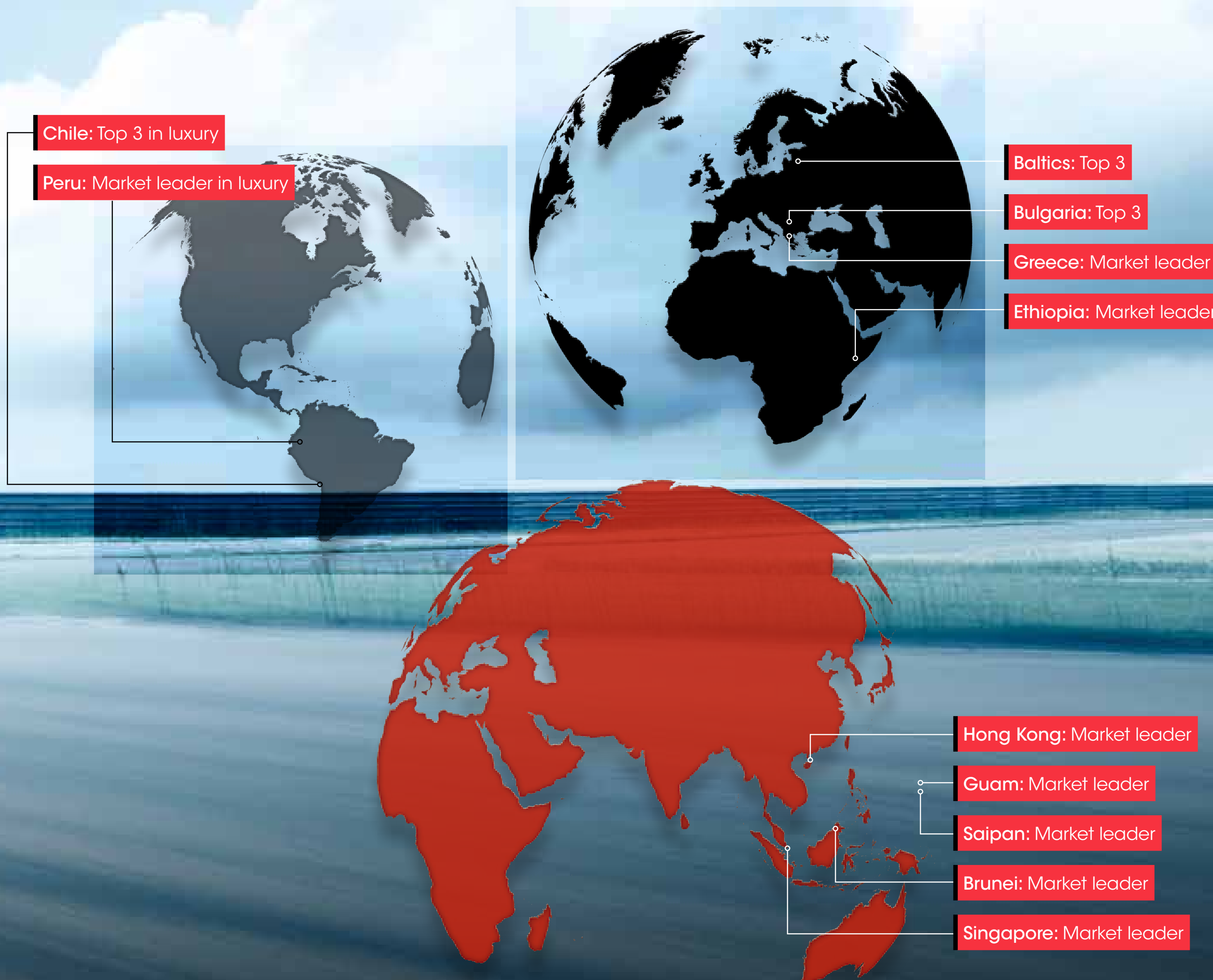
Our global footprint uniquely positions us for future growth.

Regions	Financial highlights: Sales	Financial highlights: Trading profit	Brand partners
Australasia Inchcape is the Distributor for Subaru in Australia and New Zealand and operates a multi brand retail strategy in Australia in the premium and luxury segments.	£1,243.4m 2013: £1,365.9m	£89.3m 2013: £78.9m	
Europe Inchcape operates Distribution and Retail across four western European markets – Belgium, Greece, Finland and Luxembourg.	£629.9m 2013: £629.5m	£20.8m 2013: £19.5m	
North Asia In Hong Kong, Macau, Guam and Saipan, Inchcape distributes for multiple brand partners and owns and operates all of the retail network.	£600.3m 2013: £566.1m	£66.9m 2013: £59.2m	
South Asia In Singapore and Brunei, Inchcape distributes for multiple brand partners and owns and operates all of the retail network.	£439.3m 2013: £369.3m	£58.7m 2013: £29.7m	
United Kingdom Inchcape operates a scale Retail business in the UK with premium brand partners in key regions together with a fleet leasing business.	£2,472.8m 2013: £2,224.3m	£65.2m 2013: £63.3m	
Emerging Markets Inchcape operates an integrated Distribution and Retail model in the Baltics, Africa and South America, Distribution and Retail in the Balkans, and Retail in Russia, China and Poland.	£1,317.0m 2013: £1,369.8m	£43.7m 2013: £55.2m	

More on our role in the value chain on pages 8 to 9

THE STRATEGIC AND ECONOMIC ADVANTAGES OF OUR SCALE OPERATIONS ACROSS OUR REVENUE STREAMS DELIVER MARKET-LEADING POSITIONS IN MANY OF THE WORLD'S FASTEST GROWING MARKETS.

We develop competitive positions with high returns in small to medium sized markets where our scale, superior processes, marketing power, customer-centric sales approach and technical expertise provide a significant local advantage.



OUR ROLE AS DISTRIBUTOR AND RETAILER IN THE AUTOMOTIVE VALUE CHAIN

WE OPERATE ACROSS EACH STAGE OF THE VALUE CHAIN, PROVIDING A WELL-FINANCED AND PROFESSIONAL ROUTE TO MARKET FOR OUR BRAND PARTNERS.

Product Specification

We apply our local expertise and unrivalled market understanding to specify models and volumes

Import & Logistics

We handle the distribution process from factory gate to retail centre

Appoint & Manage the Dealer Network

We appoint, manage, train and support franchised dealer networks

Wholesale of Vehicles/Parts to Dealer Network

We support the infrastructure of our franchised dealer networks

DISTRIBUTION AUSTRALIA

Inchcape is the exclusive Distributor for Subaru cars and parts in Australia and the custodian of the Subaru brand in this geographically massive market; indeed, we are responsible for ensuring success across the breadth of the value chain (see above). We appoint, train, develop and manage a network of 86 independently owned Subaru dealers and additionally directly operate 14 Subaru sites ourselves. Directly managing part of the network informs our understanding of consumer trends and Retail operations, enhancing our Distribution performance.

In the past 22 years we have taken the Subaru market share in Australia from close to 1% to just under 4% in 2014 when we sold over 40,000 New Vehicles, setting a new record for the business.

Australia is the

4TH *largest Subaru market in the world*

RETAIL AUSTRALIA

In addition to our 14 Inchcape-owned Subaru centres, our Retail operations in Australia include 26 sites for other brand partners. Our Retail footprint expanded significantly in 2013 with the acquisition of Trivett, focused in Sydney, and includes a number of the world's leading premium brands: BMW, Volkswagen, Jaguar and Land Rover as well highly aspirational super-luxury brands such as Rolls-Royce, Bentley, Aston Martin and McLaren. Our Customer 1st Strategy ensures a resolute focus across our Retail operations to deliver the highest levels of customer service through a dedicated, knowledgeable and passionate team.

Retail Australia 2014 trading margin

+20 BPS YOY

National Marketing & Price Positioning

Our deep market insight enables us to build strong pricing power into our brands and grow market share

Customer Engagement

Our Customer 1st strategy, enabled by Inchcape Advantage, ensures we gain unique customer insight so we consistently deliver superior customer service in every market

More on Inchcape Advantage on page 14

Vehicle Sales

We provide high quality brand representation and outstanding customer service through state of the art retail centres

Vehicle Finance & Insurance

Our F&I specialists help customers find the most efficient way to finance their vehicles and provide customers the opportunity to purchase ancillary products

Aftersales

Our trained technicians and hi-tech facilities give us a unique competitive advantage

DISTRIBUTION SINGAPORE

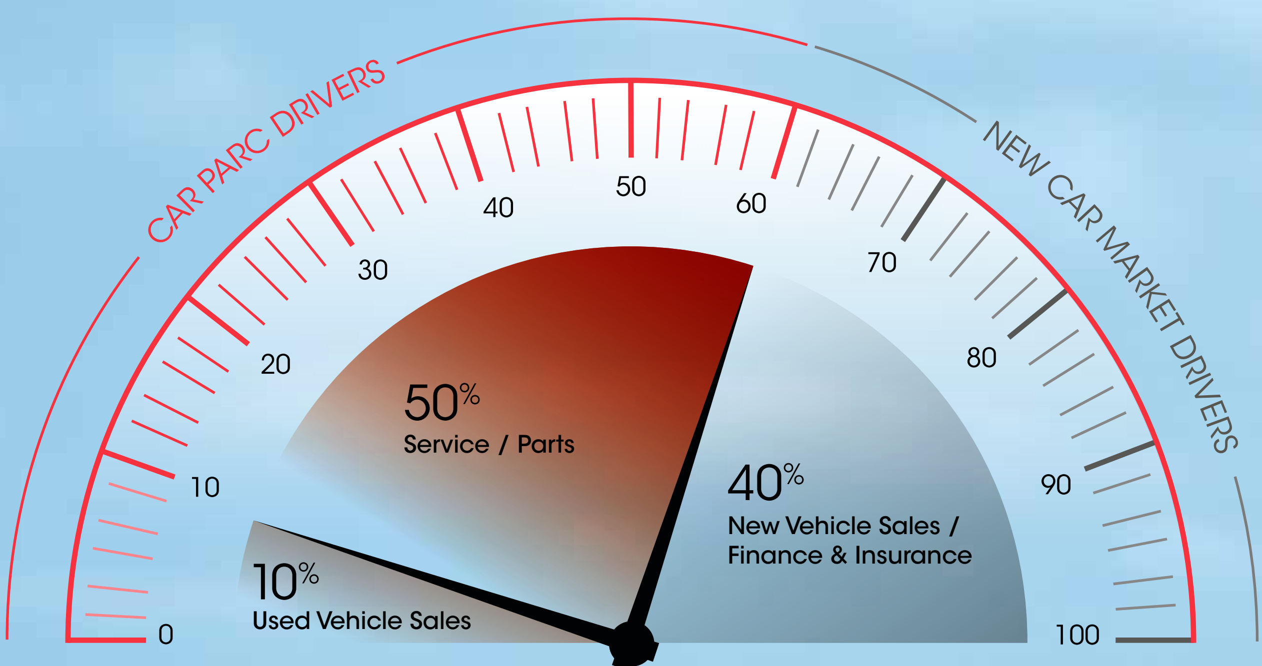
Inchcape has operated in Singapore for nearly 40 years and is the market leader. We operate as Borneo Motors representing Toyota, Lexus and Hino, and as Champion Motors representing Suzuki. Singapore is a geographically compact city state, making it logical that as exclusive Distributor we also run all of the Retail operations; this means we are able to leverage 100% of the local value chain. Five principal Sales sites, complemented by nine Aftersales sites, cover the entire territory for all our brands. This model of distributing and running all retail sites is typical across many of our small markets. The economics of our model are particularly strong in Singapore thanks to our long-established leading market share position, which drives high levels of throughput across all value drivers within a highly efficient footprint.

2014 market share

+250 BPS

FIVE DISTINCT VALUE DRIVERS

OUR FIVE DISTINCT VALUE DRIVERS SUPPORT INCHCAPE'S REVENUE AND PROFIT PERFORMANCE THROUGHOUT THE ECONOMIC CYCLE, SIMULTANEOUSLY LEVERAGING THE GLOBAL GROWTH IN NEW VEHICLE SALES AND THE SUSTAINABILITY AND SCALE OF THE GLOBAL CAR PARC.



More information online
www.inchcape.com

CAR PARC DRIVERS

60% of total Group gross profit

The Car Parc market – the total number of cars on the road and the key driver of Aftersales and the sale of Used Vehicles – is around 10 times larger than the New Vehicle market, and delivers higher margins.

Used Vehicle Sales

Used Car sales are a key market segment, and 2014 saw Inchcape benefit from its growth on the back of the increasing New Car market in recent years as vehicles are replaced.

Service

Aftersales servicing is a key aspect of the deep and lasting customer relationships we seek to build. These start with the car purchase and develop further during a sustained aftercare stage that delivers recurring income. This positions us well not only to sell the customer their next car but also to market their current vehicle.

Parts

The distribution and retail of manufacturers' spare parts is a high-margin and sustainable activity that further supports long-term customer relationships.

NEW CAR MARKET DRIVERS

40% of total Group gross profit

The New Car market is the total number of new car registrations.

New Vehicle Sales

The Distribution and Retail of New Vehicles has historically been at the heart of Inchcape's business.

Demand for New Cars in 2014 was well ahead of 2013 as we benefited from our unique geographic portfolio and the sustained growth of the premium and luxury automotive segments.

Finance & Insurance

Our car Finance & Insurance income stream also benefited from the accelerating growth in New Car sales in 2014.

DIFFERENTIATING CUSTOMER 1ST STRATEGY WITH DISCIPLINED FOCUS ON OUR OPERATIONAL PRIORITIES

More about our strategy and operational priorities on pages 22 and 23

Customer 1st STRATEGY to create differentiation

Strengthen
Superior customer value proposition through Inchcape Advantage.

Expand
Selective investment in high-growth/high-margin areas.

OUR TOP 5 OPERATIONAL PRIORITIES

COMMERCIAL INITIATIVES to grow revenues ahead of competitors

Growing market share
Strong revenue and market share growth from Vehicle Sales driven by differentiated customer experience.

Growing Aftersales
Outperforming competitors through effective customer contact and retention programmes during both the warranty and post-warranty period.

CAPITAL DISCIPLINE to grow profit and operating cash faster than revenue

Improving margin
Tight cost discipline firmly in place and continuous focus on the pricing power of our brands.

Controlling working capital
Robust daily discipline on working capital and inventory management.

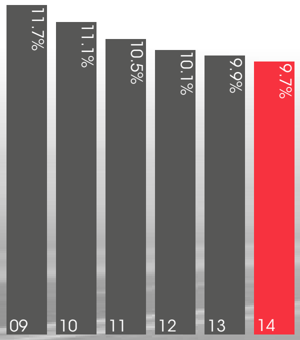
Selective capital expenditure
Disciplined capital investment initiatives to increase capacity in strategic markets.

UNDERPINNED BY STRONG COST AND CAPITAL DISCIPLINE

Overheads/Revenue

9.7%*

2013: 9.9%*



Discipline on cost

Today's Inchcape is a far leaner and more efficient organisation than just five years ago, thanks to our highly disciplined approach to cost control. Our focus on productivity spans all of our markets and central functions – the Group is focused on retaining this discipline to drive profit-leverage as our top line grows.

* Excluding property profit in Singapore in 2014 and Chile in 2013.

Cash Returned to Shareholders

£181.5m*

Share buy back programme

Our 2014 programme of share buy backs not only demonstrates our confidence in Inchcape's sustainable long-term success, it also demonstrates our capital discipline and enhanced EPS growth.

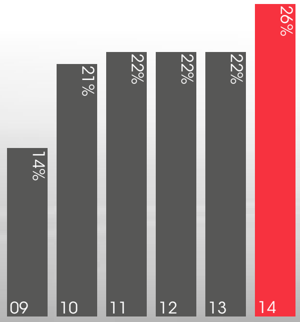
* £100m share buy back and £81.5m of dividends returned in 2014.

ROCE

(before exceptional items)

26%

2013: 22%



Improving returns on capital

The Group's focus on sustainable organic growth, cost control and disciplined capital allocation has driven a higher return on our net assets over the past five years. Inchcape benefits from a relatively light capital footprint, especially as a Distributor; building on this strength is fundamental to our operational priorities.

EXECUTING OUR OPERATIONAL PRIORITIES THROUGH OUR 'FORMULA INCHCAPE' PROCESSES

12 PROPRIETARY PROCESSES ENSURE OPERATIONAL EXCELLENCE IN EVERY MARKET

1

Market intelligence and forecasting

We grow our understanding and knowledge of our markets by using powerful retail indicators and leading technologies. Enabling accurate sales forecasts and the identification of new trends before they emerge, they bring us strong competitive advantage in all economic cycles.

2

Supply and working capital management

Integrating our management processes, market measures and forecasting enables us to synchronise supply accurately with demand. This not only enables us to control costs, it gives a real competitive advantage in terms of satisfying customers' availability requirements.

3

Marketing and innovation

We have unparalleled insight into the best positioning and promotion of our partners' brands and models in our 26 local markets. Our StarPlus marketing model provides process discipline to drive growth in revenue and market share and further strengthen the equity and image of our brands.

4

Dealer network development

In our Distribution markets, our route to market is often largely fulfilled by third-party dealers. Our network development teams provide their expertise in network expansion, retail standards, operational training and IT support. This is how we ensure world-class representation for our brands.

5

World-class retail standards

We invest continually in the world's most advanced retail technologies, infrastructure and our people to ensure all our customers in every market enjoy an outstanding experience every time they interact with us.

6

Customer service

Our unique Inchcape Advantage programme underpins our commitment to delivering consistently superior customer service in every outlet. It also drives market share growth, protects the pricing power of our brands and creates sustainable Aftersales retention everywhere we operate.

MEASURING CUSTOMER SERVICE

Across our 26 markets, each month we conduct over 16,000 customer interviews covering Vehicle Sales and Aftersales. This rigorous process feeds into our Net Promoter Score (NPS), a fair and consistent measure for customer service that is linked to remuneration across all our markets.

Group NPS **+28%** *since 2009*

7

Performance management

We carefully balance strong central governance with empowered local management who have the expertise to make decisions based on in-depth market knowledge. As a result, we respond rapidly and effectively to changing market conditions at every level.

8

Capex and investment

While the strength of our balance sheet and brand partner relationships gives us access to investment opportunities, our highly disciplined and selective approach to investment targets only high-growth and high-margin opportunities.

SINGAPORE – THE SALE OF 24 LENG KEE ROAD

In 2014, our Singapore business disposed of a property at 24 Leng Kee Road to realise significant cash proceeds of £21.6m. The existing body and paint facilities on this site are being relocated as part of a new multi-storey facility in Pandan. Organising our property portfolio in such a way ensures the efficiency of our invested capital for the benefit of our shareholders.

9

Global IT infrastructure

Our proprietary Distribution and Retail information technologies enhance Group wide productivity. Our global iPower programme reduces complexity and provides the business with enhanced management information on a timely basis.

iPOWER–SAP / CDK

Inchcape is rolling out our best-in-class SAP and CDK (formerly ADP) integrated solutions, known as our iPower programme, to support our Customer 1st strategy and business model. The programme has been designed to hardwire our Inchcape Advantage standards to ensure performance consistency, strengthen our controls and minimise risk, improve efficiency across both our front and back offices and underpin the Group's growth agenda. Key iPower market completions made in 2014 included Hong Kong, Singapore and Peru.

10

Risk management

The Group's risk appetite is determined by the Board, while the Group iPOM (Inchcape Peace of Mind) Committee manages day-to-day risk oversight. In our decentralised structure, oversight of risk management is the responsibility of senior management in local markets.

11

Investing in people

Our winning people in winning teams enable us to consistently outperform our competition across the world. It is our centralised and local focus on ensuring we have the right people, the right learning opportunities, the right reward systems and the right culture that supports this.

12

Rewarding performance

Our culture recognises individual contributions to our collective performance. Recognition and acclaim are as important as compensation in maintaining our engaged workforce of committed, energetic and enthusiastic people.

A WINNING BUSINESS PROPOSITION

OUR MARKETS

Our route to market strategy means 74% of our trading profit comes from our high-margin, capital-light Distribution businesses in fast-growing Asia Pacific and Emerging Markets.

See more on page 4

OUR BRANDS

We work with a portfolio of the world's premium and luxury automotive brands who are investing in R&D ahead of the industry.

See more on page 5

OUR CATEGORIES

Five distinct profit streams support Inchcape's revenue and profit performance throughout the economic cycle.

See more on pages 10 to 11

OUR STRATEGY

Our differentiating Customer 1st strategy, tracked consistently and globally with disciplined operational focus on Top Five Priorities, is underpinned by strong cost and capital discipline.

See more on pages 12 to 13

OUR 'FORMULA INCHCAPE' PROCESSES

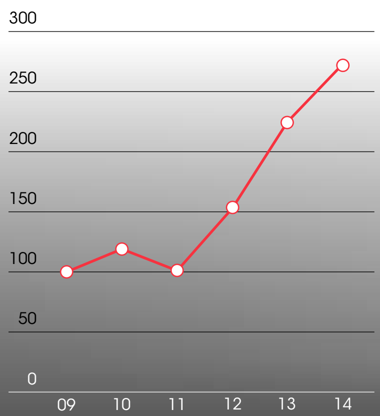
We use our proprietary 'Formula Inchcape' processes to ensure we excel in executing operational priorities around the world.

See more on pages 14 to 15

CREATING STRONG SUSTAINABLE SHAREHOLDER VALUE

Total Shareholder Return (TSR)

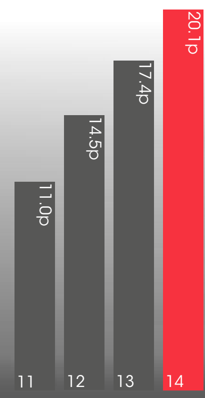
173%
Return over five years



The consistent and strong earnings growth of the Group over the past five, years, coupled with our progressive dividend policy, is reflected in the valuation of Inchcape. The Group's five year TSR of 173% is 67% higher than the FTSE 250 average.

Sustainable dividend growth

+22.3%
Three-year full year dividend CAGR

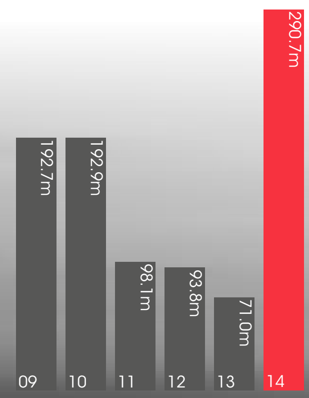


£307m cash returned through dividends and the buy back in the past 24 months.

Consistent and substantial year-on-year dividend growth is an important indicator of the confidence we have in the Group's future performance.

Free cash flow

£290.7m
2013: £71.0m



Substantial year-on-year increases in the Group's free cash flow enable our ongoing ability to invest, enhance our returns and ultimately build value for shareholders.

Chairman's Statement

RECORD RESULTS IN 2014

We are pleased to report a strong performance in 2014 with robust like for like sales growth, a new record underlying operating margin and excellent cash generation.

The Group's constant currency revenue and profit momentum of the past five years accelerated in 2014, further demonstrating the attractiveness of Inchcape's strong position in a vibrant industry as well as the return to growth of some of our important markets. Our strategic focus on premium and luxury brands, our strong presence across higher growth Asia Pacific and Emerging Markets, our rigorous operational processes and our dedication to our Customer 1st strategy successfully combined to deliver an excellent result in 2014.

At the end of September 2014, we announced that after nearly 10 years as Group Chief Executive, André Lacroix will leave Inchcape at the end of March 2015 to take up his new role as CEO of Intertek Group plc. Under André's leadership, Inchcape has performed extremely well and our market capitalisation has more than doubled since his appointment in 2005.

We thank André and wish him all the very best for the future.

At the end of January 2015, we announced the appointment of Stefan Bomhard as Inchcape's CEO effective from 1 April 2015. Stefan is an experienced international executive who has worked for a number of well-known companies, and his most recent role was European President for Bacardi Limited. He has lived and worked in a number of our markets and he brings a wide range of expertise to the Group. I know he is looking forward to joining Inchcape and working with a great team.

Performance

Group sales increased by 2.7% to £6.7bn for the full year to 31 December 2014. Our 2014 constant currency like for like revenue growth of 10.1% was excellent and well ahead of the 3.5% increase in global New Car volumes (Source: LMC Automotive). 2014 marked an important inflexion point for two important reasons. Firstly, our markets that have seen New Car volumes increase since the global financial crisis are now benefiting from broad based growth across our categories, including Service and Parts. The second factor being the return to growth of the important markets of Singapore and Greece.

Our Australasian performance has been particularly pleasing in 2014, especially against the backdrop of an adverse currency translation from the Australian Dollar to Sterling. Trading profit for the division rose 13.2% to £89.3m reflecting a very good performance by our Subaru Distribution business, which benefited from an increase in market share and a favourable exposure to buying in Yen. Our Retail operations also delivered a robust performance supported by further profit growth for the Trivett sites we acquired in 2013.

Our Russian business is experiencing a period of geopolitical uncertainty and, whilst we delivered revenue growth of 6.6% at constant currency in 2014 and remain confident in the long-term potential, we have reduced our near-term growth expectations and have recorded a £47.4m non-cash exceptional impairment of the carrying value of goodwill in Russia.

Profit before tax and exceptional items of £303.2m was a 10.4% increase on 2013. Adjusted earnings per share (EPS) rose by 15.4% to 50.2p, driving a five year compound annual growth rate of 13.1%.

Cash generated from operations during the year was £405.8m which represents an 127% conversion of pre-exceptional operating profit.

For the second year in succession, we announced a £100m share buy back programme at the time of our Interim Results, of which £50m was completed by 31 December 2014. The Group's cash generation continues to be strong, benefiting from well-established disciplines over working capital. The Group generated £290.7m of free cash flow in the year and had £210.2m of net cash at the year end.

I am pleased that our operational success and the increased dividend per share have been reflected in the 2014 total shareholder return (TSR) of 21.4%.

Capital Expenditure

Discipline on capital expenditure has been maintained in 2014, through the control of Group wide hurdle requirements and the realisation of £21.6m in cash from the disposal of a body shop and paint facility at 24 Leng Kee Road in Singapore.

In 2014 we completed further BMW Motorrad facilities in Chile, following the new flagship facility opening in 2013. In Poland we opened new MINI and BMW

Motorrad showrooms, these additions coinciding with the 10th anniversary of our Polish operations this year. In the UK we refurbished a number of sites and opened state of the art facilities for our brand partners.

Our global iPower programme to roll out SAP and CDK integrated IT solutions across all of our markets continued in 2014 and notable market completions were Hong Kong, Singapore and Peru.

Board

We were pleased to announce the appointment of Coline McConville who joined the Board on 1 June 2014. Coline brings valuable breadth of global experience across multiple industries and is a member of the Remuneration, Corporate Responsibility and Nominations Committees.

Dividend

The Board is pleased to recommend payment of a final dividend for the year ended 31 December 2014 of 13.8p, +18.0% on 2013 (11.7p). This gives a total dividend for 2014 of 20.1p, a 15.5% increase on 2013 (17.4p). Subject to approval at the Company's Annual General Meeting (AGM) on 21 May 2015, the final dividend will be paid on 25 June 2015 to shareholders of the Company on the register of members at the close of business on 29 May 2015.

Approach to Governance and Corporate Responsibility (CR)

We view governance as a continually evolving set of principles and the Annual Report gives the Board an opportunity to communicate to our stakeholders how we have incorporated these principles in order to underpin the delivery of the Group's strategy. The Corporate Governance Report on pages 46 to 57 aims to set out clearly how we have structured the Board, how we have reviewed and evaluated ourselves and our processes, and what changes we have made to ensure the Board and its committees remain effective. In 2014 the CR Board Committee, responsible for the strategic direction of the Group's Corporate Responsibility programme, continued to develop a global approach to making responsible economic, environmental and social behaviour fundamental to the way we work.

INTRODUCING STEFAN BOMHARD

The Board of Inchcape plc is pleased to announce the appointment of Stefan Bomhard as the Group's new Chief Executive.

We are delighted to welcome Stefan to Inchcape. He is a very experienced international executive with proven success in a number of well-known companies. I feel confident that his style and approach will fit extremely well with Inchcape's values.

Stefan (aged 47) is currently President of Bacardi Limited's European region, which is the company's largest region. He is also responsible for Bacardi's global commercial organisation and Global Travel Retail. Bacardi Limited is one of the world's largest spirits companies and the European region has operations in 22 countries across Western and Eastern Europe. Stefan has a PhD in Marketing and has accrued a wealth of experience in the retail and consumer sectors during his career. He served as Chief Commercial Officer of Cadbury plc, Chief Operating Officer of Foodsolutions, Europe, a division of Unilever plc, together with general management, retail and franchise experience at Diageo (Burger King) and Procter & Gamble. Throughout his career, Stefan has lived and worked in a number of markets across Europe and internationally. In taking up his role at Inchcape, he will be relocating to the UK.

People

On behalf of the Board, I wish to express my sincere thanks to all our colleagues across the Group for their outstanding commitment and support in 2014.

Outlook

The fundamentals of the Group are strong. We trade across multiple value drivers distributing and retailing for leading premium and luxury automotive brand partners across primarily small and medium size markets, where we typically have established high market shares. Inchcape is attractively positioned to benefit from the exciting growth industry in which we operate.

The solid foundations of the Group have been strengthened to drive long-term shareholder value by our dedication to our Customer 1st strategy, underpinned by clear operational initiatives and secured by a focus on capital discipline.

Inchcape has delivered double-digit compounded annual underlying earnings growth over the past five years, despite a backdrop of challenging trading conditions in some of our key countries. Last year saw the return to growth in Singapore and Greece, the broadening of growth across our categories and the presence of distinct and supportive local drivers. Whilst a portfolio of markets will tend to always see a spread of performances, the long-term momentum within the Group is encouraging and we are resolute in our focus to capture this opportunity and deliver on-going value creation for our shareholders.

Ken Hanna
Chairman

AN EXHILARATING DRIVE

I am delighted once again to announce a set of record underlying financial results that continue our long-term trend of delivering increased market share, margin growth, higher profits, industry-leading return on capital employed and shareholder value creation.

In the past 10 years, it has been a privilege to lead Inchcape, a Group with such an impressive heritage, operating in a fascinating industry and with a unique portfolio of growth markets and leading brand partners. I would like to express my sincere thanks to all Inchcape employees and brand partners for their outstanding support.

For me personally – and for the Group – this has been an exhilarating drive.

André Lacroix
Group Chief Executive

As I write my final Chief Executive Statement after nearly 10 years with Inchcape, it is perhaps fitting to briefly consider the journey that the Company has been on since 2005 and to reflect on what makes Inchcape so truly special. This has been a significant period in the Company's history; it has taken us through one of the most challenging economic crises ever to hit the world's financial markets and then through an extensive recovery period during which Inchcape has successfully and consistently outperformed its competitors.

I believe that the Company's strengths lie in 10 core strategic assets which today make Inchcape the global leader in automotive Distribution and Retail. These are the qualities that make us uniquely well-placed to benefit from the tremendous growth ahead in the premium and luxury segments of the global automotive market.

For this reason, I will comment on this year's results at the end of this statement, not at the beginning. In this way, I hope to clearly illustrate how I believe Inchcape will continue to drive success from its markets, accelerate growth and constantly deliver improving shareholder value to provide an exhilarating drive for our customers, our brand partners, our people and our shareholders.

A rich heritage and reputation for performance excellence

The first of Inchcape's strategic assets lies in our rich heritage and outstanding reputation for performance, built up over nearly two centuries. Inchcape has existed in multiple forms for many years from the days when some of the 19th century's most exciting figures helped to create today's global company by opening up new trading routes right across Asia, down the length of Africa and across the Pacific to Australasia.

The Company continues to thrive today because it has consistently leveraged this entrepreneurial spirit along with a real sense of integrity and an unmatched customer focus to overcome challenging market conditions and outperform its competitors in periods of growth. It has always achieved this thanks to the determination of its employees to succeed, and I am confident that it will still be doing so for many years to come.

The world's best car brands

Our business, at its simplest, is to provide the world's leading car manufacturers with a professional, well-financed route to market across 26 territories worldwide. We strive to enhance our manufacturer partners' brand performance by creating an outstanding buying and ownership experience to which customers choose to return, time and time again. And, by leveraging the full power of this Customer 1st approach, we drive growth for our own people, our brand partners and our shareholders.

Six long-standing brand partner relationships deliver around 90% of our Group profits. But by partnering with Toyota, Volkswagen-Audi, BMW, Subaru, Mercedes-Benz and Jaguar Land Rover, we work with the key drivers of innovation in the automotive industry across the world. Not only are these the manufacturers behind the majority of breakthroughs in powertrain and environmental technologies, they are also the leaders in the development of new automotive segments that meet emerging and future customer needs.

Further, these are the brands to which increasingly wealthy customer groups in Emerging Markets aspire. This in turn is a powerful driver and protector of high margins for Inchcape. In short, these are the best possible brand relationships for us to have. Our role is to apply our expertise at every point in the automotive value chain.

Where we operate as a Distributor, our extensive consumer research and knowledge of our markets enable us to specify the models, variants and volumes supplied to each market. We handle all aspects of import and logistics, from factory gate to showroom. We also appoint, manage and train franchised dealership networks and support them through the wholesale provision of vehicles and parts. We draw upon our market knowledge and brand expertise to handle all national marketing and price positioning to maximise margins and share.

Where we operate as a Retailer, our role is to provide high quality brand representation through large scale retail facilities and our highly trained technicians and industry leading facilities give us a major competitive advantage when it comes to vehicle servicing and repair.

Above all, we win and engage customers for the long-term through the delivery of superior customer service at every touch point, in every market.

A perfect position in a growth industry

Our third core asset, which consistently delivers advantage and value to Inchcape, is the growth industry itself in which we operate – and our highly beneficial position within it. The automotive industry is set to grow significantly over the next five years, both in terms of the New Car market (+15.4%, Source: IHS Automotive) and the overall Car Parc (+18.7%, Source: IHS Automotive) from which we derive our Aftersales and Used Car revenues.

A number of global structural drivers are fuelling this growth: New Car sales growth in markets across all continents; unprecedented wealth creation in Asia Pacific and Emerging Markets; new technologies driving environmental and efficiency gains, creating value for customers; growth of the Used Car market as vehicles are replaced; and on-going consolidation, led by the best funded and best performing industry players.

Inchcape additionally benefits from our ability to leverage a number of market specific growth drivers in every territory in which we operate (see panel overleaf for more on this).

Moreover, we are uniquely placed to benefit from our exposure to high-margin growth markets, driven by two important features of our business model that truly differentiate Inchcape in the global automotive industry: our 'go to market' strategy and our 'geographic portfolio strategy'.

The strategic choices we have made over the years regarding our 'go to market' strategy have been highly significant. In the global automotive value chain we gained 83% of our 2014 earnings from our high-margin Distribution operations, while we delivered 17% of our earnings from our Retail operations.

Our strategic choices regarding our geographic portfolio are equally critical to the performance of the Group. In 2014 we delivered 75% of our earnings from fast-growing Asia Pacific and Emerging Markets while 25% of our earnings were delivered in the UK and Europe.

So our low-capital, high-margin Distribution operations are sited almost exclusively in the fastest-growing markets in the world. These markets are not large – they include Hong Kong, Singapore, Chile, Peru, Guam, Brunei, the Baltics, and Ethiopia – but collectively they are very significant indeed. And by being strong with Distribution in such small markets while being selective with Retail in large markets, we have channels that give us an exceptionally strong, sustainable and well-balanced set of revenue streams.

These strategic choices have given us a powerful position in the global automotive industry: the fact that the core of the Group's earnings are delivered in high-return Distribution channels in the fast-growing Asia Pacific and Emerging Markets has been – and will remain – a key driver of shareholder value creation.

Being in the right markets with the right brand partners gives us significant local leverage and indeed we have achieved outright market leadership positions in many of the markets where we operate, and top three positions in many others.

We work hard to maximise our brand partners' success. And we are rightly proud that, as a result of this focus, our partner brands often perform better in Inchcape-run markets than they do elsewhere, one of the reasons why our brand partner relationships have been in place for over 20 to almost 50 years.

A winning glo-cal organisation

This out-performance is due in no small part to another key Inchcape strength, a winning glo-cal organisation. Our organisational approach is to establish a strong market presence and apply marketing, sales, aftersales and infrastructure expertise locally, which we support with strong governance and performance management centrally.

Our decentralised, empowered management structure enables local teams to apply their in-depth personal knowledge of individual markets within a globally aligned group structure. We have the scale that enables investments in world-class Group-wide information systems, shared best practice and advanced business processes, but this is combined with in-depth local skills and the ability to respond swiftly and decisively to fast-changing conditions. Thus, our organisational model provides both the benefits of global scale and of local agility.

A differentiating strategy with clear operational priorities

We have pursued our Customer 1st strategy for 10 years now, creating an incredible customer experience for the world's best car brands. The cornerstone of this approach is our commitment to outstanding customer service coupled with a strong operational discipline.

While our industry in general is not renowned for customer service, achieving excellence in this area is critical to us because it differentiates Inchcape from competitors and strengthens the performance of our existing assets.

Indeed, our strategy is based on the consistent delivery of outstanding customer service to drive premium returns: creating superior customer value through our unique Inchcape Advantage programme to strengthen our business and, through the strong brand partner relationships this creates, gaining access to expansion opportunities in high-margin/high-growth areas of the world.

Inchcape Advantage is our unique programme to deliver a consistently superior customer experience, underpinned by customer insights (from our 16,000 monthly customer interviews), proprietary Retail operating processes and cutting-edge Retail metrics. It is our key competitive advantage: it drives our market share growth across five revenue streams (see below); it protects the pricing power of our brands; and it helps us retain our customers.

A key strategic component of our strong business model is the diversity of our five revenue streams which we classify into 'growth' and 'defensive' categories. Our main growth category is New Vehicle sales and, when combined with our Finance and Insurance products, represents around 40% of Group gross profit.

Our 'defensive' categories of Used Vehicle sales, Aftersales Service and Parts now collectively account for 60% of our gross profit and the trend towards substantial growth in the global Car Parc (which is over 10 times the size of the New Car market) is driving true sustainability for these high-margin business streams.

We drive the successful implementation of our Customer 1st strategy through a set of operational disciplines that are enshrined in Inchcape's Top Five Priorities. We first developed these in response to the dawning of the financial crisis back in 2008, but they have proven equally relevant and valuable during the period of recovery and into the current growth phase that is now taking us forward.

These priorities give us a balance between a set of commercial and cash initiatives that ensure our business growth ambitions are founded upon strong capital disciplines. In short, they focus our attention on growing revenue and profit faster than our competitors and upon driving leverage of both profit and cash generation.

Our two commercial priorities are to ensure constant year-on-year revenue growth by increasing our market share of New Vehicle sales and to deliver

MARKET SPECIFIC GROWTH DRIVERS

The automotive industry is set to grow significantly over the next five years, fuelled by a number of structural growth drivers. Additionally, Inchcape will benefit from our ability to leverage market specific growth drivers in every territory in which we operate.

More on the growth of the global automotive market pages 2 to 3

Australia

- Strong economic fundamentals
- Population growth
- Aged Car Parc driving replacement cycle
- Premiumisation of demand
- Strength of Subaru brand
- Benefits from weakening Yen

UK

- Improved consumer confidence and growing New Car market
- Affordable financing driving faster replacement cycle
- Solid economic fundamentals: growth in population, employment and real wages

Singapore

- Acceleration of market recovery
- Certificate of Entitlement cycle favourable for significant growth in New Car registrations
- Commercial vehicle government scrappage scheme
- Pre-Euro 5 diesel vehicle phase-out

Hong Kong

- Strong economy
- Commercial vehicle government scrappage scheme to 2019
- Pre-Euro 4 diesel vehicle phase-out
- Continued taxi refresh

Aftersales growth during both the warranty and post-warranty periods. We achieve these goals through our innovative digital and traditional marketing campaigns and effective customer contact and retention programmes.

Our cash priorities provide us with the strong financial platform on which our commercial initiatives can flourish: continually improving our margins through a strong focus on the cost of sales and the mix of our value drivers; robust inventory management, tracked on a daily basis within a clear Group-wide policy of 1.5 months' of forward stock cover; and being highly selective on capital investments, focusing upon those initiatives that increase our capacity in strategic markets.

Ultimately, this balance between commercial and cash initiatives is what enables us to offer a premium service to our customers, which translates into premium growth and premium returns for our shareholders.

Culture of high performance management

We have created a suite of insightful reporting systems to drive strong performance management disciplines throughout the organisation, with powerful links between our front and back office environments to minimise risk and optimise efficiencies.

An ethos of rigorous performance management is ingrained in Inchcape's culture through the frequent and timely implementation of key processes – centrally, locally and at every level of the organisation. Our commitment to daily, weekly and monthly management reporting and disciplined central governance underpins well informed local decision making. A broad and deep range of performance management measures collectively build strategic planning and control tools into the heart of our business to deliver an integrated set of forecasting, budgeting, governance, review, analysis and talent development tools that enable global policies to be tailored for local and regional markets.

World-class proprietary Distribution and Retail information technology enhances our productivity across the Group. Our unique, global iPower programme is designed to reduce complexity and to provide our businesses with relevant management information on a timely basis.

iPower provides the Group with best in class SAP and CDK integrated solutions that are uniquely configured to support our Customer 1st strategy and business model. They effectively 'hardwire' our Inchcape Advantage standards to ensure performance consistency, strengthen the control environment to minimise risk and maximise efficiency, improve operational efficiency and productivity in front and back office and support our growth agenda.

iPower is a distinct competitive advantage for us, allowing us to deliver a consistently superior customer experience through a unique approach to operational management.

Western Europe

- Recovery of Greek market
- Aged Car Parc driving replacement cycle

Russia

- Premium and luxury segment in Moscow and St. Petersburg outperforms the industry
- Growth of the middle class
- Low car penetration

Ethiopia

- One of the fastest growing African countries
- 2014-2019 forecast GDP CAGR +10.6% (Source: IMF)
- Expanding from recent capital investment in new facilities

South America

- Growth and stabilisation of currency
- Growth in 1-5 year Car Parc supporting high-margin Aftersales business

Poland

- Inchcape footprint expanding

Balkans/Baltics

- Beginnings of recovery and structural growth of the middle class

China

- Ownership levels increasing
- Access to consumer credit growing
- Aspirational middle class more likely to buy premium brands

Robust set of industry-leading processes: Formula Inchcape

Our ability to transform revenue growth into sustained earnings growth and strong cash generation stems from the unique approach to operational management we have developed over the past nine years.

Collectively called 'Formula Inchcape', 12 proprietary processes run through our organisation to provide the backbone of the Group's earnings model. They ensure operational excellence in every market. They comprise: marketing intelligence and forecasting; supply and working capital management; marketing and innovation; dealer network development; world-class retail standards; customer service; performance management; capex and investment; global IT infrastructure; risk management; investing in people; and rewarding performance. Please see pages 14 and 15 for fuller details.

Formula Inchcape was the focus of our 2014 capital markets day, hosted by the entire Group Executive Committee. Presentations and recordings from this event can be found at www.formulainchcape.com

A truly engaged and innovative organisation

Our Group-wide 'Incredible Inchcape' engagement programme is successfully mobilising our colleagues to take the Company to new heights.

A key component of this programme is to encourage a sense among all our people that they should 'feel and act like owners of the business'. This generates a real entrepreneurial hunger for searching out and capitalising on the many growth opportunities that the business faces, as well as stimulating the innovation that ensures we are first to market in our industry with new ideas.

For example, we were the first to provide an online finance calculator to help customers understand what vehicle they can afford on a monthly payment basis. Further, we were the first to allow customers to take complete control of their service booking online – reserving a specific time slot on a specific day to suit them – and to book a courtesy car.

Innovations like these are helping us to continue to outperform our competitors around the world.

Strong leadership

To create this spirit of shared ownership among all our people, we need strong leaders whose sense of camaraderie and commitment extends beyond their immediate peer group to embrace the entire organisation. The Company is personified by a shared sense of duty to continue Inchcape's tremendous pioneering heritage and a real commitment to growth for the benefit of our people, our brand partners and our shareholders.

This is a theme that has given Inchcape a strong backbone throughout our Company's long history, right from our earliest days in the 19th century.

Today, we define this approach within a set of leadership skills that help great leaders at Inchcape deliver consistently high performance. These leadership skills are focused on shaping the future through a strategic focus and being always ahead of our competitors; energising the organisation through building engagement and developing their people; and delivering outstanding results through executional excellence and a high performance mindset.

Track record of performance with expertise in shareholder value creation

Our tenth strategic asset is our exceptional financial and trading performance and our expertise at creating superior shareholder value.

This year has been no exception to our record of strong performance and the work put in across the organisation has once again helped us to deliver record underlying results. For example, our determined cost discipline over the past five years has contributed to the emergence of a far leaner and more efficient Inchcape.

Since 2009, our overheads have fallen as a proportion of revenues by 200bps. Similarly, our decision to buy back our shares (£150m completed since 2012) shows our commitment to capital discipline and our confidence in Inchcape's sustainable future success.

Furthermore, our strong cash position creates strategic expansion opportunities, such as our 2013 acquisition of Australia's leading automotive group, Trivett, which is already outperforming our initial expectations for the business.

During 2014, our approach has yet again enabled us to deliver record financial results and this is our fifth year of double-digit underlying earnings growth.

The Group's commitment to delivering value creation for our stakeholders is built on a foundation of disciplined capital allocation. Our return on capital employed before exceptional items climbed to 26% in 2014, a year-on-year increase of 380bps.

Total shareholder return over five years now stands at 173%, reinforced by our consistent growth in profitability and capital discipline. Sustainable dividend growth highlights the confidence our Board has in the Group's underlying current and future performance and the steady growth of free cash flow is enabling us to continue seeking opportunities to enhance shareholder value.

With sales up by 2.7% to £6.7bn in 2014, and our operating margin, before exceptional items including the Singapore property disposal profit of £17.3m, improving to 4.8% from 4.4% in the previous record year of 2013, we have clearly set new records for our operating profit before exceptional items(£318.4m) and profit before tax and exceptional items (£303.2m).

For me, this feels like the right time to hand over the stewardship of the business. I am very grateful for the incredible commitment and hard work of all those who have contributed to our success. Inchcape is run by a particularly strong Group Executive Committee and, as I have outlined, the business is uniquely well positioned to benefit from a growth industry. I am confident that the Company's future performance will remain strong and that Inchcape people, brand partners and shareholders will enjoy an exhilarating drive ahead.

André Lacroix
Group Chief Executive

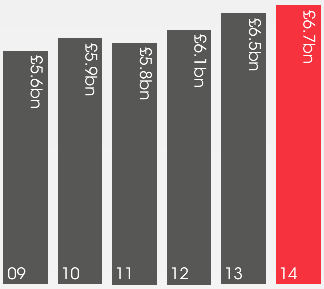
KEY PERFORMANCE INDICATORS (KPIs)

These KPIs are how we measure our business performance

The Inchcape plc Board of Directors and the Group Executive Committee monitor the Group's progress against its strategic objectives and the financial performance of the Group's operations on a regular basis. Performance is assessed against the strategy, budgets and forecasts. We also measure the quality of revenues through the mix of revenue streams, and the flow through of value from sales revenue to trading profit.

Sales

£6.7bn
2013: £6.5bn

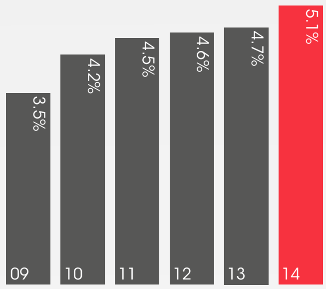


Definition
Consideration receivable from the sale of goods and services. It is stated net of rebates and any discounts, and excludes sales related taxes.

Achievements in 2014
Group sales were up 2.7% on last year driven by strong top line performance in the UK, Emerging Markets, South Asia and North Asia.

Trading margin

5.1%
2013: 4.7%



Definition
Calculated by dividing trading profit by sales.

Achievements in 2014
The Group's trading margin grew to 5.1% (+40bps)

Trading profit

£344.6m
2013: £305.8m

Trading profit contribution

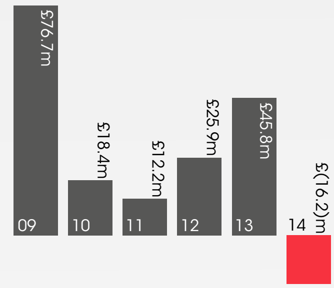
Australasia	25.9%
Europe	6.0%
North Asia	19.4%
South Asia	17.0%
UK	19.0%
Emerging Markets	12.7%

Definition
Operating profit excluding the impact of exceptional items and unallocated central costs.

Achievements in 2014
A continued focus on cost control and accretive margin growth has meant that trading profit has grown by 12.7% year-on-year.

Working capital

£(16.2)m
2013: £45.8m

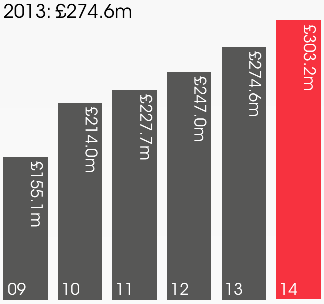


Definition
Inventory, receivables, payables, and supplier related credit.

Achievements in 2014
Working capital was tightly managed throughout the year and the Group benefited from a reduction in stock in Russia given the Rouble devaluation and delays to shipments in the second half of December, resulting in an exceptional year end position of £(16.2)m.

Profit before tax
(before exceptional items)

£303.2m
2013: £274.6m

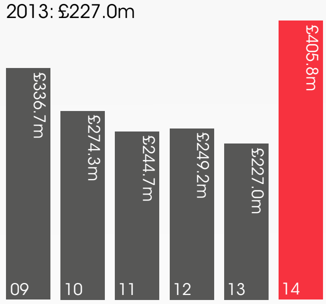


Definition
Represents the profit made after operating and interest expense excluding the impact of exceptional items and before tax is charged.

Achievements in 2014
Profit before tax and exceptional items increased by 10.4%, to a record £303.2m.

Cash generated from Operations

£405.8m
2013: £227.0m

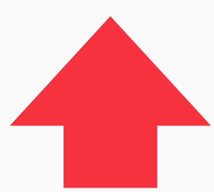


Definition
Operating profit adjusted for depreciation, amortisation and other non-cash items plus the change in working capital, provisions and pension contributions.

Achievements in 2014
The Group has generated an operating cash flow of £405.8m.

Like for like sales

+10.1%
2013: 3.0%



Definition
Excludes the impact of acquisitions from the date of acquisition until the 13th month of ownership and businesses that are sold or closed. It further removes the impact of retail centres that are relocated from the date of opening until the 13th month of trading in the new location. These numbers are presented in constant currency.

Achievements in 2014
Like for like sales increased by 10.1%.

THE GROUP DELIVERED A STRONG PERFORMANCE IN 2014 IN THE FACE OF SIGNIFICANT CURRENCY HEADWINDS

Our results are stated at actual rates of exchange. However, to enhance comparability we also present year-on-year changes in sales and trading profit in constant currency, thereby isolating the impact of exchange. Unless otherwise stated, changes in sales and trading profit in the operating review are at constant currency. The 2015 outlook commentary is also referenced at constant currency.

John McConnell
Group Finance Director

Sales
£6.7bn ▲ 10.0%
(2013: £6.5bn)

Trading profit
£344.6m ▲ 21.0%
(2013: £305.8m)

Working capital
£(16.2)m ▼ £62m
(2013: £45.8m)

Net capital expenditure
£35.0m ▼ £49.9m
(2013: £84.9m)

The Group has once again delivered record pre-exceptional results as we continued to benefit from our broad geographic spread and our partnerships with the leading brand partners in the premium and luxury segments. Adverse exchange rates during the year reduced our profit before tax by £20.9m which was largely offset by a property profit of £17.3m.

Group sales at £6.7bn were up 10.0% on last year driven by strong revenue performance in the UK, Emerging Markets, South Asia and North Asia. The Group delivered revenue growth across all operating segments.

The Group delivered a trading profit of £344.6m, 21.0% ahead of 2013. Excluding the profits on disposal of property in Singapore in the first half of 2014 and in South America in the first half of 2013, the Group delivered underlying trading profit growth of 16.9%. Following a strong performance in 2013, overheads before exceptional items as a percentage of sales were reduced by 40bps (20bps excluding the property disposal profits in both 2013 and 2014).

We grew our revenue in Russia by 6.6% in constant currency and remain confident in the long-term market potential however, given the geopolitical uncertainty, we have reduced our near-term growth expectations and taken a £47.4m (45% of goodwill) non-cash exceptional impairment to the value of goodwill (note 11 on pages 111 to 112).

Working capital was tightly managed throughout the year and we benefited from a reduction in stock in Russia given the Rouble devaluation and delays to shipments in the second half of December, resulting in an exceptional year end position of £(16.2)m.

We have continued to make strategic capital investments throughout the year, with a programme of capacity expansion in Emerging Markets and refurbishment in the UK as well as the acceleration of the

Performance Indicators – Results

	Year ended 2014 £m	Year ended 2013 £m	% change	% change in constant currency
Sales	**6,702.7**	6,524.9	2.7	10.0
Trading profit	**344.6**	305.8	12.7	21.0
Trading margin %	**5.1**	4.7	0.4ppt	0.5ppt
Like for like sales	**6,359.8**	6,177.8	2.9	10.1
Like for like sales growth %	**2.9**	2.6	0.3ppt	
Profit before tax before exceptional items	**303.2**	274.6	10.4	18.8
Working capital	**(16.2)**	45.8	135.3	
Cash generated from operations	**405.8**	227.0	78.8	
Net cash	**210.2**	123.0	70.9	

Regional Analysis

	2014 Trading profit £m	2014 Exceptional items £m	2014 Operating profit £m	2013 Trading profit £m	2013 Exceptional items £m	2013 Operating profit £m
Australasia	**89.3**	**–**	**89.3**	78.9	(5.7)	73.2
Europe	**20.8**	**–**	**20.8**	19.5	–	19.5
North Asia	**66.9**	**–**	**66.9**	59.2	–	59.2
South Asia	**58.7**	**–**	**58.7**	29.7	–	29.7
United Kingdom	**65.2**	**–**	**65.2**	63.3	(1.1)	62.2
Emerging Markets	**43.7**	**(47.4)**	**(3.7)**	55.2	(1.0)	54.2
	344.6	**(47.4)**	**297.2**	305.8	(7.8)	298.0
Central costs		**–**	**(26.2)**	–	(0.7)	(19.6)
Operating profit		**–**	**271.0**	–	(8.5)	278.4

Business Analysis

	Year ended 2014 £m	Year ended 2013 £m	% change	% change in constant currency
Sales				
Distribution	**2,584.1**	2,540.0	1.7	9.8
Retail	**4,118.6**	3,984.9	3.4	10.1
Like for like sales				
Distribution	**2,452.1**	2,423.7	1.2	9.0
Retail	**3,907.7**	3,754.1	4.1	10.9
Trading profit				
Distribution	**260.8**	219.4	18.9	29.0
Retail	**83.8**	86.4	(3.0)	1.4

roll out of our strategic IT programme, iPower. Net capital expenditure for the year was £35.0m, lower than last year partly due to the property disposal in Singapore in the first half of 2014.

Net cash at the end of the year was £210.2m, £87.2m ahead of last year as we achieved strong cash conversion, driven by exceptionally low working capital, a significantly reduced pension outflow and lower capital expenditure. During 2014, we completed the second £50m of our 2013 £100m share buy back scheme at an average price of 620p and the first £50m of our 2014 £100m share buy back scheme at an average price of 679p.

Distribution business

Our Distribution business delivered a record year, growing year-on-year sales by 9.8% to £2.6bn and trading profit by 29.0% (23.4% excluding the profit on the property sale) to £260.8m.

We delivered a strong performance in our Australasian segment with trading profit growth of 30.5% to £64.3m. The 320bps of trading margin expansion was driven by a favourable product mix, an improvement in the exchange rate between the Australian Dollar and Japanese Yen and a strong Aftersales performance.

In South Asia, sales increased strongly by 26.9% and trading profit by 111.1% (48.9% excluding the profit on the sale of property), driven by the increase in the New Car market as a result of increased Certificates of Entitlement (COE) availability.

In North Asia, sales increased by 11.7% and trading profit by 19.1% to record levels of £600.3m and £66.9m respectively. This was driven by another very strong year of market share expansion in our Hong Kong business where we retained the Toyota Triple Crown award for the 23rd consecutive year.

Emerging Markets continued to grow faster than the overall Distribution segment in 2014 with sales up by 19.9%. Trading profit was up 8.4% excluding the impact of a property disposal in Chile in 2013.

Our European segment delivered another year of growth driven by the recovery of the Greek market and Belgium market share gain. This drove the sales increase of 6.8% to £507.8m and trading profit by 9.9% to £20.5m.

Retail business

Sales from our Retail operations increased by 10.1% to £4.1bn, driven by double-digit growth in the UK and the first full year of the Trivett business in Australasia. Trading profit improved by 1.4% despite highly competitive pricing in the UK market and challenging macro-economic conditions in Russia.

The UK market grew by 9.3% to reach a new 10 year high, and our business delivered like for like revenue growth of 12.7%. Trading margin was down 20bps impacted by a higher mix of New Car sales coupled with the continuing pricing pressure in New and Used Car segments.

Strong economic fundamentals and the completion of the first full year of Trivett trading within the Group drove sales growth in Australasia to 9.9% and trading profit by 17.4%. We grew our trading margin 20bps as we continued to drive synergistic benefits from the newly integrated business.

We delivered like for like sales growth in Europe of 20.9% and the segment returned to profitability.

The Emerging Markets segment was impacted by geopolitical events in Russia effecting consumer confidence and driving a 10.3% reduction in the Russian market. Against this backdrop, our business in Russia delivered a creditable 6.6% increase in revenue over 2013, however trading profit was down £4.1min actual currency. Trading profit was down 44.2% for the segment as a whole.

Regional analysis

The Group reports its regional analysis in line with IFRS 8 'Operating Segments'. This standard requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to assess their performance and to allocate resources to the segments. These operating segments are then aggregated into reporting segments to combine those with similar characteristics.

Distribution	Retail
Australasia	Australasia
Europe	Europe
North Asia	United Kingdom
South Asia	Emerging Markets
United Kingdom	
Emerging Markets	

Included within the Emerging Markets segment are Russia, China, South America, Africa, the Balkans, the Baltics and Poland on the basis that these markets have started to grow but have yet to reach a mature stage of development and accordingly are in, or are expected to return to, the growth phase of the development cycle.

ANOTHER RECORD YEAR WITH DOUBLE-DIGIT PROFIT GROWTH

Australasia

Key Financial Highlights

	Year ended 2014 £m	Year ended 2013 £m	% change	% change in constant currency
Sales	**1,243.4**	1,365.9	(9.0)	2.0
Distribution	**566.7**	674.8	(16.0)	(6.1)
Retail	**676.7**	691.1	(2.1)	9.9
Like for like sales	**1,163.3**	1,305.6	(10.9)	(0.2)
Distribution	**566.7**	674.8	(16.0)	(6.1)
Retail	**596.6**	630.8	(5.4)	6.2
Trading profit	**89.3**	78.9	13.2	26.6
Distribution	**64.3**	55.0	16.9	30.5
Retail	**25.0**	23.9	4.6	17.4
Trading margin %	**7.2**	5.8	1.4ppt	1.4ppt
Distribution %	**11.3**	8.2	3.1ppt	3.2ppt
Retail %	**3.7**	3.5	0.2ppt	0.2ppt

The market

In Australia, total industry volume was slightly down in 2014, decreasing by 2.0%. The car market in New Zealand continued to grow strongly by 12.4%.

Business model & strategy

We are the Distributor for Subaru in both Australia and New Zealand. In addition, we have multi-franchise Retail operations based in Sydney, Melbourne and Brisbane.

Our Australian operation holds franchises for Subaru, Volkswagen, Mitsubishi, Isuzu and Kia. 2014 was the first full year of integration of the business we acquired from the Trivett Automotive Group, which significantly expanded our Retail footprint. It added to our portfolio a number of the world's leading luxury and premium brands, including BMW, Jaguar, Land Rover, Volvo, Honda and Harley Davidson and the highly aspirational, super-luxury brands Rolls-Royce, Bentley, Aston Martin and McLaren. At the end of 2014, we owned 40 retail centres and managed a network of 107 independently owned Subaru centres throughout Australasia.

Supporting these operations, our logistics business AutoNexus is responsible for managing vehicle and parts inventory, distribution and vehicle preparation on behalf of our Subaru Distribution business, our Retail business, as well as other independent dealers.

Our operating performance

The Australian New Car market decreased by 2.0% versus last year driven by economic uncertainty in the mining regions and a lower demand in the Commercial Vehicle segment. Despite these market conditions and some supply restrictions impacting the growth of our Distribution business, total revenue of £1.2bn for the year was up by 2.0%.

Trading margin continued to benefit from favourable exchange rates between the Australian Dollar and Japanese Yen across the Subaru range, a favourable product mix and a strong performance in Aftersales.

Our Subaru business delivered a 10bps market share gain despite supply constraints as we benefited from the new advertising campaigns for Impreza and the successful launch of the highly acclaimed new WRX, further strengthening the Subaru brand. Our Retail segment delivered strong revenue and profit growth aided by the first full year of integration of the Trivett business which continues to deliver ahead of expectations with a trading margin of 3.9% up 60bps and a ROCE of 20.5% up 320bps year-on-year.

Outlook for 2015

In 2015, we anticipate a continuation of the solid economic fundamentals and expect the industry to continue to benefit from the structural growth drivers of population growth, premiumisation of demand and a replacement cycle supported by a relatively old Car Parc. Our Distribution business will continue to take advantage of growth in the SUV segment and leverage its strong pricing power based on the premium positioning of Subaru and a favourable exchange rate between the Australian Dollar and Japanese Yen. We will continue to focus on the profitable growth of our Retail business in 2015 and look forward to a number of exciting product launches planned across our portfolio of brands. We expect to deliver a solid performance in 2015.

George Ashford
Chief Executive Officer, Inchcape Australasia

SUSTAINING THE MOMENTUM OF PROFITABLE GROWTH

Europe

Key Financial Highlights

	Year ended 2014 £m	Year ended 2013 £m	% change	% change in constant currency
Sales	**629.9**	629.5	0.1	5.1
Distribution	**507.8**	499.8	1.6	6.8
Retail	**122.1**	129.7	(5.9)	(1.1)
Like for like sales	**624.0**	600.8	3.9	9.1
Distribution	**507.8**	499.7	1.6	6.8
Retail	**116.2**	101.1	14.9	20.9
Trading profit	**20.8**	19.5	6.7	11.9
Distribution	**20.5**	19.5	5.1	9.9
Retail	**0.3**	–	–	–
Trading margin %	**3.3**	3.1	0.2ppt	0.2ppt
Distribution %	**4.0**	3.9	0.1ppt	0.1ppt
Retail %	**0.2**	–	0.2ppt	0.3ppt

The market

The Greek market continued its recovery from the years following its sovereign debt restructuring and related austerity measures with the overall market growing by 22.5%. The Belgian Private Car market was broadly flat in 2014.

Business model & strategy

In Belgium and Luxembourg, we distribute Toyota and Lexus and own 11 retail centres with a network of 95 retail centres operated by independent third party retailers and 36 repair outlets. In Luxembourg, we also operate a retail centre for Jaguar.

In Greece, we are the Distributor for Toyota and Lexus, owning five retail centres and overseeing a further 42 which are independently owned.

In Finland, we are the Distributor for Jaguar, Land Rover and Mazda and we managed a network of 50 independent retailers. During the first half of 2014 we exited our Retail business in the region.

Our operating performance

Our Greek business outperformed the market again, increasing market share by 40bps to 12.0%, to further consolidate overall market leadership. In Belgium, our market share of 4.1% improved on last year by 30bps.

Revenue growth across the region accelerated in 2014 to 5.1%, as we benefited from our strategic focus on Toyota's hybrid competitive advantage and on the new diesel powertrains in the MPV segment coupled with the launch of the new Aygo and Yaris from Toyota and the new Lexus NX.

We delivered trading profit growth of 11.9% as our businesses continued to leverage the pricing power of our brands and our control on costs enabled us to increase our trading margin by 20bps.

Overall, we have delivered a solid trading performance, continuing the momentum of revenue growth, profit growth and share growth.

Outlook for 2015

The Greek market is expected to continue its recovery after six years of decline prior to 2013, which will enable our strong Toyota business to further leverage its market leading position to deliver continued profitable growth in both our Sales and Aftersales businesses. The Belgian market is expected to remain broadly flat.

We expect our European segment to deliver a solid performance in 2015.

Bertrand Mallet
Chief Executive Officer, Toyota Belgium

Aris Aravanis
Managing Director, Greece and The Balkans

Louis Fallenstein
Chief Executive Officer, Emerging Markets

ANOTHER RECORD YEAR OF PROFITABLE GROWTH

North Asia

Key Financial Highlights

	Year ended 2014 £m	Year ended 2013 £m	% change	% change in constant currency
Sales	**600.3**	566.1	6.0	11.7
Distribution	**600.3**	566.1	6.0	11.7
Like for like sales	**549.9**	512.4	7.3	13.1
Distribution	**549.9**	512.4	7.3	13.1
Trading profit	**66.9**	59.2	13.0	19.1
Distribution	**66.9**	59.2	13.0	19.1
Trading margin %	**11.1**	10.5	0.6ppt	0.7ppt
Distribution %	**11.1**	10.5	0.6ppt	0.7ppt

The market

Hong Kong is our main market in this segment, and New Car registrations grew by 10.4% in 2014 reflecting the underlying strengths of the economy as well as the start of the impact of the government scheme to replace Pre-Euro 4 diesel vehicles. Our highly profitable Distribution markets with fully integrated Retail businesses again delivered double-digit growth in 2014.

Business model & strategy

In Hong Kong and Macau, we are the exclusive Distributor for Toyota, Lexus, Land Rover, Jaguar, Ford, Daihatsu and Hino Trucks. We also own and operate all 13 retail centres for these brand partners in this market.

In Guam, we are the exclusive Distributor and Retailer for Toyota, Lexus and Chevrolet, owning all three retail centres. In Saipan, we are the Distributor and Retailer for Toyota with one further retail centre.

Our operating performance

We have delivered another year of strong performance across the region.

In Hong Kong, we retained and strengthened our number one position with a market share of 30.5%, up 270bps year-on-year, as we benefited from the successful launch of a number of new models including the Toyota Noah, Toyota Camry, Lexus NX, Lexus CT200h and the Lexus ES. Crown Motors won the coveted Toyota Triple Crown award for the 23rd consecutive year.

The Pre-Euro 4 diesel replacement programme came into effect in February 2014 and the incentives being offered for replacement purchases have started to drive a significant increase in demand for new Commercial Vehicles. We have already benefited from this with increased Commercial Vehicle orders in the second half of 2014 and we have strategically invested to ensure that we capitalise on the additional profit stream this will create in 2015 and beyond.

Overall, we delivered 11.7% sales growth in North Asia with revenues significantly higher than 2013 in both Vehicle Sales and Aftersales. Following the record 2013, North Asia further increased trading profit by 19.1% to a new record level of £66.9m, with trading margin up 70bps to 11.1%.

Outlook for 2015

We expect the Hong Kong economy to remain strong and the New Car market to continue to grow in 2015 as the Commercial Vehicle market will continue to grow driven by the Pre-Euro 4 diesel replacement programme. We have a strong pipeline of exciting new product launches across the Toyota, Lexus, Ford, Jaguar and Land Rover brands and we expect to deliver a robust performance in North Asia in 2015.

Patrick S Lee
Chief Executive Officer, Inchcape North Asia and China

STRONG DOUBLE-DIGIT GROWTH AS THE MARKET STARTS TO REBOUND

South Asia

Key Financial Highlights

	Year ended 2014 £m	Year ended 2013 £m	% change	% change in constant currency
Sales	**439.3**	369.3	19.0	26.9
Distribution	**439.3**	369.3	19.0	26.9
Like for like sales	**433.4**	362.2	19.7	27.6
Distribution	**433.4**	362.2	19.7	27.6
Trading profit	**58.7**	29.7	97.6	111.1
Distribution	**58.7**	29.7	97.6	111.1
Trading margin %	**13.4**	8.0	5.4ppt	5.4ppt
Distribution %	**13.4**	8.0	5.4ppt	5.4ppt

The market

Our largest business in this segment is Singapore where, as expected, the market was up year-on-year by 39.1% as growing de-registrations resulted in an increase in the quota of available Certificates of Entitlement (COE) driven by the ten year COE lifecycle.

Business model & strategy

In Singapore we are the Distributor for Toyota, Lexus, Hino Trucks and Suzuki. We have represented Toyota in Singapore since 1967. We have held the Suzuki distribution franchise since 1977. We own and operate all five retail centres in the market.

In Brunei we are the Distributor for both Toyota and Lexus, owning and operating all four retail centres there.

Our operating performance

We have delivered a strong performance, with revenue growth of 26.9% delivering a market share of 18.8% up 90bps year-on-year and becoming market leader as we successfully launched new products including the Toyota Corolla Altis and the Lexus ES.

Our Aftersales activities remain an important source of profit as we further leveraged the new flagship sites for Toyota and Lexus which we modernised in 2013.

We delivered a trading profit of £58.7m up year-on-year by 111.1% enabling us to deliver a trading margin of 13.4% up 540bps year-on-year. Included in this result is a £17.3m profit on a property disposal in Singapore. Excluding the profit from this property sale, underlying trading profit growth in South Asia was 48.9% and underlying trading margin was 9.4%, a year-on-year increase of 140bps.

Our Brunei business retained its market share leadership position in Passenger and Commercial Vehicles as well as for the total market. In doing so, it won the Toyota Triple Crown for the 34th consecutive year.

Outlook for 2015

We expect the market will continue to grow strongly in 2015 driven by the continuing increase in de-registrations year-on-year.

The growth prospects remain exciting for our Singapore business and we are well positioned, given our leadership position, strong brand portfolio, new products and our excellent service reputation, to take advantage of the continued market recovery. We expect to deliver a strong underlying performance in South Asia in 2015.

Koh Ching Hong
Managing Director, Inchcape South Asia

STRONG REVENUE GROWTH IN A COMPETITIVE MARKET

United Kingdom

Key Financial Highlights

	Year ended 2014 £m	Year ended 2013 £m	% change	% change in constant currency
Sales	**2,472.8**	2,224.3	11.2	11.2
Distribution	**51.4**	41.3	24.5	24.5
Retail	**2,421.4**	2,183.0	10.9	10.9
Like for like sales	**2,394.3**	2,121.0	12.9	12.9
Distribution	**51.4**	41.3	24.5	24.5
Retail	**2,342.9**	2,079.7	12.7	12.7
Trading profit	**65.2**	63.3	3.0	3.0
Distribution	**10.4**	8.6	20.9	20.9
Retail	**54.8**	54.7	0.2	0.2
Trading margin %	**2.6**	2.8	(0.2)ppt	(0.2)ppt
Distribution %	**20.2**	20.8	(0.6)ppt	(0.6)ppt
Retail %	**2.3**	2.5	(0.2)ppt	(0.2)ppt

The market

The UK New Car market reached a 10-year high in 2014 with 2.5m units sold, 9.3% more than in 2013 as we saw a continued acceleration of the replacement cycle, a sustained high level of consumer confidence and attractive finance offers in all segments. Growth was driven by both the retail market, increasing 9.8%, supported by affordable Personal Contract Purchase (PCP) financing, and the fleet/business market that grew by 9.0%.

Business model & strategy

We have scale operations in the core regions of the South East, Midlands, North and North East of England with a streamlined portfolio of 110 retail centres focused on luxury and premium brands. We aim to create significant differentiation by delivering a superior level of customer service through the bespoke operating processes of our Inchcape Advantage programme and to drive growth in Aftersales and car finance penetration.

The Distribution element of our results is comprised of our fleet management and leasing business, Inchcape Fleet Solutions (IFS), which offers services to corporate and government customers. With over 50 years' experience in the automotive industry, IFS has won a number of industry awards for its unrivalled level of customer service.

Our operating performance

We have delivered strong sales growth of 11.2% driven by the successful launch of new models including the BMW 2 and 4-series, Jaguar F-Type coupe, Land Rover Discovery Sport, MINI hatch, Mercedes-Benz GLA, Audi A2, BMW X4 and X6, Lexus NX, Mercedes-Benz C Class, Toyota Aygo and VW Polo.

We have also seen continued strong growth in Aftersales as we benefited from our investment in our customer contact centres to capitalise on the strong Car Parc growth in the UK.

In 2014 we have delivered a trading profit of £65.2m up 3.0% year-on-year and industry-leading margin of 2.6%.

Trading margin in our Retail business declined by 20bps in 2014, in line with our expectations, impacted by the higher contribution of Vehicle Sales to our gross profit and by competitive price pressure in the New and Used Car segments. We continue to invest to deliver superior customer experiences with new and refurbished facilities in Chester (VW), Durham (BMW) and Norwich (BMW/MINI).

Our market-leading digital programmes are driving increased customer traffic to our retail centres and providing existing customers with innovative Aftersales facilities such as online service bookings.

IFS delivered a strong performance for the year, generating a record trading profit of £10.4m, a year-on-year increase of 20.9%, resulting in a trading margin of 20.2%.

Outlook for 2015

We expect the solid fundamentals of the UK economy, coupled with factors unique to the automotive market, such as PCP financing, to support further industry growth in 2015. Post-2007, automotive sales in the UK declined significantly, remaining below 2007 levels for six years and creating significant demand for New Cars in the market. Furthermore, our Aftersales operations will continue to benefit from the growth in the 1–5 year Car Parc.

The momentum in the UK across our categories and our focus on winning through superior customer service lead us to expect a solid performance from our operations in 2015.

Connor McCormack
Chief Executive Officer, Inchcape UK

SOLID UNDERLYING PERFORMANCE

Emerging Markets

Key Financial Highlights

	Year ended 2014 £m	Year ended 2013 £m	% change	% change in constant currency
Sales	**1,317.0**	1,369.8	(3.9)	12.8
Distribution	**418.6**	388.7	7.7	19.9
Retail	**898.4**	981.1	(8.4)	9.7
Like for like sales	**1,194.9**	1,275.8	(6.3)	9.6
Distribution	**342.9**	333.2	2.9	13.1
Retail	**852.0**	942.6	(9.6)	8.2
Trading profit	**43.7**	55.2	(20.8)	(9.8)
Distribution	**40.0**	47.4	(15.6)	(4.4)
Retail	**3.7**	7.8	(52.6)	(44.2)
Trading margin %	**3.3**	4.0	(0.7)ppt	(0.8)ppt
Distribution %	**9.6**	12.2	(2.6)ppt	(2.4)ppt
Retail %	**0.4**	0.8	(0.4)ppt	(0.4)ppt

The market

Ethiopia remains one of the fastest growing African economies with economic fundamentals remaining strong and driving increased demand for Aftersales and New Cars. In South America, the market for luxury cars remained broadly flat. In Russia, we have seen a decrease in the New Car market of 10.3% as consumer confidence has weakened in the face of geopolitical events, the falling oil price and the significant weakening of the Rouble. Against this backdrop, the premium and luxury segments in Moscow and St. Petersburg were more resilient and have outperformed the overall imported car segment. In Eastern Europe, we benefited from sustained demand in the Baltics and an increase in demand in the Balkans. In China, we saw a healthy demand for luxury vehicles in 2014 as access to consumer credit grows and the middle class continues to aspire to premium brands.

Business model & strategy

In South America, we operate as the Distributor and Retailer for BMW in Peru and for BMW and Rolls-Royce in Chile. In Ethiopia, we operate as the Distributor and Retailer for Toyota, Daihatsu, Komatsu and New Holland. In Russia, we operate 21 scale retail centres in St. Petersburg and Moscow, representing 10 brands.

In the Balkans, we are the Distributor for Toyota and Lexus, operating six retail centres, and in Poland we own four retail centres for BMW and MINI. We operate as the Distributor and Retailer for Mazda, Jaguar and Land Rover across the Baltics and for Mitsubishi in Lithuania. Additionally, we retail BMW, Ford and MINI in Latvia and Ford and Hyundai in Lithuania. We operate a total of 23 centres across the region. In China, we have four scale retail centres for Lexus, Jaguar and Land Rover in Shanghai and Shaoxing and one retail centre each in Nanchang for Porsche and Jiujiang for Mercedes.

Our operating performance

We have delivered continued robust growth in Africa, South America, Poland, the Balkans and the Baltics while trading conditions have been challenging in Russia. Our reported performance at actual currency has been impacted by Emerging Market currency weakness.

In 2014, revenue for the segment was £1.3bn, 12.8% ahead of last year. Trading profit of £43.7m was 9.8% below last year and trading margin at 3.3% was down 80bps driven by competitive pricing pressure in Russia and the impact of a property disposal in 2013. Our operations in this segment have delivered an underlying trading profit slightly up on last year.

In Russia, our operations benefited from our strong presence in the premium and luxury segment in Moscow and St. Petersburg enabling us to deliver revenue of £592.3m, up 6.6% year-on-year. Our trading profit of £0.4m in 2014 was below last year as we faced competitive pressure on vehicle pricing due to oversupply in the market and we invested in new retail sites and technology.

Outlook for 2015

In Ethiopia, we will continue to benefit from the favourable economic conditions and our recent capital investments in new and expanded facilities. In Russia, we expect the demand for New Vehicles to be lower than in 2014 but we should benefit from improved vehicle margins and a resilient Aftersales business. In South America, the fundamentals remain strong and we expect demand to increase as currencies stabilise and consumer confidence returns.

In China, the demand for premium and luxury vehicles will continue to increase as a result of a growing aspirational middle class with wider access to credit, and we will continue to benefit from the capacity expansion of the last two years.

Overall, we expect our Emerging Markets segment to deliver a solid performance in 2015.

Aris Aravanis
Managing Director, Greece and The Balkans

Louis Fallenstein
Chief Executive Officer, Emerging Markets

Patrick S Lee
Chief Executive Officer, Inchcape North Asia and China

THE GROUP DELIVERED A STRONG PERFORMANCE IN 2014 IN THE FACE OF SIGNIFICANT CURRENCY HEADWINDS

Central costs
Unallocated central costs for the full year are £26.2m (2013: £18.9m) before exceptional items. Pension restructuring gains were £3.2m lower than last year.

Joint ventures and associates
The Group has reported a £1.9m loss after tax from joint ventures and associates in 2014 (2013: £nil) primarily driven by a loss in our Belgium leasing business.

Operating exceptional items
In 2014, the Group has recorded a £47.4m non-cash exceptional impairment on the carrying value of the goodwill of our business in Russia (note 11 on pages 111 to 112).

In 2013, exceptional costs of £8.5m related to restructuring charges of £4.6m together with £3.9m of costs associated with acquiring Trivett in Australia. The exceptional tax credit of £0.6m represented tax relief on restructuring costs.

Net financing costs
Net financing costs have increased from £12.3m in 2013 to £13.3m in 2014. The Group reported a gain of £1.5m (2013: a gain of £2.3m) in our mark to market reporting of the hedges for the US loan notes and net interest income on pension assets of £5.1m (2013: net income of £5.4m).

Tax
As forecast, the effective tax rate for the year before exceptional items and excluding the tax free property gain in South Asia was 24%, the same as 2013. The rate is expected to be similar in 2015.

Non-controlling interests
Profits attributable to our non-controlling interests were £7.6m, compared with £6.6m in 2013. At year end, the Group's non-controlling interests principally comprised a 33% minority holding in UAB Vitvela in Lithuania, a 30% share in NBT Brunei and a 10% share of Subaru Australia.

Foreign currency
During 2014, the translation of the Group's overseas profits before tax into sterling at the 2014 average exchange rate negatively impacted the year's Consolidated Income Statement by £20.9m (2013: £3.5m). The weaker Rouble, Australian dollar and Euro have been the primary drivers of the translation loss of £180.6m (2013: £103.9m) reported in the Consolidated Statement of Comprehensive Income.

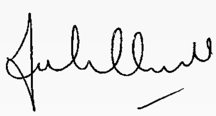
Dividend
The Board recommends a final ordinary dividend of 13.8p per ordinary share which is subject to the approval of shareholders at the Annual General Meeting on 21 May 2015. This gives a total dividend for the year of 20.1p per ordinary share (2013: 17.4p).

Pensions
In 2014, the IAS 19 net post-retirement surplus was £119.3m (2013: £106.0m) and, in line with the funding programme agreed with the Trustees, the Group made significantly reduced additional cash contributions to the UK pension schemes amounting to £1.7m (2013: £32.7m). We have agreed with the Trustees that future cash contributions will continue at broadly this level.

Acquisitions and disposals
During 2014, the Group disposed of multi-franchise dealerships in Finland and Australia at book value, generating disposal proceeds of £1.9m. In 2013, the Group completed the acquisition of the Trivett automotive group in Australia for a purchase consideration of £74.6m. Following the resolution of certain post completion adjustments, £3.6m was received from the vendor in the first half of 2014.

Capital expenditure
During the year, the Group invested £35.0m (2013: £84.9m) of net capital expenditure in the development of greenfield sites and the enlargement of existing facilities, primarily in the UK, Asia Pacific and the Emerging Markets. The year-on-year reduction is driven partly by the disposal of property in Singapore for £21.6m and delays in the timing of expenditures.

Cash flow and net funds
Working capital ended the year at £(16.2)m (2013: £45.8m) driven by delays in shipments in the second half of December and reduced inventory throughout the Group, notably in our Russian business. At the end of 2014, the Group had net funds of £210.2m (2013: £123.0m) after buying back shares at a cost of £100m. At the end of 2014 we have £50m outstanding from the share buy back programme announced at our Interim Results.



John McConnell
Group Finance Director

PROTECTING OUR BUSINESS

Risk Management

The Board has overall responsibility for risk management and considers the key risks facing the Group on a rolling 12-month basis, with a formal review of the most significant risks at least annually or more frequently if required.

Risks are categorised into:

- systemic risks – known risks which are largely unchanging or which apply Group-wide and are managed through standard policies and procedures; and
- dynamic risks – forward looking risks which can be specific to a market, region or function, which change in nature constantly and which are therefore managed through bespoke mitigation or response plans.

Inchcape Peace of Mind (iPOM) is the Group-wide risk management programme developed to drive risk management and encourage risk-aware behaviours across the Group. The iPOM framework is constructed with the Company's values at its heart to ensure we drive the right behaviours across the business, embedding compliance and the principles of risk management in everything that we do. In this way, the Group uses iPOM to define and emphasise 'the right way to do business'.

The central principle of iPOM is to ensure that, whilst there is senior ownership from a governance standpoint, risk management is recognised as something within each and every employee's scope of responsibility. The iPOM framework encourages and enables every employee to make decisions that balance performance with conformance, ensuring that we do business in the right way, and protect the value we create, our reputation and that of our brand partners.

Group iPOM Committee

Responsibility for the day-to-day management of risk oversight lies with the Group iPOM Committee, a sub-committee of the Executive Committee. The Committee is chaired by the Group Chief Executive and its constituent members are the Group Finance Director, Group HR Director, Group General Counsel, Group Audit Director and Group Head of Corporate Assurance.

The Group iPOM Committee meets a minimum of six times a year to manage oversight of systemic and dynamic risk at Group level and throughout the markets. It has a broad remit which ensures that:

- There is an appropriate mechanism in place to identify the most significant risks the Group faces;
- The correct management focus is on key risks and actions to mitigate or respond to identified and emerging risks;
- A compliance programme is in place in all markets and head offices which meets or exceeds external benchmarks, and is appropriate in terms of the legal requirements, content, sector, cost and resource requirement;
- Appropriate defences are in place to mitigate exposure to, or effect a response to, any risk that may crystallise; and
- The Group's fraud and whistleblowing programme is appropriately managed to reduce the risk of fraud, or respond quickly and decisively in the event the Group is victim to fraud.

The Group iPOM Committee monitors and manages the Group's Principal Risk Register using an online risk management and reporting solution, to summarise the Group's risk exposure and associated mitigation or response plan based on risks identified at Group level and at market or regional level.

Market iPOM Committees (a sub-committee of the market executive) exist in each of the Group's markets and have a similar seniority of membership. Each Market iPOM Committee operates through standard terms of reference, aligned with the Group to ensure a consistent approach to identifying and managing systemic and dynamic risks.

Internal controls over the financial reporting framework are designed to provide reasonable assurance regarding the reliability of financial reporting as well as the preparation of the financial statements in accordance with International Financial Reporting Standards (IFRS). The Internal Audit team and Management regularly assess the effectiveness of internal controls over financial reporting as well as the preparation of financial statements based on the framework contained in the Turnbull guidance. There have been no significant changes and the Board has concluded that the Group's internal system of controls over financial reporting was effective during the year.

Risk management process

The Board
Responsibility for identifying significant risks, determining the Group's risk appetite and oversight of the principal risks to the Group's strategic objectives

Audit Committee
Delegated responsibility from the Board for risk management, Internal Controls, compliance and whistleblowing

Internal Audit
Responsibility for reviewing financial and operational controls, monitoring risk capture and mitigating actions, reporting to the Audit Committee

Group iPOM Committee
Key day-to-day risk oversight is managed through the Group iPOM Committee which is chaired by the Group Chief Executive. Its remit ensures that: focus is on key risks and actions to mitigate identified risks; compliance programmes exceed external benchmarks; appropriate defences are in place to mitigate risks; whistleblowing policy is managed to reduce risk of fraud

Market iPOM Committees
Sub-committees of the Executive Committee in each market report into the Group iPOM Committee to ensure that risk management oversight remains at the highest level in each market. Meetings are co-ordinated to ensure that appropriate reviews are performed in line with the Group iPOM Committee, Audit Committee and Board meetings

ENABLERS

Functional Assurance Providers
Functional teams are a key source of risk management effort

Corporate Assurance
Lead continuous improvement in our risk management practices

EFFECTIVE CONTROL FRAMEWORK

Strategy including customer and consumer

Description of risk	Impact	Mitigation
Failure to deliver on our five key areas of strategic focus: Growing market share, Growing aftersales, Improving margin, Controlling working capital and Selective capital expenditure.	We do not achieve our revenue, profit and margin targets. There may be an impact on our relationships with the brand partners whom we represent.	• The Group continues to invest in its Inchcape Advantage and Customer 1st programmes to ensure that we win new customers and retain existing ones. • The Group is investing in new ways of reaching its customers including through the use of the internet and social media. • The Group has enhanced its online offering through codified Digital Standards. • Obtaining favourable credit terms and making improvements in supply chain management. • Group-wide focus on working capital (particularly aged stock) reduction. • Thorough reviews of all proposed capital expenditure to ensure Group investment hurdles are met.

Brand partners, key relationships and reputation

Description of risk	Impact	Mitigation
Maintenance of product reputation in light of product recalls.	Negative impact on sales revenue, margins and reputation.	• Maintenance of up to date customer data to ensure swift communication and response to affected customers. • Complaints monitoring to anticipate recalls. • Continuous product quality marketing to maintain reputation.
Inability to sustain current high-quality relationships with brand partners.	Impact on our ability to retain existing businesses on contract renewal and to take on new opportunities for growth.	• Constant focus on performance and continuous improvement, effective communication and ensuring that our objectives are closely. linked to those of our brand partners • Constant focus on improving governance practices and 'the right way of doing business' to enhance and maintain our market leading reputation.
Significant failure in the supply chain impacting our brand partners and affecting the global business.	Negative impact on revenue and reputation.	• Continuous review of supply chain. • Working with brand partners to increase the resilience of the supply chain. • Review and refresh of crisis management and business continuity plans.

Systems and technology

Description of risk	Impact	Mitigation
Security of confidential data, particularly customer and employee sensitive data.	Impact on customer relationship and erosion of reputation.	• Recognised industry standard security policies in place for all systems and servers. • Secure data centres (including relevant certifications for third party data centres). • Enhancements to IT internal audit function.
Maintenance of control environment following new systems implementation.	Loss of revenue/profit through inefficiencies and potential fraud.	• A standardised and enhanced minimum controls framework including automated controls in new systems and supporting manual controls has been implemented with further improvements planned. • A rigorous audit plan in place to ensure full compliance and regular follow up on mitigation plans via the risk management (iPOM) network. • Detailed post implementation review (PIR) following all new implementations.

People, including EH&S

Description of risk	Impact	Mitigation
Failure to attract, develop and retain talent.	Unable to deliver business plans. Employees who lack motivation and engagement.	• Global annual performance review process. • Talent review and planning process. • Annual employee engagement survey and action planning. • External benchmarking of remuneration. • Succession plans in place for key positions.
Failure to comply with EH&S standards.	Injury to customers/employees.	• Local EH&S co-ordinators in place in all markets. • Group and Regional EH&S steering committees in place with defined reporting lines to iPOM Committees. • Training for all staff. • Specific EH&S audit plan.

Economic, political and environmental

Description of risk	Impact	Mitigation
European economic instability impacting local currencies and trading environments.	Volume and margin are adversely impacted across our European markets and our wider third party dealer networks performance deteriorates.	• Maintain focus on margin accretive initiatives across the region. • Maintain close relationships with the dealer network with regular reviews of their financial strength. • Tight focus and management of exposures from sanctions and currencies.

Legal and regulatory

Description of risk	Impact	Mitigation
Litigation and regulatory risk in an environment of ever increasing regulatory scrutiny.	Litigation or breaching the laws or regulations of the countries in which we operate could have a financial and/or reputational impact.	• The Group has a process to ensure that it receives timely information about forthcoming changes in legislation and that it has robust procedures in place to minimise any risk of detriment or non-compliance. • Policies and procedures in place, emphasise and enable compliance with proper process. • The Group has a risk management programme (iPOM) in place aimed at preventing issues from arising where possible and responding to those which do crystallise.

Tax, pensions and insurance

Description of risk	Impact	Mitigation
Tax increase due to Governments' drive for higher tax revenue.	Increased tax liability.	• Ensure adequate tax compliance readiness carried out locally. • Maintain accurate and robust tax records. • Monitor tax audits.

Finance and treasury

Description of risk	Impact	Mitigation
Availability of credit for customers and floor plan financing.	Customers unable to finance vehicles impacting retail sales. Dealer networks' inability to secure funding impacting distribution sales.	• Maintain relationships with key banks at both a Group and market level. • Close monitoring of credit lines offered to customers and movements in floor plan financing. • Leverage Group relationship with brand partners' finance companies.
Counterparty risk	Credit losses.	• Deposits concentrated with counterparties and relationship banks approved in advance by Group Treasury. • Cash deposits held locally in line with Group policy. • Continuous review of ratings of major banking partners to ensure they maintain investment grade status.
Currency risk	Transactional foreign exchange exposures.	• A significant proportion of Group trading is denominated in local currency. • Where possible, foreign exchange exposures are matched internally before hedging externally. • Where businesses are billed in a foreign currency, committed transactional exposures are hedged back to the functional currency.

Corporate Responsibility

OUR VALUES

Our Values are living, shared beliefs that inform our day to day behaviours. These Values empower our culture, drive our business and enable us to contribute responsibly and sustainably to society.

- Passionate about making a difference
- Respect and camaraderie
- Being always ahead
- Winning together
- Integrity without compromise
- Caring for our society
- Treating every £ as our own

See how we promote 'Mobility with Passion and Care'
www.inchcape.com/responsibility/who_we_support

Corporate Responsibility at Inchcape is driven by our people, and colleagues across the world are involved in a wide range of activities that make a positive difference every day. These activities include support of local charities and local communities, environmental initiatives and customer programmes. Inchcape people are committed to contributing responsibly and sustainably to our society.

Our Core Purpose is to create an incredible customer experience for the best car brands in the world; providing customers with access to exciting products and services that help them advance their lives, we set out to do so in such a way that makes customers "feel special". In so doing, we are helping to provide choice and independence to people around the world – in both developed and emerging markets.

And what our incredible people add every day is an extraordinary amount of passion and care in everything they do. They are passionate about the industry in which they work and the products they sell and maintain; and they demonstrate real care for their customers, their local communities and the broader environment.

In 2014 we continued our 'glo-cal' approach to embedding responsible behaviour into the way we operate to grow a sustainable business for the benefit of all our stakeholders: reaffirming our Values and ethos and sharing best practice from the centre, and encouraging and empowering local teams to pursue CR programmes that ignite passion locally. This approach helps us to capture the spirit and energy of our incredible people and achieve our wider goal of becoming an ever-better company.

Our peoples' commitment to their local communities has inspired life-changing initiatives over many years. 2014 was no exception with Inchcape's market leading business in Guam, Atkins Kroll, celebrating its centenary anniversary with a ground-breaking 'Cars in the Community' project. Launched in partnership with the Toyota Motor Corporation, Atkins Kroll is now on course to fulfil its commitment to make 25 Toyota cars available free of charge to local volunteer and community support organisations. This is just one illustration of the many inspirational initiatives that our colleagues are involved in around the world. You can read more about our community projects on our corporate website www.inchcape.com/community.

Our Values are living, shared beliefs within our business that inform our day to day behaviours. These Values empower our culture, drive our business and enable us to contribute responsibly and sustainably to society. Read more about our Values on our corporate website www.inchcape.com/about_us/values.

We believe that our colleagues' spirit, passion and enthusiasm, combined with our mission to promote 'Mobility with Passion and Care' underpinned by our Values, means that we will continue to make a positive impact on the lives of our people, our customers, our brand partners and in the communities in which we operate, while managing our impact on the environment.

André Lacroix
Group Chief Executive

OUR CR MISSION: PROMOTING MOBILITY WITH PASSION AND CARE
Our five core areas of corporate responsibility

People
We attract, train and motivate by engaging our people in the Group's Strategy and Vision

More on people on page 40

Customers
We drive constantly improving levels of customer service every day, every time, everywhere

More on customers on page 40

Brand Partners
We partner with brands that are at the forefront of green technology developments

More on brand partners on page 40

Communities
We support our local communities to make positive impacts where we operate

More on communities on page 40

Environment
We manage our CO_2 footprint by understanding our impact

More on environment on page 41

Our key initiatives

2014 Review:

During 2014 we have concentrated on these areas:

- our People: we have continued and strengthened our Incredible Inchcape programme, designed to empower and mobilise our colleagues to take the Company to new heights.
- our Customers: we continued the acceleration of our Customer 1st agenda, with a focus on digital in order to provide an incredible seamless customer experience online and in our retail centres.
- our Communities: we have participated in numerous community and charitable support initiatives around the world, driven by our local teams.
- our Environment: we continued to refine our analysis of our CO_2 impact data for all markets in accordance with DEFRA standards.

Objectives for 2015:

We have chosen a few strategically important objectives for 2015:

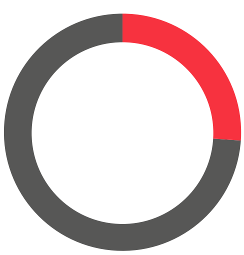
- our People: we will continue to strengthen our Incredible Inchcape programme, with an emphasis on driving capability.
- our Customers: we will continue to accelerate our Customer 1st agenda, with a focus on digital, product passion and congruence, to provide an incredible seamless customer experience online and in our retail centres.
- our Communities: we will continue to encourage our local teams to participate in community and charitable support initiatives.
- our Environment: we will continue to refine our analyses of our CO_2 impact data for all markets in accordance with DEFRA standards.

People

We know that it is our people that make all the difference and throughout 2014 we continued to develop our people strategy of 'engaged people in winning teams' by focusing on the Right People, Right Learning, Right Reward and Right Culture. Read more about our People Strategy on our corporate website www.inchcape.com/people_and_careers/overview.

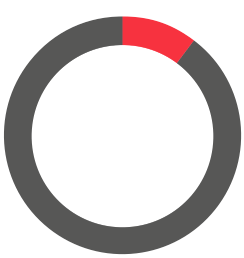
In 2014 we also continued to embed 'Incredible Inchcape', our Group-wide engagement programme designed to mobilise our colleagues to take the Company to new heights. We launched the pilot of the Inchcape 'SatNav' portal, an e-learning resource that brings together in one place proprietary processes, best practices and tools designed to help individuals and teams increase their capability.

Employee diversity



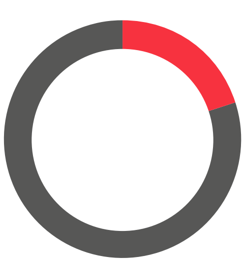
Female 3,875 (26.2%) Male 10,917 (73.8%)

Senior Management diversity



Female 9 (10.5%) Male 77 (89.5%)

Board diversity



Female 2 (20%) Male 8 (80%)

Human Rights

We embrace, support and respect the human rights of everyone we work with and we comply fully with appropriate human rights legislation in the countries in which we operate. We don't use or accept forced, bonded or involuntary prison or child labour. We only employ people who choose to work freely and respect their rights to equal opportunities and freedom of association.

Environment, Health & Safety

Number of accidents 2014

Location	2014	2013	2012	2011
Australasia	**23**	22	16	7
Europe	**18**	12	19	9
North Asia	**39**	25	26	32
South Asia	**5**	8	4	2
UK	**87**	85	82	74
Emerging Markets	**26**	23	8	5

We are committed to providing a safe environment for our employees. Our approach to safety aims to manage risks effectively by ensuring that our employees are fully trained and our businesses comply with safety regulations. During 2014, we have seen a 13% increase in the number of accidents reported. This is due to an increased awareness in Emerging Markets and North Asia and there have been no specific trends or areas of concern.

Customers

Our Customer 1st strategy is at the heart of everything we do and creates incredible growth for our people, our brand partners and our shareholders. Our strategy is to strengthen the business through delivering a superior customer experience, seamlessly online and offline.

A key focus in 2014 was an acceleration of our digital agenda, in order to provide our customers with an industry-leading experience online and seamless integration with our retail centre experience.

Customer 1st highlights in 2014

- We carried out over 4,800 mystery shop exercises in 257 retail showrooms and service centres globally.
- We talked to 16,000 customers every month for our Vehicle Sales and Aftersales Net Promoter Score (NPS) programme. The NPS has improved again across the Group in both Sales and Aftersales.
- We tracked customer satisfaction with our 140 websites.
- We saw a double-digit increase in the traffic coming into the Group.

Brand partners

Our brand partners are carefully selected for each market in which we operate. They have each developed comprehensive sustainability programmes and the automotive industry in general has made significant progress in reducing vehicle emissions.

Our brand partners are at the forefront of technological advances to improve fuel efficiency.

Learn more about our brand partners: www.inchcape.com/about_us/brand_partners

Communities

With our extensive international business, we firmly believe in supporting the many different communities and cultures within which we operate, often through sponsorship and support of local charities for local people. These inspirational activities are decided on and driven by our people, who are passionate about the causes and charities they support.

Some truly incredible CR initiatives were carried out in 2014. For example, in Ethiopia, where we operate a highly successful Toyota distribution business, our people have supported the Mother and Child Rehabilitation Centre since 2002. This inspirational project provides shelter, food, education, medical care and therapy for the most disadvantaged children and education and support for their parents to help them overcome trauma and build promising futures. This is just one example of the many inspirational initiatives that our colleagues are involved in around the world.

Mother and Child Rehabilitation Centre in Ethiopia

More information about these initiatives can be found on the CR section of the corporate website www.inchcape.com/responsibility

Environment

Environment is a core area of focus within our CR programme.

During 2014 we refined our CO_2 data collection process and completed a full year's data analysis.

Our colleagues around the world also took part in environmentally focused initiatives to support their local communities and wildlife.

Greenhouse Gas Emissions

Under Schedule 7 of the Large and Medium-sized Companies and Group (Accounts and Reports) Regulations 2008 (the Regulations) quoted companies are required to report their greenhouse gas emissions (GHG) in the Directors' Report. As the environment is a core area of focus, the information required under the Regulations is given in this report, which forms part of the Strategic Report.

Organisational boundary

We have reported on all material emissions for which we deem ourselves to be responsible and which fall within our operational and control boundaries.

Reporting period

Our GHG reporting year is 1 January 2014 to 31 December 2014 and is aligned to our financial reporting year.

Key environmental impacts

Data is collected for three core key performance indicators:

- Energy – our global electricity and gas usage.
- Transport – movement of cars and parts from the point of ownership (which means legal or contractual ownership) to the point we cease to have legal ownership. This includes customer test drives.
- Business travel – the movement of our people.

Methodology

The methodology used to calculate the Group's GHG emissions is based on the Environmental Reporting Guidelines, including mandatory greenhouse gas emissions reporting guidance (June 2013) issued by the Department for Environment, Food and Rural Affairs (DEFRA) and includes DEFRA's 2014 conversion factors.

Guam Cars for the Community

Atkins Kroll is now on course to fulfil its commitment to make 25 Toyota cars available free of charge to local volunteer and community support organisations.

Data collection

Data has been collected from the following markets: Australia, Belgium, Brunei, Bulgaria, Chile, China, Estonia, Ethiopia, Finland, Greece, Guam, Hong Kong, Latvia, Lithuania, Luxembourg, Macau, New Zealand, Peru, Poland, Romania, Russia, Saipan, Singapore and the UK.

The level at which we report is by business unit for each market. This covers our retail operations, distribution operations and business service operations.

Scope	Description
Scope 1 (direct emissions)	Transport of vehicles and parts including test drives
Scope 2 (energy indirect)	Electricity and gas used by the Group's operations
Scope 3 (other indirect)	Employees' business travel by air, car or train

Intensity ratio

The Group's intensity ratio is revenue per tonne of CO_2. This allows for a fair comparison over time of CO_2 emissions, given the growth trajectory envisaged by the Company and cyclical variations in business activity.

Global greenhouse gas emissions data

In our second year measuring CO_2 emissions, the Group's intensity ratio improved by 2.6%, helped by strong business growth and CO_2 control measures, such as an energy efficiency initiative in the UK Retail business. The Group's CO_2 emissions increased by 7.1% year-on-year, primarily driven by the full-year impact of the Trivett acquisition and strong new vehicle sales growth, which resulted in higher emissions from transportation of vehicles. The Group delivered revenue growth of 10.0% at constant currency which enabled us to improve our intensity ratio.

	Tonnes of CO_2e	
	FY 2014	FY 2013
Emissions from:		
Combustion of fuel and operation of facilities	**71,034**	66,165
Electricity, heat, steam and cooling purchased for own use	**66,629**	62,325
Total footprint	**137,662**	128,490
Intensity Ratio: £k per tonne of CO_2	**50**	49

Note: Intensity ratio is calculated using revenue at constant currency (in the 2013 Annual Report this was calculated using revenues at actual currency).

Board of Directors

1 2 3 4 5

1 Ken Hanna

Chairman

Appointment to Board:
September 2001

Skills and experience:
Ken is Chairman of Aggreko plc and a Non-Executive Director of Tesco plc.

Prior to becoming Chairman, Ken was an Executive Director and Chief Financial Officer of Cadbury plc. He was previously a Partner of Compass Partners International and Group Finance Director and Chief Executive of Dalgety plc. He has previous experience with Guinness plc (now Diageo plc), Avis Europe and Black & Decker.

Committee membership:
Ken is Chairman of the Nominations Committee and a member of the Remuneration and CR Committees.

2 André Lacroix

Group Chief Executive

Appointment to Board:
September 2005

Skills and experience:
André is the Senior Independent Director of Reckitt Benckiser Group plc and Chairman of Good Restaurants AG.

He was previously Chairman and Chief Executive Officer of Euro Disney S.C.A. Prior to this he was the President of Burger King International, previously part of Diageo.

Committee membership:
André is a member of the CR Committee.

André Lacroix leaves the Board in March 2015.

3 John McConnell

Group Finance Director

Appointment to Board:
October 2009

Skills and experience:
John was appointed as Group Finance Director in October 2009, having worked with the Group since 1999. John joined Inchcape Australasia as Chief Financial Officer before moving to the role of Chief Executive Officer of Australasia.

Prior to joining the Group, John worked with Reckitt and Colman (now Reckitt Benckiser) for 13 years in a variety of senior finance roles in the UK, Germany and Australia.

John was appointed as a Non-Executive Director of UBM plc in January 2014.

4 Vicky Bindra

Non-Executive Director

Appointment to Board:
July 2011

Skills and experience:
Vicky is President of Asia Pacific & Global Accounts for MasterCard Worldwide. Prior to joining MasterCard in June 2009, Vicky worked with Bain & Company, Citi and GE Capital. He was a member of the Citi Management Committee and held various senior roles within the company including head of SME Business for International, Sales & Marketing for North America Retail. He was a financial services partner for Bain & Company in the New York office.

Committee membership:
Vicky is Chairman of the CR Committee and a member of the Audit and Nominations Committees.

5 Simon Borrows

Senior Independent Director

Appointment to Board:
October 2010

Skills and experience:
Simon was appointed as Chief Executive Officer of 3i Group plc in May 2012. He is also a Non-Executive Director of The British Land Company PLC.

Previously, Simon was the Co-Chief Executive of Greenhill & Co International LLP and was a founding partner of Greenhill's European business. Before starting Greenhill he was the Managing Director of Baring Brothers International Limited.

Committee membership:
Simon is a member of the Audit and Nominations Committees.

6 7 8 9 10

6 Alison Cooper

Non-Executive Director

Appointment to Board:
July 2009

Skills and experience:
Alison is Chief Executive of Imperial Tobacco Group PLC.

Alison joined Imperial Tobacco in 1999 and through a number of senior roles has contributed significantly to the international expansion. She was appointed as Chief Executive in May 2010 and since her appointment she has led the development and implementation of Imperial Tobacco's sustainable growth strategy.

Alison is a Chartered Accountant and was previously with PricewaterhouseCoopers LLP.

Committee membership:
Alison is a member of the Audit and Nominations Committees.

7 John Langston

Non-Executive Director

Appointment to Board:
August 2013

Skills and experience:
John is a Non-Executive Director and Chairman of the Audit Committee of Rexam PLC. He was formerly Finance Director of Smiths Group plc, having been a member of the Board since 2000. John held a number of senior commercial positions at Smiths Group including Group Managing Director of the Speciality Engineering division and the Detection and Sealing Solutions divisions. From 1993, John held senior positions at TI Group plc, joining the Board of TI Group in 1998 until the merger with Smiths and was also on the Board of Crossmatch, a US security company from 2007 until 2011 when it was sold.

Committee membership:
John is Chairman of the Audit Committee and a member of the Nominations Committee.

8 Coline McConville

Non-Executive Director

Appointment to Board:
June 2014

Skills and experience:
Coline was the Chair of the Remuneration Committee of TUI Travel plc for three years before its merger with TUI AG in December 2014 and she is now a member of the German supervisory Board of TUI AG. She is also a Non-Executive Director of UTV Media plc, Fevertree Drinks plc, Travis Perkins plc and a board member of Wembley Stadium.

Coline spent 10 years with Clear Channel International Limited where she was Chief Executive Officer – Europe, from 2003 to 2006, having previously been Group Development Director and Chief Operating Officer. Coline began her career in management consultancy, working with both McKinsey & Co and LEK Partnership.

Committee membership:
Coline is a member of the Remuneration, CR and Nominations Committees.

9 Nigel Northridge

Non-Executive Director

Appointment to Board:
July 2009

Skills and experience:
Nigel is Chairman of Paddy Power plc and Debenhams plc. He was appointed as a Non-Executive Director of Aer Lingus plc in January 2014.

Nigel spent 32 years with Gallaher Group plc in sales and marketing roles, becoming the Group Chief Executive in 2000. He was previously a Non-Executive Director of Thomas Cook plc and the Senior Independent Director of Aggreko plc.

Committee membership:
Nigel is Chairman of the Remuneration Committee and a member of the Nominations Committee.

10 Till Vestring

Non-Executive Director

Appointment to Board:
September 2011

Skills and experience:
Till is Senior Partner of Bain & Company South East Asia. Till has a 23 year career at Bain & Company of which the last 18 were spent in Asia with postings in Sydney, Hong Kong, Tokyo and Singapore.

He has served as head of Bain's Automotive & Industrial Practice in Asia, Managing Partner for South East Asia, as well as on Bain's global Partner Nomination & Compensation Committee.

He has extensive experience advising multinationals on growth strategy across Asia as well as advising leading Asian companies on strategy, M&A and organisation.

Till was appointed as a Non-Executive Director of Keppel Corporation in February 2015.

Committee membership:
Till is a member of the Remuneration and Nominations Committees.

Executive committee

1 André Lacroix
Group Chief Executive
Appointment to Executive Committee:
February 2006

Please see page 42 for full biography.

2 John McConnell
Group Finance Director
Appointment to Executive Committee:
February 2006

Please see page 42 for full biography.

3 Aris Aravanis
Managing Director, Greece and the Balkans
Appointment to Executive Committee:
July 2009

Skills and experience:
In July 2013, Aris was promoted to Managing Director, Greece and the Balkans and is responsible for Greece, Bulgaria, Romania and Macedonia. Aris joined the Group in 1991 and during his tenure has led the establishment and development of Tefin, a finance company that was constituted by Toyota Hellas and EFG Eurobank, to the top of the automotive financing market in Greece. In February 2000, Aris assumed the position of General Manager of Toyota Hellas and then became Deputy Managing Director and a member of the Board of Directors.

Before joining Toyota Hellas, Aris had extensive experience in the finance field, working in various sectors including the food industry, electric cabling and banking.

4 George Ashford
Chief Executive Officer, Inchcape Australasia
Appointment to Executive Committee:
October 2006

Skills and experience:
George was appointed as Chief Executive Officer, Inchcape Australasia in January 2012. George joined the Group in March 2006 as Director of Implementation, Inchcape Advantage. In this role George led the implementation of a Group-wide strategic programme putting the customer at the heart of the Group's service initiatives. In October 2006, George was appointed Managing Director, European Retail where he led the implementation of world-class retail operation programmes across the European retail network. He was also responsible for the integration of businesses acquired in the Baltics and the construction and opening of four greenfield operations in eastern Europe. George was Chief Executive Officer, Toyota Belgium from July 2009 to December 2011.

George joined the Group from Yum Restaurants International (previously Pepsi Restaurants International), where he spent 10 years holding several senior management positions.

5 Koh Ching Hong
Managing Director, Inchcape South Asia
Appointment to Executive Committee:
August 2009

Skills and experience:
Ching Hong joined Borneo Motors in January 2008. He was appointed as Managing Director, Inchcape South Asia in August 2009 and is responsible for Borneo Motors and Champion Motors in Singapore and NBT in Brunei. Prior to joining the Group, Ching Hong was Managing Director of Fuji Xerox Singapore and an Executive member of Fuji Xerox Asia Pacific Senior Management from 1996 to 2008. In these roles he led the transformation and restructuring of its business model and business approach, thereby increasing market share, doubling revenue and leading the organisation into the prestigious Singapore Quality Class, achieving a high customer satisfaction index.

6 Stéphane Chatal
Group Chief Information Officer
Appointment to Executive Committee:
November 2011

Skills and experience:
Stéphane was appointed as Chief Information Officer in 2008 and is responsible for the Group's Information Systems (IS) strategy, its implementation and the IS function. Before joining the Group, Stéphane spent over four years with Reckitt Benckiser in senior IT roles, most recently as Global Solutions Director.

Prior to Reckitt Benckiser, Stéphane worked for Procter & Gamble for 12 years, where he was responsible for the global implementation of multi-country, single-instance SAP systems and centralised shared service centres.

7 Louis Fallenstein
Chief Executive Officer, Emerging Markets
Appointment to Executive Committee:
January 2012

Skills and experience:
Louis was appointed Managing Director, Emerging Markets in January 2012 and was promoted to Chief Executive Officer in July 2013. He is responsible for retail and distribution activities in Poland, the Nordics, South America, Africa and Russia. He oversees both current operations and our future expansion plans in these markets.

Prior to this, Louis was Franchise Director BMW for our UK business. Louis has been with the Group since the acquisition of European Motor Holdings plc and was a major force in the integration of the Lind Automotive Group and European Motor Holdings with the UK retail businesses.

7 8 9 10 11 12

8 Tony George

Group HR and Business Development Director

Appointment to Executive Committee:
February 2007

Skills and experience:
In addition to his role as Group HR Director, Tony took over responsibility for strategy and business development in August 2012. He has over 25 years' experience in Human Resources and General Management in International FMCG, chemicals, telecommunications and customer service oriented retail companies. In his previous role he was HR Director, Corporate Functions for Vodafone plc and, prior to that, SVP International Partner Resources for Starbucks Coffee Company based in the US. Tony has also worked with ICI in India, Diageo plc where he was the first Global Management Development Director UDV in the UK and Burger King, where he was the SVP International HR. During his career Tony has lived and worked in India, the UK, USA and Australia.

9 Ken Lee

Group Marketing and Communications Director

Appointment to Executive Committee:
November 2006

Skills and experience:
Ken joined the Group in September 2003 as Marketing Director for the UK businesses, where he led the development of online car retailing and a pioneering customer experience programme. In early 2006 he was appointed Customer Strategy Director to lead the Group-wide identification of customer insights to drive the Company's pioneering Inchcape Advantage programme. In late 2006 he was appointed to the Executive Committee as Group Communications Director with global responsibility for internal and external communications.

In August 2013, Ken's role was extended to include leadership of the Group-wide Marketing community.

Prior to joining the Group, Ken held the position of Group Marketing Director at the RAC from 1999 to 2003, having been part of the team that acquired and then led the business post demutualisation. During his tenure the company moved from a car breakdown organisation to a customer focused motoring services group. Before joining the RAC, Ken worked for Lex Service plc, where as Marketing Director he successfully established the Hyundai brand in the UK.

10 Patrick S Lee

Chief Executive Officer, Inchcape North Asia and China

Appointment to Executive Committee:
November 2006

Skills and experience:
Patrick is in charge of our VIR operations in Hong Kong, Macau and Guam. In all three markets, Toyota has maintained the No.1 position for several years. He is also responsible for the Group's operations in China.

Prior to this, Patrick was the Group General Manager, Sales and Marketing of Kerry Beverages Ltd from 1998 to 2006. Kerry Beverages owned and operated 11 Coca-Cola bottling plants in China. Patrick's experience in auto retailing came from a Toronto Honda dealership where he worked for three years and was awarded the highest honour of 'Sales Master' by Honda Canada for two consecutive years. Patrick started his career in brand marketing with Procter & Gamble and has worked in various locations including Canada, Switzerland, Thailand and Hong Kong. Patrick holds a BBA and an MBA from the Chinese University of Hong Kong.

11 Bertrand Mallet

Chief Executive Officer, Toyota Belgium

Appointment to Executive Committee:
July 2008

Skills and experience:
Bertrand was appointed as Chief Executive Officer, Toyota Belgium in January 2012. Prior to this appointment he was Managing Director of the Emerging Markets and the Group Strategy Director.

Before joining the Group in 2008, Bertrand spent over six years with Euro Disney in both strategy and sales roles, including as the Managing Director for the French market. During his tenure, a new sales and marketing approach was defined and implemented. Prior to Euro Disney, he spent five years as a senior consultant with Bain & Company, both in France and in the USA. His main areas of focus were around retail and distribution. Bertrand began his career in Sales and Marketing with Automobiles Peugeot in Sweden.

12 Connor McCormack

Chief Executive Officer, Inchcape UK

Appointment to Executive Committee:
November 2009

Skills and experience:
Connor has been with the Group since July 2005, having initially joined as Finance Director, UK Retail and was appointed Chief Executive Officer of the UK business in November 2009.

Connor has led the business through the acquisitions and integrations of the Lind Automotive Group and European Motor Holdings, as well as playing an instrumental part in the right sizing of the UK business. Prior to joining the Group Connor held senior positions with B&Q plc, Kingfisher plc, the L'Oréal Group and the Gillette Company.

COMMITTED TO GOOD GOVERNANCE

Key activities during 2014:

- External Board evaluation
- Recruitment of the Group Chief Executive
- Recruitment of a Non-Executive Director
- Annual strategy review meeting
- Overseas board meeting in Singapore

DEAR SHAREHOLDER

I am pleased to present the 2014 Corporate Governance Report. The aim of the report is to demonstrate how the Board operates in a clear and transparent manner to enable stakeholders to assess whether the Directors, as stewards of the Company, have performed their duties, within the context of the Company's values and governance framework, to promote the long-term success of the Company. The report follows the UK Corporate Governance Code (the "Code") for ease of reference.

Board composition and succession planning

During 2014 the Board focused on composition and succession planning, with the recruitment of a new Non-Executive Director, Coline McConville, who was appointed on 1 June 2014, and the new Group Chief Executive, Stefan Bomhard, who joins the Group on 1 April 2015. Further details of Stefan's appointment can be found in my statement on page 18 and details of Coline's appointment and the recruitment process can be found in the Nominations Committee report on page 55.

André Lacroix leaves the Group in March 2015. He has successfully led the Group since 2005 and I would like to thank him on behalf of the Board and shareholders for his leadership and commitment.

Board changes

In March 2015, Simon Borrows announced that he will not seek re-election as a Non-Executive Director at the Annual General Meeting. I would like to thank Simon for his support and sound advice to the Group over the last five years and on behalf of the Group wish Simon the very best in his busy and successful role as Chief Executive of 3i Group plc.

Board effectiveness

A key aspect of the Board's effectiveness is the Board evaluation which, this year, was performed by an external evaluator. Key areas of the evaluation reflected the Board's focus on composition and succession planning highlighting the importance of these areas. Details of the evaluation process are given on page 51.

Board Committees

The Nominations Committee led the recruitment process for the new Group Chief Executive and Non-Executive Director and the Committee continues to monitor the composition of the Board to ensure it has the right mix of skills, experience and diversity to deal with the future opportunities and challenges facing the Group.

The Audit Committee and Remuneration Committee have dealt with an ever changing regulatory environment and continued developments in corporate governance, with particular focus on the significant risks facing the Group for the Audit Committee and Directors' remuneration for the Remuneration Committee.

An overview of each of the Committees' activities during the year is given in this report.

I hope you will find this report helpful in understanding the Board's commitment to the Company's values when carrying out its activities.

Statement of Code Compliance

Provision D.2.1 of the Code requires the Company to have at least three independent Non-Executive Directors as members of the Remuneration Committee. With the appointment of Coline McConville on 1 June 2014, the Board complied with this provision and was fully compliant with the Code as at 31 December 2014.

Details of compliance with Code provision C.3.7 are given in the Audit Committee Report on page 54.

The information required under DTR7 is given on pages 46 to 57 and forms part of the Report.

Ken Hanna
Chairman

Leadership

The role of the Board is to create long-term shareholder value for the benefit of all stakeholders. In order to achieve this, the Board is responsible for agreeing the long-term strategy of the Group, and for monitoring the implementation of the strategy and the performance of the Executive Committee within a framework of controls. The Board is also responsible for reviewing those controls to ensure that they enable risk to be assessed and managed appropriately. Details of how the Group generates and preserves value are set out in the Strategic Report on pages 2 to 41.

Board and Committee meetings

The Board has a defined set of responsibilities and accountabilities which are set out in the Schedule of Matters Reserved for the Board, which can be found on the website www.inchcape.com/about_us/governance. Key areas of focus for the Board during the year were:

- Strategy, People, Business Development and M&A opportunities, Annual Operating Plan, Final and Interim dividend and share buy back programme
- Updates from key markets, Internal Controls review, Group Risk review, Pensions update and Tax update
- Approval of the 2013 full year results and 2014 interim results, Assessment of long-range forecasts / performance against plan, review of monthly financial statements
- Board evaluation, re-appointment of auditors, Annual General Meeting

The Board meets five times per year and attendance at the Board meetings and Committee meetings is shown in the table below.

	Board Meetings	Audit Committee	Remuneration Committee	Nominations Committee	CR Committee
Name	Attended/scheduled	Attended/scheduled	Attended/scheduled	Attended/scheduled	Attended/scheduled
Vicky Bindra	5/5	1/1	–	1/1	3/3
Simon Borrows	5/5	4/4	–	2/2	–
Alison Cooper	5/5	4/4	–	0/1	–
André Lacroix	5/5	–	–	1/1	3/3
Ken Hanna	5/5	–	2/2	2/2	3/3
John Langston	5/5	4/4	–	1/1	–
John McConnell	5/5	–	–	–	–
Coline McConville	3/3	–	1/1	1/1	1/1
Nigel Northridge	5/5	–	2/2	1/1	–
Till Vestring	5/5	–	2/2	2/2	–

The meetings are structured to allow sufficient time to discuss and review financial and operational performance, achievement of objectives, development of strategy and the assessment of risk and internal controls. The Board delegates certain responsibilities to its Committees. The Committee structure can be found on page 48 and the Committee reports can be found on pages 53 to 57.

In addition to the meetings held at the Head Office in London each year, the Board holds an overseas meeting which in 2014 was held in Singapore, and an off-site two-day strategy review meeting.

Overseas Meeting

The annual overseas Board meeting gives the Directors an opportunity to gain a deeper understanding of the Group's operations and to meet colleagues within the business. They are a key element of the on-going training and development of Non-Executive Directors.

The Singapore meeting had the following agenda over two days:

- Singapore market update
- Site visits to Lexus and Toyota Retail Centres
- Lexus Boutique and Toyota World – Customer experience tour
- Toyota World – Inchcape Advantage
- Lexus Boutique – Inchcape Advantage
- Site visit at Toyota Central Parts depot
- Dinner with Singapore management team

More information on Inchcape Advantage on page 14

Annual Strategy Meeting

The annual strategy review meeting enables the Directors to review, monitor and approve the Group's strategy within the context of a changing business environment and to consider global economic, market and industry trends and the opportunities and challenges facing the Group.

The annual strategy meeting had the following agenda over two days:

- Inchcape Advantage
- Brand partner update
- Capital Structure update
- Talent Review
- Portfolio Strategy and Business Development
- People Strategy update
- Board Evaluation results

More information on Inchcape Advantage on page 14

Roles and responsibilities

In accordance with the Code, the roles of the Chairman and Group Chief Executive are split. The Chairman is responsible for running the Board and the Group Chief Executive is responsible for running the day-to-day operations of the Group. Their key responsibilities are set out below:

Ken Hanna
Chairman

- To lead an effective Board by providing direction and focus and promoting open and constructive debate.
- Ensuring that Directors receive information that is accurate, relevant and timely.
- Responsibility for composition of the Board to ensure that the members have the right mix of skills, knowledge and experience.
- To chair the Nominations Committee and membership of the CR Committee.

André Lacroix
Group Chief Executive

- To develop the Group's strategy and business plans for approval by the Board.
- To run the Group's day-to-day operations.
- Report to the Board on performance, implementation of strategy and significant developments.
- To lead the Executive Committee in implementing strategy and managing risk and the internal control framework.
- To regularly engage with shareholders on the Group's activities and progress against objectives.

Simon Borrows
Senior Independent Director

- To act as a sounding board for the Chairman.
- To serve as an intermediary to other Directors.
- To be available to shareholders should they have concerns which have not been resolved through normal channels.
- To hold an annual meeting of Non-Executive Directors to evaluate the performance of the Chairman.

Board and Committee structure

The Board delegates certain responsibilities to its Committees. The chair of each Committee reports to the Board on the matters discussed at the Committee meetings prior to each Board meeting. All Directors have access to Committee papers and presentations.

Inchcape plc Board
Collectively responsible for the long-term success of the Company

Remuneration Committee
Remuneration Policy

Incentive Plans

Performance Targets

Committee Report page 58

Audit Committee
Financial Reporting

Risk Management

Internal Controls

Committee Report page 53

Nominations Committee
Board Composition

Succession Planning

Diversity

Committee Report page 55

Corporate Responsibility Committee
CR Strategy

CR Policy

Committee Report page 57

Executive Committee
Responsible for implementing the Group's strategy within the organisation to create shareholder value

iPOM Committee
Risk management

See page 35

Non-Executive Directors

It is the role of the Non-Executive Directors to bring a wide range of experience, knowledge and skills to the Board. Between them the Directors have extensive operational, financial, retail and consultancy experience gained throughout their careers and in their current roles. Their biographies, which give details of past and present appointments, can be found on pages 42 and 43.

The Non-Executive Directors are responsible for bringing independent judgement to the Board's discussions on strategy, performance and risk, for monitoring and challenging the performance of the Executive Committee and the Group's businesses, and for reviewing the effectiveness of risk management and the systems of internal control.

The Chairman and Non-Executive Directors meet without the Executive Directors and the Senior Independent Director and the Non-Executive Directors meet without the Chairman annually.

During the year it was agreed that the Non-Executive Directors would complete an annual skills assessment. It is anticipated that the assessment will be discussed and reviewed by the Nominations Committee to assist with the scheduling of the progressive refreshment of the Board over time and to ensure the Group has the right structure, skills and diversity of experience in place for the effective management of the Group's strategy and creation of long-term shareholder value. Further details can be found in the Nominations Committee Report on pages 55 to 56.

Effectiveness

Composition of the Board

The Board consists of the Chairman, two Executive Directors and seven Non-Executive Directors. Coline McConville was appointed to the Board in June 2014 and is a member of the Remuneration, CR and Nominations Committees.

All Non-Executive Directors are considered independent in accordance with the Code.

Appointments to the Board

The Nominations Committee is responsible for evaluating the composition of the Board and nominating suitable candidates to the Board to fill any vacancies. The Nominations Committee Report can be found on pages 55 to 56.

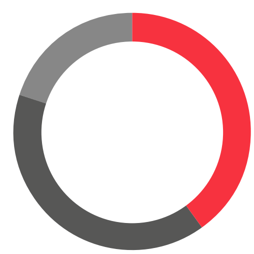
The Company recognises that its Board members may be invited to become Directors of other companies and that this additional experience is likely to benefit the deliberations of the Board.

The Executive Directors are generally permitted to hold one non-executive position as long as it does not lead to conflicts of interest or undue time commitment. During the year André Lacroix was the senior independent director of Reckitt Benckiser Group plc and John McConnell was a non-executive director and Audit Committee chairman of UBM plc. Details of the fees paid during the year to André Lacroix and John McConnell for these roles can be found in the Directors' Report on Remuneration on page 73.

Commitment

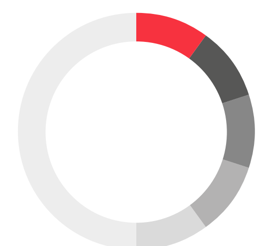
The time commitment required by Non-Executive Directors is set out in their Letter of Appointment and is reviewed annually by the Nominations Committee to ensure that it remains appropriate.

Board tenure



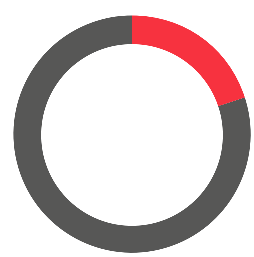
<3 years	4
3> 6 years	4
>6 years	2

Nationality



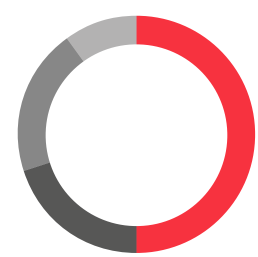
French	1	German	1
Irish	1	Australian	1
American	1	British	5

Gender split



Female	2
Male	8

Industry background



Financial	5	Consultancy	2
Retail	2	Technology	1

Development

New Directors receive a tailored induction programme designed to ensure that they have sufficient knowledge of the business and the context in which it operates. Coline McConville received a formal induction in 2014 split into two parts. The first part of the induction was designed to introduce Coline to key members of management and consisted of one-on-one meetings. The second part of the induction consisted of site visits designed to introduce Coline to the retail and distribution businesses and enable her to gain a deeper understanding of how the business operates.

Coline McConville's induction:

Who	Area of focus
Ken Hanna Chairman	The Board, its Committees, history of the Group and its values.
André Lacroix Group Chief Executive	Strategy, overview of operational businesses, analyst and investor engagement.
John McConnell Group Finance Director	Financial review, capital structure and policies, iPOWER.
Tamsin Waterhouse Group Company Secretary	Directors' duties and regulatory rules, governance and Board administration.
Tony George Group HR and Business Development Director	Key management, succession planning, remuneration policy and business development strategy.
Chris Davies Group Financial Controller	Operational financial review, reporting systems and processes.
Gavin Robertson Group Audit Director	Risk management, assurance processes and internal controls.
Stéphane Chatal Group Chief Information Officer	Overview of the Group's IS strategy and structure.
Ken Lee Group Marketing and Communications Director	Brand, marketing, internal and external communications and Inchcape Advantage.
George Ashford Chief Executive Officer Australasia	Melbourne – site visit at Bespoke (Rolls-Royce, McLaren, Aston Martin), Subaru Docklands and Mentone. Sydney – site visits to BMW Parramatta, Subaru North Shore, Bespoke Alexandria and Alexandria dealerships.

John Langston, who was appointed as a Non-Executive Director in 2013, visited the Group's Hong Kong business, Crown Motors, during the year to further increase his knowledge of the Group's operations. This included site visits to Jaguar Land Rover, Toyota, Lexus, Ford, the Inchcape Shared Services Office and the Lexus and Toyota Service Centres in Hong Kong.

Information and support

The Group Company Secretary is responsible for ensuring the Board has access to relevant and accurate information.

The Board agendas are agreed in advance by the Chairman and Group Chief Executive and include regular items such as reports from the Group Chief Executive, the Group Finance Director and Investor Relations. Regional updates, designed to give a deeper view of the markets, are given throughout the year by the Market Chief Executive or Managing Director.

- The Group Chief Executive's report typically covers the Group's performance, updates on share price and shareholders, colleague and talent updates and business development.
- The Group Finance Director's report will typically cover financial results, capital structure and regular updates on iPOWER.
- The regional updates typically include updates on business model, market and regional performance and strategic outlook.

Executive Committee members and other senior management attend meetings throughout the year to present on specific issues.

Agendas and supporting papers are distributed to the Directors one week prior to meetings to allow time for sufficient review and are distributed electronically.

In addition to the information supplied for Board and Committee meetings the Directors also receive a monthly financial update which gives the latest financial position by region.

The Group Company Secretary also supports the Board by providing advice and services, including access to independent advice, and ensures that an accurate record of all the meetings and committee meetings is taken. If a Director has any concerns about the Company or any of the decisions being taken, this would be recorded in the minutes. No such concerns were raised in 2014.

EVALUATION

To ensure the effectiveness of the Board, an independent external evaluation was carried out during 2014 by Dr Tracy Long of Board Review Limited.

The evaluation's methodology encourages an iterative conversation about three inter-related aspects of the Board's effectiveness: the Board environment (culture, dynamics, composition, tenure), the work of the Board (strategy and operations, risk and control, performance management, stakeholder communication), and the use of time, process and information (planning and allocation), and consisted of:

- One-on-one interviews with each Director and the Group Company Secretary, attendance by Dr Long at a Board and Committee meeting and a review of the information supplied for those meetings
- An analysis of strengths, priorities and challenges and subsequent recommendations
- Individual feedback meetings
- Collective Board discussion at the Annual Strategy Review meeting

The main topic raised by the review related to succession planning for the Group Chief Executive. With a tenure approaching ten years, the Board wanted to ensure that internal and external candidates were kept under review in the event that the Group Chief Executive resigned. André Lacroix announced his resignation on 30 September 2014 and after a comprehensive recruitment process led by the Chairman and a Search Committee, the appointment of his successor was announced on 30 January 2015. Further details of succession planning and the recruitment process can be found in the Nominations Committee Report on page 55.

The evaluation concluded that the Board is effective in dealing with today's challenges; the quality of decision making and contribution is positively influenced by a strong culture and composition, a thoughtful approach to the work and an efficient use of time.

Further challenges identified during the evaluation were:

Area to be addressed	Action by the Board
Succession planning	• Preparation of the succession plan for the Chairman
Board composition	• Development of a Board refreshment plan taking into account existing competencies. • A review of Committee composition. All Non-Executive Directors subsequently appointed to the Nominations Committee
Leadership development	• Dedicated meetings on executive performance • Align view of strategy with tailored executive succession planning • Increase Non-Executive Directors' exposure to executives and other layers of management

Board Review Limited has no other connection to the Company.

Re-election

In accordance with the Code, all Directors will stand for election or re-election at the Annual General Meeting (AGM) apart from André Lacroix who leaves the Group in March 2015 and Simon Borrows who will not be seeking re-election. At the 2014 AGM, shareholders voted to elect or re-elect all Directors.

Accountability

Financial and business reporting

The Board is responsible for presenting a fair, balanced and understandable assessment of the Group's position and prospects. A statement of the Directors' responsibility for the financial statements, the going concern statement and the statement by the Directors that they consider the Annual Report, taken as a whole, to be fair, balanced and understandable are set out on page 74 to 75.

The statement by the auditors about their reporting responsibilities is given on pages 137 to 141.

Internal controls and risk management

The Board has ultimate responsibility for ensuring the Group's system of internal controls is sound and the Executive Committee is responsible for ensuring that the internal control systems and procedures are implemented across the Group and updates are regularly reported to the Board. The Group's minimum controls are a set of consistent and prescriptive risk-led controls designed to drive consistency in controls throughout the Group, to address common control gaps identified in internal and external audit reports and to ensure that the required level of control is configured into the iPOWER system. The internal control system is designed to manage rather than eliminate risk and can only provide reasonable and not absolute assurance against material misstatement or loss.

During the year the Board reviewed the risks facing the Group as identified in the risk management process and how those risks are being assessed, monitored and managed. This process is designed to enable the Board to gain an understanding of the key risks within the business and how they are being managed.

The Board conducted its review of the Group's system of risk management and internal control processes, including financial, operational and compliance controls, during the year. There have been no significant changes in 2014 and the Board has concluded that the Group's internal system of controls over financial reporting was effective during the year.

The principal risks facing the Group and the risk management structure in place to monitor and manage those risks are given on pages 35 to 37.

Audit Committee and Auditors

The Board has delegated certain responsibilities to the Audit Committee. The Audit Committee regularly reports its findings to the Board to enable the Directors to carry out an annual review of the effectiveness of risk management and internal control systems. The Audit Committee's Report is on pages 53 to 54.

Remuneration

The Board has delegated remuneration matters to the Remuneration Committee. Details of the Company's remuneration policy, how this was implemented during the year and the work of the Remuneration Committee can be found on pages 58 to 73.

Relations with shareholders

The Chairman, Group Chief Executive, Group Finance Director and Investor Relations Director hold regular meetings with institutional investors throughout the year through a comprehensive investor relations programme. The programme includes site visits, roadshows and conferences. During the year approximately 230 institutions met with management to discuss the Group and its objectives.

Shareholders are also kept informed of Company performance through regular press releases. These are made available to the London Stock Exchange and on the Company's website. Presentations were held for analysts on the Group's annual and half yearly results. Recorded conference calls are also held for analysts on the release of Interim Management Statements. These presentations and calls are published on the Company's website so that both private and institutional investors or potential investors have access to the information. The Board is provided with regular updates on the views raised by the Company's investors.

The Company held a capital markets day, Formula Inchcape, on 29 April 2014 at Brands Hatch. Leading equity and debt investors and analysts were invited to hear presentations from the Executive Committee covering the Group's unique global operations, the focus on delivering operational excellence and the delivery of sustainable growth. Investors also had the opportunity to drive various models from our UK brand partners on the Brands Hatch Indy circuit alongside qualified instructors.

The agenda for the day included:

- Inchcape business proposition and earnings model presented by André Lacroix, Group Chief Executive;
- Supply and working capital management presented by John McConnell, Group Finance Director;
- Market intelligence and forecasting presented by Stéphane Chatal, Group Chief Information Officer, and Koh Ching Hong, Managing Director Singapore;
- Marketing and innovation presented by Patrick Lee, Chief Executive Officer, North Asia and China;
- World Class Customer Service and Retail Standards presented by Ken Lee, Group Marketing and Communications Director and Connor McCormack, Chief Executive Inchcape UK;
- Dealer Network Development presented by Tony George, Group HR and Business Development Director and Aris Aravanis, Managing Director Greece and the Balkans; and
- Performance Management presented by Bertrand Mallet, Chief Executive Officer Belgium and George Ashford, Chief Executive Officer Inchcape Australasia.

The presentations can be downloaded from the website www.inchcape.com/investors

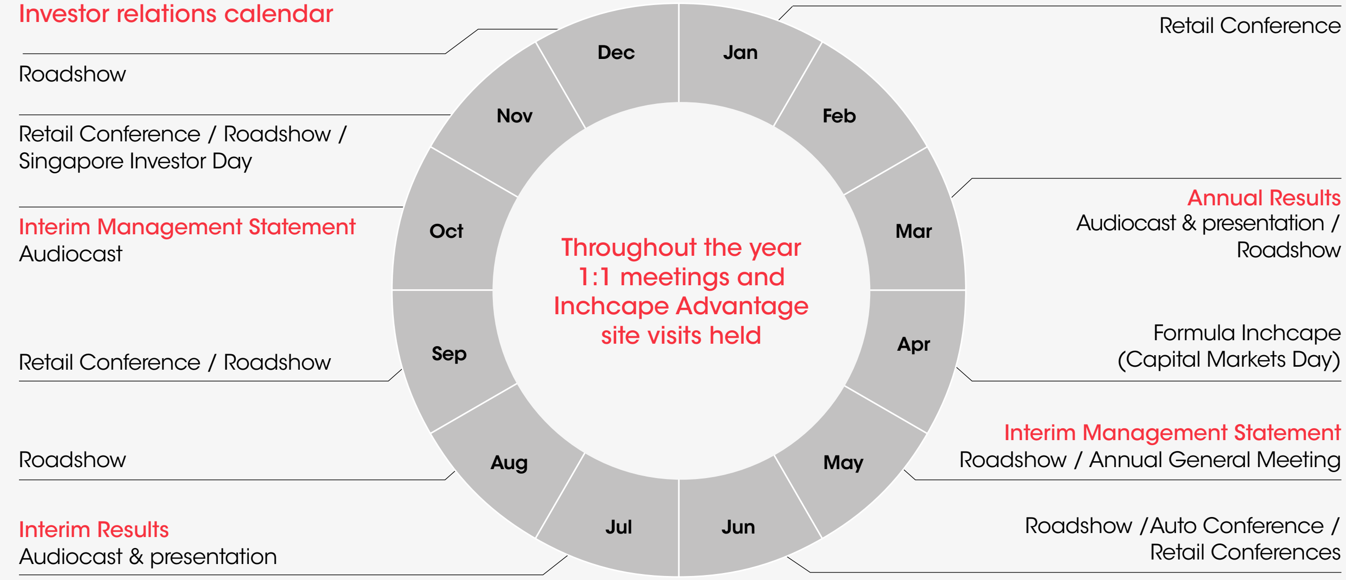
Constructive use of the AGM

The AGM gives shareholders an opportunity to meet the Board and ask any questions they have regarding the Group. The Board encourages participation of private shareholders at the AGM; however, the Board understands that it is not always possible for shareholders to attend. For this reason, a prepaid reply envelope is sent to shareholders to enable them to give their views should they be unable to attend the AGM in person.

The Company complies with the Code as it relates to voting, the proposal of separate resolutions on each substantially separate issue and the attendance of the Committee Chairmen at the AGM. Details of the voting at the AGM are available on the Company's website.

The Group is committed to reducing its impact on the environment and encourages shareholders to receive communications electronically to reduce paper usage. Shareholders can also register for news alerts via email. Please visit the website www.inchcape.com/investors for more information. It is important for shareholders to receive communications in the form most appropriate to their needs and they can change the way they receive information at any time.

Investor relations calendar



Committee membership

John Langston – Chairman
Simon Borrows
Vicky Bindra*
Alison Cooper

* Vicky Bindra joined the Committee in July and attended his first meeting in November.

The Committee members are all independent Non-Executive Directors. The Board considers John Langston, who is also chairman of the Audit Committee of Rexam PLC and was previously Finance Director of Smiths Group plc and is a chartered accountant, to have recent and relevant experience.

Committee meetings

The Committee meets four times per year to coincide with the financial calendar. The Committee invites the Chairman, Group Chief Executive, Group Finance Director, Group Audit Director and external auditor to attend its meetings.

Other Senior Executives such as the Group Financial Controller and Group Tax Director attend during the year to present to the Committee.

The Committee's terms of reference can be found on the website www.inchcape.com/about_us/governance

Committee's responsibilities

- Monitor the integrity of the financial statements and formal announcements
- Review and recommend to the Board the approval of the annual and half yearly reports
- Review the Group's accounting policies
- Review significant financial issues
- Review the financial and operational risks, policies and risk management
- Monitor the effectiveness of internal control systems and risk management
- Monitor and review the effectiveness of the internal audit function
- Monitor the effectiveness and independence of the external auditors
- Approve the policy for non-audit services
- Recommend the re-appointment and approve the remuneration of the external auditors
- Whistleblowing

DEAR SHAREHOLDER

During the year, in addition to the routine business of the Committee, there was additional focus on the effectiveness of internal controls. The Group's businesses completed a self-assessment questionnaire on minimum controls which required markets to assess controls within their businesses. This was calibrated with site visits by the Internal Audit team. The results and any mitigation plans were presented to the Committee for its consideration during the year.

As discussed in the governance report on page 46, the Board undertook an external evaluation during 2014 and as part of this process the external evaluator attended the Audit Committee meeting in July. The results of the evaluation were positive and it was noted that the Audit Committee continues to run effectively.

Financial reporting

The Committee is responsible for monitoring the integrity of the financial statements and for reviewing accounting policies and disclosures in the financial reports. During the year the Committee reviewed the final and interim accounts and considered the key audit risks, accounting treatment and judgements identified during the audit as well as the recommendations made by the external auditor. The most significant issues considered by the Committee and the actions taken by management are given on page 54.

Risk management and Internal Control

The Group has well-established risk management and internal control systems in place and the Committee reviewed these during the year. Internal controls over the financial reporting framework are designed to provide reasonable assurance regarding the reliability of financial reporting as well as the preparation of the financial statements in accordance with IFRS. The Group Audit Director attends each Committee meeting and updates the Committee on the Group's risk register, assessments and mitigation plans.

The Group's approach to risk management and the principal risks facing the Group are set out on pages 35 to 37.

Internal Audit

The Committee reviewed and approved the Internal Audit Plan. The plan sets out the audit approach for the year, the allocation of resources and the number of audits to be undertaken. The internal audit covers a wide range of operational, financial and IT processes. At each subsequent meeting the Group Audit Director reports to the Committee on the status of the audits being carried out throughout the Group and the mitigation actions being implemented where gaps have been identified. The Group Audit Director also meets with the Committee without the presence of management,

External Audit

The Committee is responsible for making recommendations to the Board on the re-appointment of the external auditor and for approving their remuneration, terms of engagement and scope of work.

Significant Issues

Issue	Action taken
Impairment of goodwill	Management prepared a detailed impairment review paper on the goodwill in the Group for both the half and full year accounts. The Committee challenged the methodology and sensitivity analysis used by management. The Committee also considered the independent review by the external auditor. Given the macroeconomic uncertainty in Russia, the Committee received a presentation from management summarising management's assessment of the carrying value of assets in Russia at year end and, after reviewing the assumptions, concluded that the impairment recommended by management was appropriate. The Committee concluded that the goodwill carrying amounts shown in note 11 on pages 111 to 112 of the financial statements were appropriate and it approved the disclosures.
Minimum Control Framework	The Minimum Control Framework (the 'Framework') was developed in 2013 and implementation across the Group began in 2014. The Framework's objective is to identify the core risks which could impact the integrity of the financial statements and provide consistent mitigating controls which all entities must adopt. The controls are both automated and, where necessary, manual. The status of the implementation of the Framework is reviewed by self-assessments which are completed by all operating entities and then reviewed and calibrated via on-site audits by Group Internal Audit. During the year, the Committee was updated on the implementation of the Framework and in particular on core drivers and potential mitigating actions against the key gaps identified in the self-assessments. The Committee reviewed the results and agreed the action plan to address gaps whilst the Framework is being fully embedded.
iPOWER systems	The iPOWER strategy was developed to deliver the Customer 1st strategy in a consistent manner across the Group via the adoption of consistent global processes within two global systems platforms, SAP and CDK. Inherent within the programme will be the progressive move towards a shared service environment in all markets. During the year, the Committee reviewed the progress of the roll out including the completion of Singapore, Hong Kong and Peru and two further service centres in the UK. The external auditor presented its findings on the UK Retail operations' move to the shared service model (with early 2015 seeing the completion of the move from circa 110 self-accounting dealerships to four finance centres) and adapted its audit plan to review the systems implementation in other markets. The Committee discussed the findings and agreed the parameters for the 2014 audit.

External auditor appointment

The Committee noted the update to the Code which states that the external audit should be put out to tender every 10 years. PricewaterhouseCoopers LLP (PwC) have been the Group's auditors for over 20 years and the current audit partner completes his fifth audit this year and therefore the audit partner is required to rotate in 2015.

The Committee considered putting the audit to tender during the year; however, the Committee agreed that in light of the change in Chief Executive in 2015 it would recommend that PwC be re-appointed for a further year and that a new audit partner would be appointed. The Committee felt that this approach would offer consistency for the new Chief Executive during his first year in office. Following the introduction of the audit tendering provisions of the Code, the Committee will consider annually whether the audit should be put to tender.

The external auditor also meets with the Committee without the presence of management.

Effectiveness and Independence of the External Auditor

In order to assess the effectiveness of the external auditor the Committee reviews the scope and quality of the audit, the independence of the external auditor throughout the year and the level of non-audit fees. The Committee also considers the results of PwC's client satisfaction survey which is completed by key members of the management team. The survey aims to assist the Committee in its review of the effectiveness of the audit process and consists of a questionnaire in which respondents are asked a number of questions about the service received giving a score as to how important that aspect of the service is to them and a score as to whether the auditor has met expectations. Respondents are also asked to appraise the partner and manager on each team and to give feedback on how the auditor can improve their service. PwC present the feedback and proposed actions for further improvement to the Committee. After discussion and due consideration the Committee confirmed that it is satisfied with the effectiveness of the external auditor.

The external auditor reports annually on its independence. Their quality control procedures are targeted at the threats to their independence and include partner reviews, partner rotation and rigorous post audit review, and the findings are presented to the Audit Committee. The Audit Committee discussed the matters raised and confirmed that it is their view that the external auditor remained independent and objective.

Non-audit services

The Committee reviews the policy for the provision of non-audit services each year. The policy is designed to ensure that the external auditors' objectivity and independence are not compromised by earning a disproportionate level of fees for non-audit services or for performing work that by its nature, may compromise the external auditors independence.

The level and nature of non-audit fees are considered as part of the year-end and half-year Audit Committee review to ensure that the policy is being adhered to. The current policy is to maintain a 1:0.5 audit to non-audit fee ratio. The Committee is responsible for authorising the provision of non-audit services by the external auditor and a breakdown of the fees can be found on page 99 in note 3. Non-audit fees relate mainly to tax services.

Whistleblowing

The Group has a whistleblowing procedure in place which allows staff to confidentially raise any concerns about business practices.

J. Langston

John Langston
Audit Committee Chairman

Nominations Committee Report

Committee membership

Ken Hanna – Chairman
Simon Borrows
Vicky Bindra*
Alison Cooper*
John Langston*
Coline McConville*
Nigel Northridge
Till Vestring

* the Non-Executive Directors were appointed to the Committee in November 2014.

Committee meetings

The Committee held two scheduled meetings during 2014 and an additional two ad hoc meetings.

The Committee's terms of reference can be found on the website www.inchcape.com/about_us/governance

Committee responsibilities

- Review the size, structure and composition of the Board;
- Evaluate the skills, knowledge and experience of the Board including diversity;
- Review the independence of the Non-Executive Directors;
- Review time served by the Non-Executive Directors;
- Review time commitment required of the Non-Executive Directors;
- Recommend the election or re-election of Directors at the Annual General Meeting; and
- Review policy on multiple board appointments.

DEAR SHAREHOLDER

During the year the Committee focused on Board composition and succession planning. The report below sets out how the Committee dealt with these issues along with the routine business of the Committee.

Board appointments

We added to the strength of the Board during the year with the appointment of Coline McConville. Coline brings to the Board a wealth of experience both from her roles at Clear Channel International Limited, LEK Partnership and McKinsey & Co and her other non-executive positions which include TUI Travel where she was Chair of the Remuneration Committee for three years before its merger with TUI AG in December 2014. Coline was appointed as a member of the Remuneration Committee upon appointment and her full biography can be found on page 43.

Non-Executive Director recruitment process

When vacancies arise it is the role of the Committee to prepare an appropriate description of the role and the capabilities required and to identify suitable candidates. The Committee also has a responsibility to ensure that when filling vacancies there is integrity in the appointment process, balancing the requirements of the business and expertise required with a fully transparent recruitment process. Egon Zehnder were appointed to assist with the search for a new Non-Executive Director. They prepared a list of suitable candidates against a skill set agreed by the Committee. The consultants were also required to include a diverse selection of candidates in line with the Group's diversity policy.

The Committee met with suitable candidates, some of whom met with the other Board members as part of the interview process, and after due consideration the Committee recommended the appointment of Coline to the Board for approval.

Group Chief Executive recruitment process

The Nominations Committee led the recruitment process for a new Group Chief Executive. To assist this search the Board appointed a sub-committee of the Nominations Committee, the Search Committee, to lead the recruitment process. The Search Committee consisted of Ken Hanna, Simon Borrows, John Langston and Nigel Northridge and its remit was to:

- Prepare a description of the role and the specific criteria required for the role of Group Chief Executive;
- Appoint Inzito Partnership to assist in identifying potential candidates for the role;
- Meet with the external search consultants to evaluate the potential candidates;
- Agree a shortlist of candidates to be considered by the Nominations Committee.

The Nominations Committee met with the potential candidates and as a result of the interview process agreed that Stefan Bomhard was the preferred candidate and recommended to the Board that Stefan be appointed as the new Group Chief Executive.

The Inzito Partnership and Egon Zehnder do not have any connection with the Company other than as recruitment consultants.

Succession planning
A strong succession plan is key to the evaluation of the attributes required of the Directors. During the year the Committee requested that all Directors complete a skills self-assessment to identify where the Board can be strengthened and what skills gaps may arise when the Non-Executive Directors complete their terms. The analysis will be discussed and reviewed by the Committee to assist with the scheduling of the progressive refreshment of the Board over time and to ensure the Group has the right structure, skills and diversity of experience in place for the effective management of the Group's strategy and creation of long-term shareholder value. The survey will also identify any training and development needs of the Non-Executive Directors.

Composition of the Board and its Committees
The Nominations Committee recommended to the Board several changes to the membership of the committees. As a result the Board approved the following:

- Vicky Bindra was appointed to the Audit Committee in July;
- Coline McConville was appointed to the CR Committee in November.

As a result of findings from the external Board evaluation carried out during the year, it was also agreed that all Non-Executive Directors should become members of the Nominations Committee. The Board felt that this will further strengthen the Committee's processes in regard to succession planning for the future composition of the Board. In addition, at the beginning of the year it was agreed that André Lacroix would cease to be a member of the Committee and he stepped down in July 2014. The new Group Chief Executive will not become a member of the Nominations Committee when he joins the Group but will be able to attend Committee meetings upon invitation.

Vicky Bindra and Till Vestring both completed their initial three year term as Non-Executive Directors during the year. The Committee evaluated their performance and commitment to the role and recommended that they be appointed for a further three year term subject to re-election by shareholders at the AGM.

Independence, time commitments, election and policy on multiple board appointments
During the year the Committee reviewed:

- the independence of the Non-Executive Directors and recommended to the Board that it should determine that they remain independent in accordance with the Code;
- the time served by the Non-Executive Directors and confirmed that it was satisfied that all Directors had met or exceeded the time commitment required;
- the performance of each Director and concluded that each Director continues to be effective and demonstrate commitment. The Committee recommended to the Board that each Director stand for election or re-election at the AGM; and
- the policy on multiple board appointments and confirmed that the Directors had complied with the policy during the year. The Committee approved the appointment of John McConnell as a non-executive director of UBM plc in January 2014. Further details of additional directorships held by the Executive Directors can be found on page 42.

Diversity policy
The Committee recognises the benefits of having a diverse Board and sees increasing diversity at Board level as an essential element in delivering the Group's strategy and objectives. The Company believes that a truly diverse Board will include and make good use of differences in skills, regional and industry experience as well as background, race and gender. These differences will be considered in determining optimum composition of the Board and when possible should be balanced appropriately. All Board appointments are made on merit and in the context of the skills and experience needed for the Board to be effective.

Throughout the recruitment process of both the Group Chief Executive and Non-Executive Directors, the Committee considered diversity in line with the statement above when selecting suitable candidates.

Ken Hanna
Chair of the Nominations Committee

Corporate Responsibility Committee report

Committee membership

- Vicky Bindra – Chairman
- Ken Hanna
- Coline McConville*
- André Lacroix
- Tony George

* Coline McConville was appointed in November 2014.

Committee meetings

The Committee held three meetings during the year.

The Committee's terms of reference can be found on the website www.inchcape.com/about_us/governance

Committee's responsibilities

- Develop the Group's CR strategy and monitor external developments
- Review the Group's CR policy
- Monitor the Group's CR risk exposure
- Review and approve the CR report

DEAR SHAREHOLDER

During the year, the Committee reviewed its five core areas; communities, environment, customers, people and brand partners in line with the Group's Corporate Responsibility (CR) policy.

The Corporate Responsibility Report (the "CR Report") on pages 38 to 41 provides a more detailed overview on the work carried out by the Group within these areas in 2014.

Regulations introduced in the UK last year required listed companies to report on their energy usage. As such, CO_2 data collection was also a focus for the Committee during the year and the robustness of the data collection processes was reviewed and assessed by the Committee.

As 2014 is the second year of data collection, the Committee will begin to plan a Group-wide CO_2 strategy to be rolled out across the business in 2015.

The Committee is responsible for approving the CR Report which last year contained additional disclosures such as the CO_2 emissions as discussed above and further disclosures on diversity throughout the Group. As part of the Group's risk management processes embedded throughout the Group, environmental, social and governance risks are identified and mitigated appropriately. The Group's risk management process and the principal risks facing the Group can be found on pages 35 to 37.

Our People continued to be passionate about our CR mission to promote "Mobility with Passion and Care" in 2014. The activities of our employees across the Group within the communities in which they operate are truly inspiring.

The Committee was pleased to focus its attention on the continuing work of the Mother and Child Rehabilitation Centre (MCRC) in Ethiopia which was the charity of the year for colleagues at the London head office for 2014. MCRC has grown over the years to offer support, education and safety for children in Addis Ababa.

Further examples of the work carried out at MCRC and the community work across the Group can be found in the CR Report and also on the website at www.inchcape.com/corporate_responsibility.

The Committee will continue to assess the CR programme and this will be a focus for early 2015 to enable the Group to build further on the progress made to date.

The full CR Report is set out on pages 38 to 41 and forms part of the Strategic Report.

Vicky Bindra
Chair of the CR Committee

DRIVE PERFORMANCE AND REWARD RESULTS

Key activities during 2014:

- Review of performance measures
- Shareholder consultation
- Adoption of new reporting principles
- Appointment of a new Committee member

Committee membership

Nigel Northridge – Chairman
Ken Hanna
Coline McConville*
Till Vestring

* Coline McConville joined on 1 June 2014.

Committee meetings

The Committee held two scheduled meetings during the year.

The Committee invites other individuals such as the Group Chief Executive, Group HR Director and external consultants to attend its meetings. No Director takes part in any decision affecting his own remuneration.

The Committee's terms of reference are available at www.inchcape.com/about_us/governance

DEAR SHAREHOLDER

As chair of the Remuneration Committee, I am pleased to present the Directors' Remuneration Report for the year ended 31 December 2014. I am also pleased to welcome Coline McConville as a member of the Committee. Coline joined the Board in June 2014 and became a member of the Committee at the same time.

At the 2014 AGM we received a vote of 96.45% in favour of our remuneration policy and we continue to believe that the policy is structured to align with and support the Group's strategy and to encourage the right behaviours, drive performance and reward results. The Group has delivered another record set of results in 2014. Sales increased by 2.7%, profit before tax and exceptional items was up 10.4% and adjusted earnings per share rose by 15.4%. As a result of the exceptional performance the long-term incentive awards vested at 84.4% and the Executive Directors received an annual bonus of 150.0%. Further information on the amounts payable are given on pages 66 to 67.

Key developments during the year

There were no changes to the remuneration policy during the year. As part of the normal annual process,the Committee reviews the performance targets at the start of each award cycle. The Group has performed well since the downturn of 2009 with a strong EPS growth. As you would expect after a period of strong recovery, the Company is entering a new cycle of lower (albeit still strong) EPS growth, and the Committee believed that the EPS vesting scale should be reviewed in this context. Following consultation with several major shareholders during the year, the Committee established a range of 5% to 13% EPS growth for normal performance share plan awards and 13% to 18% for enhanced performance share plan awards. The Committee believes that these growth targets still represent the top quartile level of stretch for normal awards, and top decile for enhanced awards relative to global comparators. At the same time, the Committee felt it would be appropriate to reduce the number of shares in the enhanced awards by 50%. Details of performance targets for awards granted in 2014 are given on page 69 and the performance targets for prior years on page 68.

The Committee believes the changes are important to motivate the executive team to deliver the Company's strategic plan and are therefore in the interests of shareholders. Shareholder support was positive and the Committee implemented the changes for the 2014 awards. Further details of the awards made during the year can be found on page 69.

The Committee notes the new requirement for malus and clawback in the UK Corporate Governance Code, and confirms that the Company currently has discretion to apply malus to unvested awards under the long-term incentives. The Committee will review its policy for malus and clawback provisions, with the intention of including any changes in a revised Remuneration Policy at the next formal approval of the policy.

Recruitment of Group Chief Executive

On 1 April 2015, Stefan Bomhard will become the new Group Chief Executive of the Group. On appointment, Stefan will receive a basic salary of £650,000 and will also receive standard benefits commensurate with this position, including a relocation allowance. He will also be granted replacement share awards with a value of approximately £1.6m in lieu of his existing long-term awards from his previous employer that he will be obliged to forfeit when he joins the Company. All payments are in line with the policy approved last year. Further information is provided on page 69.

Nigel Northridge
Chairman of the Remuneration Committee

PART 1 – DIRECTORS' REMUNERATION POLICY

This section of the Report sets out the policy which shareholders approved at the 2014 AGM. The Policy came into effect on 16 May 2014 and will be in place for three years before the next vote.

Policy objectives

- Align with and support the Group's business strategy;
- Enable the Company to attract, retain and motivate management;
- Encourage the right behaviours, drive performance and reward results by delivering upper quartile pay for upper quartile performance; and
- Align executive management and shareholders' interests.

The Committee considers performance on environmental, social and governance issues when setting the remuneration policy and believes that the policy does not raise risks in these areas by motivating irresponsible behaviour.

Remuneration Policy for Executive Directors

Element	Objective and link to strategy	Operation and performance metrics	Opportunity
Base Salary	To pay competitive salary, to attract, retain and motivate talent.	Salaries are reviewed annually and any increases typically take effect from 1 April of each year. Adjustments to salary will take account of: • Increases awarded across the Group as a whole, and conditions elsewhere in the Group; • Experience and performance of the individual; • Pay levels at organisations of a similar size, complexity and type; and • Changes in responsibilities or scope of the role.	Increases are not expected to exceed average increase for senior management, unless a change in scope or complexity of role applies.
Annual Bonus	To motivate outstanding performance; specifically, to reward sustainable growth in profits, i.e. growth that comes from the top line as well as from improving margins, and to maintain exceptional levels of customer service.	Based at least 70% on annual financial performance. Measures may include (but are not limited to) revenue and operating profit. Any annual bonus earned above 100% of salary is paid in shares which are automatically invested in the co-investment plan. The bonus is reduced if Net Promoter Score (NPS) falls below target levels of performance. The Committee retains discretion to adjust the bonus outcome up or down to ensure that it is a fair reflection of the Group's underlying performance.	150% of salary maximum payable for achieving stretch performance against all measures. 60% of salary payable for target performance. 12% of salary payable for entry level performance.
Performance Share Plan (PSP)	To provide a meaningful reward to senior executives linked to the long-term success of the business. The mix of 'normal' and 'enhanced' performance shares enables the delivery of median pay for median performance, upper quartile pay for upper quartile performance and upper decile pay for upper decile performance. To strengthen alignment with shareholders by defining award sizes as a number of shares.	Annual awards of 'normal' performance shares, vesting based on three year EPS growth and three year average ROCE performance. The performance measures may vary year on year to reflect strategic priorities, subject to a minimum of 50% based on EPS growth, but allowing for the potential introduction of a third measure to facilitate continued alignment with the Company's strategy. Annual awards of 'enhanced' performance shares, vesting on stretch EPS targets, over and above those attached to 'normal' performance shares. Any dividends paid would accrue over the vesting period and would be paid only on those shares that vest. The Committee has discretion to reduce or prevent vesting in the event of material restatement of the Group financial statements or gross misconduct. The Committee also has discretion to adjust the performance conditions in exceptional circumstances, provided the new conditions are no tougher or easier than the original conditions.	Award levels are expressed as a number of shares, subject to an individual limit of 300% of salary in normal circumstances. However, the Committee will review award sizes prior to each grant to ensure that they are appropriate in light of market data and individual and Group performance. Threshold level performance will result in 25% vesting of the 'normal' shares and no vesting of the 'enhanced' shares. The Committee has discretion to make higher awards in exceptional circumstances. Any such award would be capped at 150% of salary.

Remuneration Policy for Executive Directors continued

Element	Objective and link to strategy	Operation and performance metrics	Opportunity
Co-investment Plan (CIP)	To encourage executive share ownership and reinforce long-term success.	A voluntary investment opportunity in return for a performance based match. Any bonus over 100% of salary will be paid in shares which will be automatically invested in the plan. Further voluntary investments may be made up to the investment limit. Invested shares can be withdrawn at any time but the entitlement to a match would be lost if the invested shares are withdrawn before the end of the relevant three year vesting period. Vesting of match awards based on three year EPS growth and three year average ROCE performance. The performance measures may vary year on year to reflect strategic priorities, subject to minimum of 50% to be based on EPS growth but allowing for the potential introduction of a third measure to facilitate continued alignment with the Company's strategy. Any dividends paid would accrue over the vesting period and would be paid only on those shares that vest. The Committee also has the discretion to adjust the performance conditions in exceptional circumstances, provided the new conditions are no tougher or easier than the original conditions.	Executive Directors may invest up to an overall normal maximum of 50% of post-tax salary. Maximum match of 2:1, threshold of 0.5:1. Maximum normal matching award is therefore 100% of salary in any year, and threshold matching award is 25% of salary. In exceptional circumstances the Committee may increase the investment opportunity up to 100% of post-tax salary.
Save As You Earn (SAYE)	To encourage share ownership.	UK employees are able to make monthly savings, over a three year period. At the end of the savings period the funds are used to purchase shares under option. As this is an all-employee scheme and Executive Directors participate on the same terms as other employees, the acquisition of shares is not subject to the satisfaction of a performance target.	Participation limits are those set by the UK tax authorities from time to time.
Pension	To provide market competitive pension benefits where it is cost effective and tax efficient to do so.	The Group's pension scheme, Cash+, is a career average cash retirement scheme which accrues 16% of earnings (capped at £250,000 p.a. paid as a lump sum at the age of 65). Members are required to contribute 7% of pensionable salary. Executive Directors may also receive a salary supplement in lieu of pension contributions. Salary is the only element of remuneration which is pensionable.	Eligibility to join the Cash+ scheme at a minimum level to meet regulatory requirements. Cash supplement up to 40% of base salary.
Other benefits	To provide market competitive benefits where it is cost effective and tax efficient to do so.	Benefits currently include (but are not limited to): • Company cars; • Medical care; • Life assurance premiums. All benefits are non-pensionable.	None of the Executive Directors received total taxable benefits exceeding 5% of salary over the last three financial years, and it is not anticipated that the cost of benefits provided will materially exceed this level over the next three years for existing Executive Directors. The Committee retains the discretion to approve a higher cost in exceptional circumstances (e.g. relocation, which has been offered to the new Group Chief Executive).

To encourage share ownership and ensure alignment of executive interests with those of shareholders, Executive Directors are required to hold a fixed number of shares equivalent to 200% of base salary. Executive Directors have five years from date of appointment to reach this shareholding.

Notes to the Policy

Payments from existing awards

Executive Directors are eligible to receive payment from any award made prior to the approval and implementation of the remuneration policy detailed in this report. Such awards include vested but unexercised options.

Selection of Performance Measures & Target Setting

The annual bonus measures have been selected to incentivise sustainable growth in profits. The matrix structure is intended to provide a balanced focus between commercial and cash initiatives. NPS is selected to reinforce the Group's Customer 1st strategy and maintain exceptional levels of customer service.

The Committee continues to believe that EPS is the best measure of long-term performance for the Group and should therefore remain the primary long-term incentive measure. It provides strong line of sight for executives, who are familiar with the existing basis of EPS performance measurement, and is consistent with the Group's long-term strategy focusing on sustainable growth. ROCE supports the Group's cash initiatives of controlling working capital and capital expenditure and, when combined with EPS, provides a balance between growth and returns.

Performance targets are set to be stretching and achievable, taking into account the Company's strategic priorities and the economic environment in which the Company operates. Targets are set taking into account a range of reference points including the Group's strategic plan and broker forecasts for both the Group and other sector peers. The Committee believes that the performance targets set are very stretching, and that the maximum will only be achievable for truly outstanding performance.

Changes to policy in the current year

There have been no changes to the policy however, the Committee will continue to keep the appropriateness of the policy under review.

Remuneration Policy for other employees

Our approach to salary reviews is consistent across the Group with consideration given to the level of responsibility, experience, individual performance, salary levels in comparable companies and the Company's ability to pay. Remuneration surveys are used, where appropriate, to establish market rate.

Senior managers participate in an annual bonus scheme which has similar performance targets to those of the Executive Directors. Below this level, local incentive schemes are in place for management and non-management employees. Opportunities and performance conditions vary by organisational level, with business unit specific metrics incorporated where appropriate. Commission based arrangements are also operated for certain roles.

Senior managers (c. 300 individuals) also receive 'normal' PSP awards, while 'enhanced' PSP awards and participation in the CIP are limited to Executive Directors, Executive Committee members and the next level of executives (c. 25 individuals). Performance conditions are consistent for all participants while award sizes vary by organisational level. Share ownership guidelines apply to Executive Directors.

All UK employees are eligible to participate in the SAYE scheme on the same terms.

Pension and benefits arrangements are tailored to local market conditions, and so various arrangements are in place for different populations within the Group. Executive Directors participate in the same scheme as other senior executives.

Remuneration Policy for Non-Executive Directors

Objective and link to strategy	Operation and performance metrics	Opportunity
To provide fair remuneration, reflecting the time commitment and responsibilities of the roles.	Non-Executive Directors receive a fixed fee and do not participate in any incentive schemes or receive any other benefits, except the Chairman who receives medical cover. Fee levels are reviewed regularly, with any adjustments effective immediately after the review is approved. Additional fees are payable for acting as Senior Independent Director and as Chairman of any of the Board's Committees (excluding the Nominations Committee). The Chairman's fee is determined by the Remuneration Committee and the fees for other Non-Executive Directors are determined by the Executive Directors. Non-Executive Directors may elect to receive up to 20% of their net fees per annum as Company shares.	Appropriate adjustments may be made to fee levels, taking account of: • increases awarded across the Group as a whole and conditions elsewhere in the Group; • fee levels at organisations of a similar size, complexity and type; and • changes in complexity, responsibility or time commitment required for the role.

Consideration of conditions elsewhere in the Group

Prior to the annual salary review, the Committee receives an update from the Group HR Director on the average salary increases across the Group. This is considered by the Committee when determining salary increases for the Executive Directors and the Executive Committee. The Company has a diverse international spread of businesses as well as a wide variety of roles from petrol pump attendants and valeters through to Managing Directors of our individual businesses, therefore pay levels and structures vary to reflect local market conditions. Although the Company has not carried out a formal employee consultation regarding Board remuneration, it does comply with local regulations and practices regarding employee consultation more broadly.

Consideration of shareholder views

When determining remuneration, the Committee takes into account the guidelines of investor bodies and shareholder views.

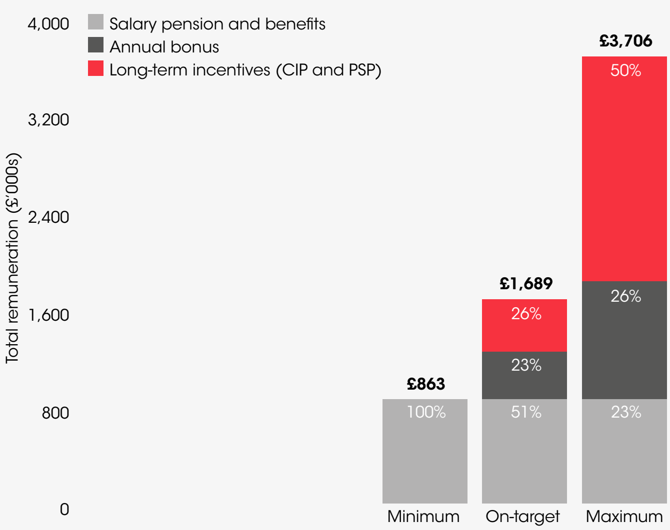
The Committee consulted its major shareholders on the change to the performance targets for the 2014 PSP and CIP awards. Further details of the targets are given on page 69.

The Committee is always open to feedback from shareholders on remuneration policy and arrangements. We commit to undertaking shareholder consultation in advance of any changes to remuneration policy. The Committee will continue to monitor trends and developments in corporate governance and market practice to ensure the structure of the executive remuneration remains appropriate. The votes received on the 2013 Directors' Report on Remuneration and the Remuneration Policy are provided on page 73.

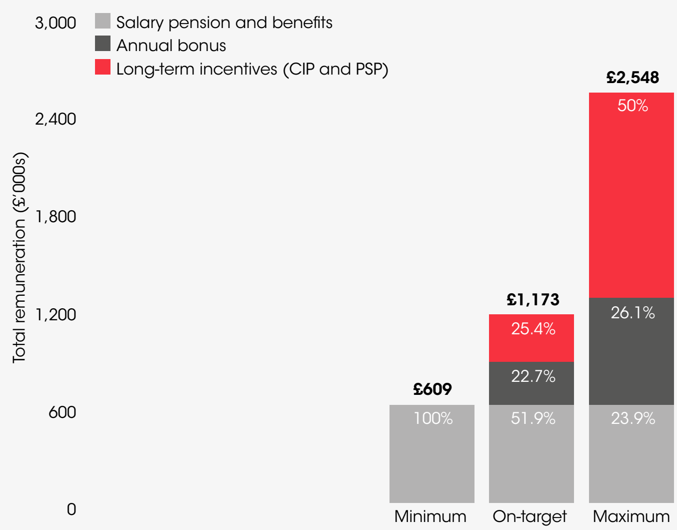
Performance scenarios

The charts below show the remuneration that Executive Directors could be expected to obtain based on varying performance scenarios. Illustrations are intended to provide further information to shareholders regarding the pay for performance relationship. However, actual pay delivered will be influenced by changes in share price and the vesting periods of awards. The charts have been updated for the 2015 salaries. The Group Chief Executive data relates to Stefan Bomhard who joins on 1 April 2015.

Stefan Bomhard – Group Chief Executive



John McConnell – Group Finance Director



Notes on the performance scenarios:

- Potential reward opportunities illustrated above are based on the policy which will apply for the forthcoming financial year.
- Base salary – base salary effective from 1 April 2015.
- Annual bonus – the amounts illustrated are those potentially receivable in respect of performance for 2015.
- PSP values are based on the proposed number of shares to be awarded in 2015 and average share price from 1 October 2014 to 31 December 2014 of 679.0p.
- CIP values assume full voluntary investments in Inchcape shares.
- Projected values exclude the impact of share price movements and dividend accrual.
- The performance scenario relates to the new Group Chief Executive. It does not include his relocation allowance or any compensation awarded in relation to forfeited incentives.
- The minimum scenario shows base salary, pension and benefits (i.e. fixed remuneration) which are the only elements of the Executive Directors' remuneration which are not at risk.
- The on-target scenario reflects fixed remuneration, plus a target payout of 40% of the annual bonus, threshold vesting of 25% of the normal PSP award and 0% vesting of the enhanced PSP award and threshold match of 0.5:1 under the CIP.
- The maximum scenario reflects fixed remuneration, plus full payout of all incentives.

Approach to recruitment remuneration

External appointments

When appointing a new Executive Director, the Committee may make use of any of the existing components of remuneration, as follows:

Component	Approach	Maximum annual grant value	
Base salary	The base salaries of new appointees will be determined by reference to the scope of the role, experience of the individual, pay levels at organisations of a similar size, complexity and type, pay and conditions elsewhere in the Group, implications for total remuneration, internal relativities and the candidate's current base salary.	N/A	
Pension	New appointees will be eligible to participate in the Group's pension plan (or receive a cash supplement in lieu) on similar terms to existing Executive Directors.	N/A	
Benefits	New appointees will be eligible to receive normal benefits available to senior management, including (but not limited to) company cars, medical care and life assurance.	N/A	
Annual bonus	The annual bonus described in the policy table will apply to new appointees with the relevant maximum being pro-rated to reflect the proportion of employment over the year.	150% of salary	
PSP	New appointees will be granted awards on the same terms as other Executive Directors as described in the policy table.	300% of salary in normal circumstances, or higher in exceptional circumstances.	The combined maximum is not intended to exceed 400% of salary in normal circumstances.
CIP	New appointees will be granted awards on the same terms as other Executive Directors as described in the policy table. New appointees will be required to be eligible for a bonus before they can participate in the CIP.	100% of salary in normal circumstances, or 200% of salary in exceptional circumstances.	
Other	Any buy-out of incentives forfeited on leaving a previous employer will be structured on a comparable basis, taking into account any performance conditions attached, time to vesting and share price at the time of buy-out. The Committee retains discretion to make use of the relevant Listing Rule to facilitate such a buy-out.	N/A	

Notes to recruitment remuneration policy

In determining the appropriate remuneration for a new Executive Director, the Committee will take into consideration all relevant factors to ensure that arrangements are in the best interests of the Group and its shareholders.

Internal appointments

In cases of internal promotions to the Board, the Committee will determine remuneration in line with the policy for external appointees as detailed above. Where an individual has contractual commitments made prior to their promotion to Executive Director level, the Company will continue to honour these arrangements. Incentive opportunities for below Board level employees are typically no higher than for Executive Directors, but measures may vary to provide better line of sight.

Non-Executive Directors

In recruiting a new Non-Executive Director, the Committee will use the policy as set out in the table on page 61. A base fee in line with the prevailing fee schedule would be payable for Board membership, with additional fees payable for acting as Senior Independent Director or as the Chairman of Audit, Remuneration and CR Committees as appropriate.

Exit payment policy, service contracts and change of control

The Company's policy is to limit severance payments on termination to pre-established contractual arrangements. In addition, the Company retains discretion to settle any other amount reasonably due to the Executive Director, for example to meet legal fees incurred by the Executive Director in connection with the termination of employment, where the Company wishes to enter into a settlement agreement and the individual must seek independent legal advice. In the event that the employment of an Executive Director is terminated, any compensation payable will be determined in accordance with the terms of the service contract between the Company and the employee as well as the rules of any incentive plans. When considering exit payments, the Committee reviews all potential incentive outcomes to ensure they are fair to both shareholders and participants.

The table below summarises how the awards under the annual bonus, PSP and CIP are typically treated in specific circumstances, with the final treatment remaining subject to the Committee's discretion:

Component	Circumstance	Treatment	Payment/vesting date
Annual Bonus	Resignation.	Bonus will lapse unless the date of leaving is after the year end. The bonus will only be paid to the extent the targets set at the beginning of the year have been achieved.	Either the end of the performance period or at the Committee's discretion.
	Death, ill-health, redundancy, retirement or any other reason which the Committee may, in its absolute discretion, permit.	The bonus will only be paid to the extent the targets set at the beginning of the year have been achieved. Any bonus payment will be pro-rated for time served during the year.	Either the end of the performance period or at the Committee's discretion.
	Change of control.	The bonus will only be paid to the extent the targets set at the beginning of the year have been achieved. Any bonus payment will be pro-rated for time served during the year.	Either the end of the performance period or at the Committee's discretion.
PSP and CIP	Resignation.	Unvested awards will lapse on date of leaving. Any vested awards can be exercised.	Either the end of the performance period or at the Committee's discretion.
	Death, ill-health, redundancy, retirement (CIP only) or any other reason which the Committee may, in its absolute discretion, permit.	Any unvested awards will be pro-rated for time and performance.	Either the end of the performance period or at the Committee's discretion.
	Change of control.	Any unvested awards will be pro-rated for time and performance.	Either the end of the performance period or at the Committee's discretion.

Service contracts

The Company's policy is for Executive Directors' service contract notice periods to be no longer than 12 months, except in exceptional circumstances. All current contracts contain notice periods of 12 months.

Name	Date of contract	Notice period	Unexpired term
Stefan Bomhard	1 April 2015	12 months from Director or Company	To retirement age
John McConnell	1 October 2009	12 months from Director or Company	To retirement age

The Company may terminate an Executive Directors' contract by paying a sum equal to base salary and, in certain circumstances, benefits including pension and life assurance, company car and entitlement to holiday pay for the 12-month period. Executive Directors' service contracts, including for the new Group Chief Executive, are available to view at the Company's registered office.

PART 2 – ANNUAL REPORT ON REMUNERATION

The Committee considers the UK Corporate Governance Code requirements regarding remuneration in relation to the Group's risk policies. The Committee is satisfied that the approach to setting the remuneration of the Executive Directors and the Executive Committee underpins the effective and proper management of risk by rewarding fairly for sustainable profit growth and long-term returns for shareholders.

The following section provides details of how the Company's remuneration policy was implemented during the financial year to 31 December 2014 and how it will be implemented in the financial year to 31 December 2015.

Remuneration Committee

The Remuneration Committee's key responsibilities are to:

- Set the remuneration policy
- Approve the annual bonus targets
- Approve the performance targets for share incentive plans
- Review an agree the achievement of performance targets
- Executive Committee remuneration

During the year the Committee met three times including an ad-hoc meeting at the beginning of the year to discuss the following matters:

February	The Committee reviewed the first draft of the Directors' Report on Remuneration taking into account the new reporting regulations, emerging industry best practice and the proposals already adopted in 2013. The Committee reviewed the EPS performance targets and grant levels of the PSP. It was agreed that the Committee would consult with shareholders to seek their approval on proposed changes. Further details can be found in the Chairman's letter on page 58 and the targets for awards made during the year are given on page 69.
March	The Committee reviewed and agreed the achievement of the performance targets for the 2013 bonus (payable in 2014) and reviewed and agreed the bonus targets for the 2014 bonus (payable in 2015) which it determined were relevant and satisfactory in light of Group strategy. Details of the bonus paid to Executive Directors can be found on page 66. The Committee agreed the achievement of the performance targets and the vesting level of the 2011 PSP and CIP awards (the "awards"), reviewed the performance targets for the 2012 and 2013 awards and discussed and approved the performance targets and grant level of the 2014 awards. Details of awards vesting during the year and granted during the year are given on page 68. The Committee reviewed the remuneration proposals for the Executive Directors and Executive Committee members, taking into account pay and conditions of employees across the Group. Details of the salaries paid to the Executive Directors can be found on page 66.
December	The Committee received an annual update on key remuneration trends from its advisers, Kepler, which covered current best practice and external developments. The Committee reviewed its terms of reference and membership throughout the year and noted that it complied with the UK Corporate Governance Code following the appointment of Coline McConville on 1 June 2014.

Advisers to the Committee

Kepler acted as the independent remuneration adviser to the Committee during the year. Kepler attends Committee meetings and provides advice on remuneration for executives, analysis of elements of the remuneration policy and regular market and best practice updates. Kepler is a signatory and adheres to the Code of Conduct for Remuneration Consultants (which can be found at www.remunerationconsultantsgroup.com). Kepler reports directly to the Committee Chairman and provides no non-remuneration services to the Company and is therefore considered to be independent.

Kepler's fees are charged at an hourly rate in accordance with the terms & conditions set out in the Engagement Letter. They were paid fees of £79,067 for their services during the year, excluding expenses and VAT.

Single total figure of remuneration (audited)

The table below sets out the total remuneration received by the Directors for the year ended 31 December 2014:

	Base salary/fees £'000		Taxable benefits (a) £'000		Pension (b) £'000		Single-year variable (c) £'000		Multiple-year variable (d) £'000		Other (e) £'000		Total £'000	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Executive Directors														
André Lacroix	822	806	18	18	329	321	1,240	588	2,415	2,664	–	3	4,824	4,400
John McConnell	433	422	8	6	153	154	652	306	1,437	1,247	2	–	2,685	2,135
Non-Executive Directors (f)														
Ken Hanna	300	292	3	1	–	–	–	–	–	–	–	–	303	293
Vicky Bindra	65	63	–	–	–	–	–	–	–	–	–	–	65	63
Simon Borrows (g)	76	70	–	–	–	–	–	–	–	–	–	–	76	70
Alison Cooper	55	53	–	–	–	–	–	–	–	–	–	–	55	53
John Langston	65	26	–	–	–	–	–	–	–	–	–	–	65	26
Coline McConville*	32	–	–	–	–	–	–	–	–	–	–	–	32	–
Nigel Northridge	65	63	–	–	–	–	–	–	–	–	–	–	65	63
Will Samuel*	–	29	–	–	–	–	–	–	–	–	–	–	–	29
Till Vestring	55	53	–	–	–	–	–	–	–	–	–	–	55	53
Total	**1,968**	**1,877**	**29**	**25**	**482**	**475**	**1,892**	**894**	**3,852**	**3,911**	**2**	**3**	**8,225**	**7,185**

* Will Samuel left the Group on 16 May 2013 and Coline McConville joined the Group on 1 June 2014.

(a) Taxable benefits comprise car allowance, medical cover and mileage allowance.

(b) During the year, André Lacroix and John McConnell received cash supplements of 40% and 30% of base salary, respectively, in lieu of pension contributions.

(c) Payment for performance during the year under the annual bonus, including amounts paid in shares.

(d) The 2014 figure includes any PSP and CIP based on the value at vesting of shares vesting on performance over the three year period ended 31 December 2014. Shares are valued based on the average share price from 1 October 2014 to 31 December 2014 of 679.0p. LTIP awards granted in 2011, which vested based on performance to 31 December 2013, are valued using the market price at the date of vesting of 630.5p for PSP and 624.0p for CIP. These amounts have been revised from last year's report (estimated based on the average share price from 1 October 2013 to 31 December 2013 of 608.8p) to reflect the actual share price on the date of vesting.

(e) The figure represents SAYE based on the embedded value at grant. The mid market price on the date of grant, 23 September 2014, was 681.0p. The option price for the 2014 SAYE scheme is 540.0p.

(f) The Chairman receives a fee of £300,000 per annum. The Non-Executive Directors receive a fee of £55,000 plus a further £10,000 for chairmanship of a committee.

(g) The Senior Independent Director receives a fee of £76,000.

Base salary

Salaries are reviewed annually and typically take effect from 1 April each year. During the year the quantum of executive total remuneration was reviewed against four comparator groups: retailers, distributors, companies of a similar market cap and companies with similar revenues.

Salaries for 2015 were determined taking into account this benchmarking data, as well as the other factors detailed in the policy table. The salaries for 2013, 2014 and 2015 are set out below, together with the average increases across the Group.

Name	1 April 2013	1 April 2014	1 April 2015
Stefan Bomhard	N/A	N/A	£650,000
John McConnell	£426,123 – 4% increase	£434,645 – 2% increase	£443,378 – 2% increase
Average increases across the Group	2.8%	2.9%	2.1%

Chairman's and Non-Executive Directors fees

The Chairman's and Non-Executive Directors fees were reviewed in 2013. The Non-Executive Directors fees will be reviewed in 2015.

Pension

During the year André Lacroix and John McConnell received a cash supplement of 40% and 30% of base salary respectively in lieu of pension contributions, and were eligible to join the Cash+ scheme. For 2015 this arrangement remains unchanged for John McConnell and André Lacroix until his departure date. Stefan Bomhard will receive a cash supplement of 30% of base salary in lieu of pension contribution and will be eligible to join the Cash+ scheme.

On 31 December 2012, the Group closed the UK final salary pension plan to future accrual. Under the scheme, the Group offered defined benefit pensions for Executive Directors and other senior executives at the normal retirement age of 65.

Director's pension entitlements – John McConnell (audited)

	Increase in accrued DB pension during the year £'000	Increase in accrued DB pension during the year (net of inflation) £'000	Accumulated total of accrued DB pension at 31.12.13 £'000	Accumulated total of accrued DB pension at 31.12.14 £'000	Pension Value in Year £'000	Cash Supplement £'000	Total £'000
Group pension	0.2	0.0	15.1	15.3	0.0	n/a	n/a

	Increase in accrued lump sum during the year £'000	Increase in accrued lump sum during the year (net of inflation) £'000	Accumulated total of accrued lump sum at 31.12.13 £'000	Accumulated total of accrued lump sum at 31.12.14 £'000	Pension Value in Year £'000	Cash Supplement £'000	Total £'000
Cash+	42.3	22.6	48.0	90.3	n/a	130.0	152.6

John McConnell made a contribution to his pension of 7% of capped salary via salary sacrifice.

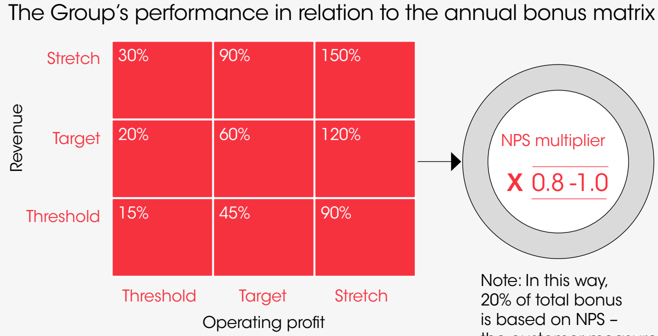
Annual bonus

In 2014, as for 2013, the Executive Directors' annual bonuses were assessed against a financial performance matrix. This matrix was designed to reward stretching targets of revenue and operating profit, whilst maintaining exceptional levels of customer service. During the year, the Group delivered sales of £6.7bn and operating profit before exceptional items of £318.4m, reflecting annual growth of 2.7% and 11.0% respectively.

The Committee reviewed the performance against the targets and rules of the scheme and determined that revenue performance was at stretch and operating profit was at stretch. The Group also achieved the NPS targets. Taking into account all relevant factors, the Committee determined that both the Group Chief Executive and the Group Finance Director received a bonus of 150.0% of salary for 2014.

As stated last year, given the close link between performance measures and longer-term strategy, the targets remain commercially sensitive and will not be published until such time as the Committee is confident there will be no adverse impact on the Company of such disclosure. We stated in 2013 that we anticipate that this will be no longer than three years from the date of payment. The Committee will keep this policy under review.

The Group's performance in relation to the annual bonus matrix is shown below:



Note: In this way, 20% of total bonus is based on NPS – the customer measure

Annual bonus for 2015

The maximum annual bonus opportunity in 2015 will remain unchanged from previous years and will be 150% of salary including for the new Chief Executive whose bonus payout will be pro-rated to reflect the proportion of performance year served (1 April 2015 to 31 December 2015).

Bonuses will be based on the same financial performance matrix, linked to revenue and operating profit, and customer service.

All of André Lacroix's annual bonus in respect of 2014 will be paid in cash with no investment in shares, as André is not eligible to receive a match under the CIP on account of his leaving the Company.

Awards vesting during the year

In 2012, the Executive Directors were granted awards under the PSP and CIP schemes. Vesting is dependent on certain performance targets over the three years to 31 December 2014. There was no retest provision. Performance against targets and vesting schedules is as follows:

Normal PSP/CIP

Three-year EPS growth p.a.	Vesting %
Less than 7%	0%
7%	25%
15%	100%
Between 7% and 15%	Straight line basis

Three-year average ROCE	Vesting %
Less than 18%	0%
18%	25%
21%	100%
Between 18% and 21%	Straight line basis

Enhanced PSP

Three-year EPS growth p.a.	Vesting %
Less than 15%	0%
20%	100%
Between 15% and 20%	Straight line basis

Award	Performance Measure	Wtg.	Vesting outcome (% of element)
Normal PSP	EPS	75%	79.9%
	ROCE	25%	100%
Enhanced PSP	EPS	100%	**0%**
Total (overall vesting outcome)			**84.4%**

Award	Performance Measure	Wtg.	Vesting outcome (% of element)
CIP	EPS	75%	1.58:1 match
	ROCE	25%	2:1 match
Total (overall vesting outcome)			**1.69:1 match**

The PSP awards will vest on 10 April 2015 and the CIP awards will vest on 22 June 2015, subject to continued employment. André Lacroix will be entitled to exercise his awards from his date of leaving in March 2015.

As the market price on the date of vesting is unknown at the time of reporting, the value is estimated using the average market value of the last three months of 2014 which is 679.0p. The actual value at vesting will be given in the 2015 Directors' Report on Remuneration.

	Interest held	Vesting %	Interest vesting	Vesting date	Assumed market price (p)	Estimated value
André Lacroix						
Normal PSP	304,170	84.4	256,719	10 April 2015	679.0	£1,743,122
Enhanced PSP	101,390	0	0	10 April 2015	679.0	0
CIP	117,164	84.4	98,886	22 June 2015	679.0	£671,436
John McConnell						
Normal PSP	130,760	84.4	110,361	10 April 2015	679.0	£749,351
Enhanced PSP	26,150	0	0	10 April 2015	679.0	0
CIP	120,015	84.4	101,292	22 June 2015	679.0	£687,773

Awards made during the year

Awards of normal and enhanced awards were made to Executive Directors and other senior executives under the PSP and CIP.

The PSP awards were granted as a number of shares as the Committee feels this provides a strong alignment with shareholders as the face value of awards will fall if the share price falls and the face value of the awards will rise if the share price rises.

During 2014, under the CIP, John McConnell invested 31% of net salary (17% of gross salary) and received an award of 63% of salary.

Performance conditions for awards made in 2014 are as follows:

Normal PSP/CIP

Three-year EPS growth p.a.	Vesting %
Less than 5%	0%
5%	25%
13%	100%
Between 5% and 13%	Straight line basis

Three-year average ROCE	Vesting %
Less than 18%	0%
18%	25%
21%	100%
Between 18% and 21%	Straight line basis

Enhanced PSP

Three-year EPS growth p.a.	Vesting %
Less than 13%	0%
18%	100%
Between 13% and 18%	Straight line basis

Awards made during the year are:

	Date of grant	Share price (p)*	Number of shares/ options awarded	Face value at grant	Performance period	Exercise period
André Lacroix						
Normal PSP	23 May 2014	630.5	304,170	£1,917,792	Jan 2014 – Dec 2016	May 2017 – May 2018
Enhanced PSP	23 May 2014	630.5	50,695	£319,632	Jan 2014 – Dec 2016	May 2017 – May 2018
John McConnell						
Normal PSP	23 May 2014	630.5	130,760	£824,442	Jan 2014 – Dec 2016	May 2017 – May 2018
Enhanced PSP	23 May 2014	630.5	13,075	£82,438	Jan 2014 – Dec 2016	May 2017 – May 2018
CIP	17 June 2014	499.0	43,903	£219,076	Jan 2014 – Dec 2016	Jun 2017 – Dec 2017
SAYE	23 Sept 2014	681.0	1,333	£9,078	n/a	Nov 2017 – Apr 2018

* Mid market share price on date of grant.

The awards granted to André Lacroix in 2014 will automatically lapse on the date of leaving.

Long-term incentives for 2015

For 2015, the new Group Chief Executive will receive a fixed number of PSP awards, both normal and enhanced, worth 200% of salary at date of grant. The number of shares for PSP participants has been reviewed and, in line with our agreed policy, have been reduced by c.10%-20%. This reduction reflects the strong share price performance by the Group over the last four years since the implementation of the PSP. Award sizes, being set as a fixed number of shares, have therefore increased in £ value over this period. For 2015, the award size for the Group Finance Director will also be rebased to c.200% of salary. The exact number of shares is yet to be determined as well as the ratio of normal to enhanced shares.

Following a review of targets in 2015, the Committee determined that the EPS growth targets in respect of the normal and enhanced PSP and CIP awards continued to be appropriately stretching, and will remain 5% to 13% p.a. in respect of the normal PSP and CIP, and 13% to 18% p.a. in respect of the enhanced PSP. The Committee has approved an increase to the ROCE targets in respect of PSP/CIP awards in 2015, which will be 21% to 25% (as compared with 18% to 21% for the 2014 awards). The performance measures and targets in respect of future awards will be reviewed on an annual basis (in accordance with the approved Remuneration Policy), subject to a minimum of 50% of the total award based on EPS growth.

Stefan Bomhard will receive an award in lieu of forfeited incentives from his previous employer when he joins the Group on 1 April 2015. The award will be made in accordance with the approved Remuneration Policy. Full details will be given in the 2015 Directors' Report on Remuneration.

Executive share ownership (audited)

The table below shows the total number of shares, options and awards held by each director at 31 December 2014. The Executive Directors are required to hold a fixed number of shares equivalent to 200% of base salary.

		Nil cost awards		Option held		
	Shares held	Subject to performance conditions	Subject to deferral	Subject to deferral	Vested but not yet exercised	Guideline met
André Lacroix	28,934	1,283,149	N	1,890	0	No
John McConnell	206,428	625,844	N	1,333	0	Yes

André Lacroix sold 531,553 shares on 30 October 2014 at a price of 670.7p. He did not hold the required number of shares as at 31 December 2014. The number of awards/options shown above includes 762,315 awards which will automatically lapse on his date of leaving.

John McConnell held 344% of salary as shares as at 31 December 2014 which is above the Company's guidelines. The number of shares held includes shares purchased under the CIP.

Director's share options/awards (audited)

The table below shows the Executive Directors options and awards during 2014.

	Date of Grant	Share price at date of grant or option price (p)	Held at 01.01.14	Granted during year	Exercised during year	Lapsed during year	Held at 31.12.14
André Lacroix							
Executive Share Option	12 September 2005	603.4	205,468	–	205,468	–	–
Executive Share Option	20 May 2009	200.0	755,999	–	755,999	–	–
Executive Share Option	8 April 2013	310.0	243,870	–	243,870	–	–
SAYE	23 September 2013	476.0	1,890	–	–	–	1,890
Performance Share Plan (a)	23 May 2011	379.9	304,171	–	258,319	45,852	–
Performance Share Plan (b)	23 May 2011	379.9	101,390	–	–	101,390	–
Performance Share Plan (a)	10 April 2012	354.3	304,170	–	–	–	304,170
Performance Share Plan (b)	10 April 2012	354.3	101,390	–	–	–	101,390
Performance Share Plan (a)	11 April 2013	513.5	304,170	–	–	–	304,170
Performance Share Plan (b)	11 April 2013	513.5	101,390	–	–	–	101,390
Performance Share Plan (a)	23 May 2014	630.5	–	304,170	–	–	304,170
Performance Share Plan (b)	23 May 2014	630.5	–	50,695	–	–	50,695
Co-investment Plan	2 June 2011	389.7	195,322	–	165,876	29,446	–
Co-investment Plan	22 June 2012	340.3	117,164	–	–	–	117,164
Co-investment Plan	24 April 2013	499.0	80,453	–	–	80,453	–
John McConnell							
Executive Share Option	21 May 2004	441.6	28,428	–	28,428	–	–
Executive Share Option	7 March 2005	577.6	21,644	–	21,644	–	–
SAYE	22 September 2011	243.0	3,703	–	3,703	–	–
SAYE	23 September 2014	540.0	–	1,333	–	–	1,333
Performance Share Plan (a)	23 May 2011	379.9	130,761	–	111,049	19,712	–
Performance Share Plan (b)	23 May 2011	379.9	26,152	–	–	26,152	–
Performance Share Plan (a)	10 April 2012	354.3	130,760	–	–	–	130,760
Performance Share Plan (b)	10 April 2012	354.3	26,150	–	–	–	26,150
Performance Share Plan (a)	11 April 2013	513.5	130,760	–	–	–	130,760
Performance Share Plan (b)	11 April 2013	513.5	26,150	–	–	–	26,150
Performance Share Plan (a)	23 May 2014	630.5	–	130,760	–	–	130,760
Performance Share Plan (b)	23 May 2014	630.5	–	13,075	–	–	13,075
Co-investment Plan	2 June 2011	389.7	103,238	–	87,674	15,564	–
Co-investment Plan	22 June 2012	340.3	120,015	–	–	–	120,015
Co-investment Plan	23 April 2013	499.0	4,271	–	–	–	4,271
Co-investment Plan	17 June 2014	605.5	–	43,903	–	–	43,903

(a) Normal awards.

(b) Enhanced awards.

The table shows Executive Directors' options over ordinary shares of 10.0p at 1 January 2014 and 31 December 2014.

The mid-market price for shares at the close of business on 31 December 2014 was 725.0p.

The price range during the year was 568.5p and 725.5p.

Notes to share option/awards table

André Lacroix leaves the Group in March 2015 at which time awards granted to him in 2013 and 2014 will automatically lapse.

Executive Share Option Plan
Options granted under the Inchcape 1999 Share Option Plan to certain full time senior executives based within and outside the UK including the Executive Directors. Such options are normally exercisable between three and ten years from date of grant.

SAYE
Options granted under the SAYE Share Option Scheme. The Scheme is open to all employees within the UK with at least three months' service. Participants make monthly savings for a three year period and at the end of the savings period the options become exercisable within a six month period.

Option prices are determined in accordance with the rules of the relevant scheme.

Performance Share Plan
Awards under the PSP are granted on a discretionary basis to certain full time senior executives based within and outside the UK including the Executive Directors. The performance targets for the awards granted in 2011, 2012 and 2013 are given on page 68. The performance targets for the awards granted in 2014 are given on page 69.

Co-investment Plan
Awards granted under the CIP are granted on a discretionary basis to certain full time senior executives based within and outside the UK including the Executive Directors, who invest in the Plan. Executive Directors will be entitled to matching shares if they remain employed by the Company for three years and retain the shares they have purchased. The performance targets for the awards granted in 2011, 2012 and 2013 are given on page 68. The performance targets for the awards granted in 2014 are given on page 69.

Options/awards exercised during the year (audited)
André Lacroix exercised his 2011 PSP award (258,319 shares) on 29 May 2014. The mid-market price on date of exercise was 625.0p. He sold enough shares to cover costs and tax and retained the remaining shares.

André Lacroix exercised his 2011 CIP award (165,876 shares) on 3 June 2014. The mid-market price on the date of exercise was 619.5p. He sold enough shares to cover costs and tax and retained the remaining shares.

André Lacroix exercised all of his executive share options on 30 October 2014 (1,205,337 shares). The mid-market price of the date of exercise was 682.5p. He sold all the shares upon exercise. A gain of £4,576,932 was made on the sale of the shares.

John McConnell exercised his 2004 executive share options (28,428 shares) on 19 May 2014. The mid-market price of the date of exercise was 637.5p. He sold all the shares upon exercise. A gain of £55,692 was made on the sale of the shares.

John McConnell exercised his 2011 PSP award (111,049 shares) on 2 September 2014. The mid-market price on date of exercise was 668.0p. He sold all the shares upon exercise. A gain of £745,657 was made on the sale of the shares.

John McConnell exercised his 2011 CIP award (87,674 shares) on 2 September 2014. The mid-market price on the date of exercise was 668.0p. He sold all the shares upon exercise. A gain of £588,701 was made on the sale of the shares.

John McConnell exercised his 2011 SAYE (3,703 shares) on 2 December 2014. The mid-market price of the date of exercise was 725.5p. He retained all the shares upon exercise.

John McConnell exercised his 2005 executive share options (21,644 shares) on 30 December 2014. The mid-market price of the date of exercise was 712.5p. He sold enough shares to cover costs and tax and retained the remaining shares.

Percentage change in Group Chief Executive remuneration

The table below shows the percentage change in Group Chief Executive remuneration from 2013 compared with the average percentage change in remuneration for senior management. For the purposes of this disclosure, remuneration comprises salary, benefits (excluding pension) and annual bonus only.

	Change in remuneration from 2013 to 2014	
	Group Chief Executive	Senior Management*
Salary	2.0%	2.9%
Taxable benefits	0.0%	0.0%
Single-year variable	111.0%	25.4%
Total	**47.0%**	**13.7%**

Employees representing the most senior executives (c.80) have been selected as this group is large enough to provide a robust comparison, whilst also providing data that is readily available on a matched sample basis. These employees also participate in bonus schemes of a similar nature to Executive Directors and therefore remuneration will be similarly influenced by Company performance.

The information for the Group Chief Executive in the table above relates to André Lacroix.

Relative importance of spend on pay

The chart below shows the percentage change in total employee pay expenditure and shareholder distributions (i.e. dividends and share buy backs) from 2013 to 2014.

	2014 £m	2013 £m	% change
Distribution to shareholders	**181.5**	125.5	44.6%
Employee remuneration	**462.9**	470.8	(1.7%)

On 31 July 2014 the Company announced a share buy back of up to £100m within 12 months. As at 31 December 2014, £50m had been returned to shareholders.

The Directors are proposing a final dividend for 2014 of 13.8p per share (2013: 11.7p).

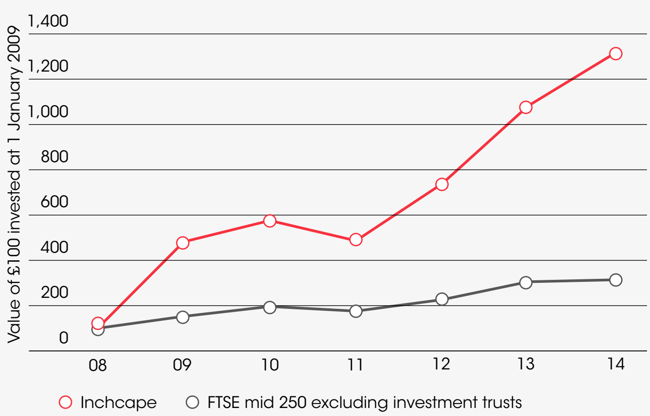
Pay for performance

The graph below shows the Total Shareholder Return (TSR) of the Company over the six year period to 31 December 2014. The FTSE mid 250 excluding investment trusts has been chosen as the most suitable comparator group as it is the general market index in which the Company appears. The table below details the Group Chief Executive's single figure remuneration and actual variable pay outcomes over the same period.

The information given in the table below relates to André Lacroix.

Historical TSR performance

Growth in the value of a hypothetical £100 holding over the 6 years to 31 December 2014



	2009	2010	2011	2012	2013	2014
CEO single figure of remuneration (£'000)	1,984	1,984	2,993	2,165[1]	4,400	**4,824**
Annual bonus outcome (% of maximum)	100%	100%	52%	68%	48%	**100%**
LTI[2] vesting outcome (% of maximum)	0%	0%	100%	100%	66%	**68%**

Notes:

1. This excludes the one-off award of options granted to André Lacroix in 2009, which he subsequently elected to return to the Company. They would have been worth c.£1,182k on vesting during 2012.
2. LTI includes CIP, 'normal' PSP, 'enhanced' PSP shares and options prior to 2013.

Dilution limits

During the year options and awards granted under the Group's incentive plans were satisfied on exercise by either newly issued or market purchase shares. Dilution limits are monitored throughout the year by the Committee and the Company complies with the limits set by the Association of British Insurers.

Issued share capital as at 31 December 2014	448m
All schemes – 10% over 10 year rolling period	44.8m
Remaining headroom for all schemes	15.9m
Executive schemes – 5% over a 10 year rolling period	22.4m
Remaining headroom for executive schemes	1.0m

Shareholder context

The table below shows the advisory vote on the 2013 Directors' Report on Remuneration and the binding vote on the remuneration policy at the 2014 AGM. It is the policy of the Committee to consult with certain shareholders prior to any major changes to the remuneration policy.

	Total number of votes		% of votes cast	
	Policy	Report	Policy	Report
For (including discretionary)	363,218,631	361,343,260	96.45	97.32
Against	13,349,775	9,962,176	3.55	2.68
Total votes cast (excluding withheld votes)	376,568,406	371,305,436	100.00	100.00
Votes withheld*	58,432	5,321,402		
Total votes cast (including withheld votes)	376,626,838	376,626,838		

* Withheld votes are not included in the final proxy figures as they are not recognised as a vote in law.

Exit payment during the year

No exit payments were made in 2014.

Payments to past Directors

No payments were made to past Directors in 2014.

André Lacroix leaves the Group in March 2015. He will not receive a bonus for 2015, all outstanding long-term incentives will lapse on the date of leaving and no other termination payments will be made.

Other directorships

The Executive Directors are generally permitted to take one non-executive directorship as long as it does not lead to conflicts of interest or undue time commitment.

André Lacroix holds two such positions: Senior Independent Director for Reckitt Benckiser Group plc for which he received a fee of £112,000 and Non-Executive Chairman of Good Restaurants AG for which he does not receive a fee.

John McConnell is a Non-Executive Director of UBM plc for which he receives a fee of £70,000.

Directors' Interests

The table shows the beneficial interests, other than share options, including family interests, in the ordinary shares of the Company of the persons who were Directors at 31 December 2014:

Name	31 December 2014	1 January 2014
Ken Hanna	70,000	70,000
André Lacroix	28,934	560,487
John McConnell	206,428	211,735
Vicky Bindra	2,465	504
Simon Borrows	1,000,000	1,000,000
Alison Cooper	3,605	2,726
Nigel Northridge	26,307	25,267
John Langston	1,307	267
Till Vestring	61,670	30,341

There have been no changes to the number of shares held by the directors between 31 December 2014 and 9 March 2015.

The Directors' Report on Remuneration was approved by the Board and has been signed by Nigel Northridge on its behalf.

Nigel Northridge
Chairman of the Remuneration Committee

Directors

The Directors of the Company who were in office during the year were:

Chairman
Ken Hanna

Executive Directors
André Lacroix
John McConnell

Non-Executive Directors
Vicky Bindra
Simon Borrows
Alison Cooper
John Langston
Coline McConville
Nigel Northridge
Till Vestring

Each Director held office throughout the year except Coline McConville who was appointed on 1 June 2014. There have been no appointments between 1 January 2015 and 9 March 2015.

The biographical details for each Director are given on pages 42 and 43.

In accordance with the 2012 UK Corporate Governance Code all of the Directors will stand for election or re-election at the Annual General Meeting (AGM) on 21 May 2015 except for André Lacroix who leaves the Group in March 2015 and Simon Borrows who will not be seeking re-election. Stefan Bomhard, the new Group Chief Executive who joins on 1 April 2015, will stand for election at the AGM.

Results and dividends

The Group's audited consolidated financial statements for the year ended 31 December 2014 are shown on pages 78 to 82. The Board recommends a final ordinary dividend of 13.8p per ordinary share.

If approved at the 2015 AGM, the final ordinary dividend will be paid on 25 June 2015 to shareholders registered in the books of the Company at the close of business on 29 May 2015. Together with the interim dividend of 6.3p per ordinary share paid on 5 September 2014, this makes a total ordinary dividend for the year of 20.1p per ordinary share (2013 – 17.4p).

Auditors and disclosure of information to auditors

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware.

The Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' indemnity

A qualifying third party indemnity (QTPI), as permitted by the Company's Articles of Association and sections 232 and 234 of the Companies Act 2006, has been granted by the Company to each of the Directors of the Company. Under the provisions of the QTPI the Company undertakes to indemnify each Director against liability to third parties (excluding criminal and regulatory penalties) and to pay Directors' costs as incurred, provided that they are reimbursed to the Company if the Director is found guilty or, in an action brought by the Company, judgment is given against the Director. The indemnity has been in force for the financial year ended 31 December 2014 and until the date of approval of this Report.

Going concern

A full description of the Group's business activities, financial position, cash flows, liquidity position, committed facilities and borrowing position, together with the factors likely to affect its future development and performance, is set out in the Strategic Report on pages 2 to 41 and in the notes to the accounts on pages 90 to 135.

The Group has significant financial resources and the Directors, having reviewed the Group's operating budgets, investment plans and financing arrangements, have assessed the future funding requirements of the Group and compared this with the level of committed facilities and cash resources.

The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operation for the foreseeable future. Accordingly, the Directors are satisfied that it is appropriate to adopt the going concern basis in preparing the Annual Report and Accounts.

Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and the parent Company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRS, as adopted by the European Union and applicable United Kingdom Accounting Standards, have been followed, subject to any material departures disclosed and explained in the Group and parent Company financial statements respectively; and
- 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 the Group and enable them to ensure that the financial statements and the Directors' Report on Remuneration comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors who were in office at the date of this report whose names and responsibilities are listed on pages 42 to 43. confirms that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Operating Review contained on pages 26 to 34 includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

The Board has reviewed the content of the Annual Report and Accounts and considers when taken as a whole that it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Directors' interests

The table showing the beneficial interests, other than share options, including family interests, in the ordinary shares of the Company of the persons who were Directors at 31 December 2014 is shown in the Directors' Report on Remuneration on page 73.

There have been no changes to the number of shares held by Directors between 31 December 2014 and 9 March 2015.

Employee benefit trust

The Executive Directors of the Company, together with other employees of the Group, are potential beneficiaries of the Inchcape Employee Trust (Trust) and, as such, are deemed to be interested in any ordinary shares held by the Trust.

At 31 December 2014, the Trust's shareholding totalled 1,272,161 ordinary shares. Between 1 January 2015 and 9 March 2015 the Trust transferred 174,387 ordinary shares to satisfy the exercise of awards under employee share plans.

Significant shareholders

As at 9 March 2015, the Company had been notified of the following significant shareholders:

Shareholder	Percentage notified
Mr George Horesh	7.99%
Standard Life	7.95%
Capital Group of Companies Inc	6.99%
Schroders plc	5.80%
Aberdeen Asset Managers	5.02%

Source TR-1 notifications. These are updated on the Company's website.

Share capital

As at 31 December 2014, the Company's issued share capital of £44,874,178 comprised 448,741,789 ordinary shares of 10.0p. Holders of ordinary shares are entitled to receive the Company's Report and Accounts, to attend and speak at General Meetings and to appoint proxies and exercise voting rights. The shares do not carry any special rights with regard to control of the Company. The rights are set out in the Articles of Association of the Company.

There are no restrictions or limitations on the holding of ordinary shares and no requirements for prior approval of any transfers. There are no known arrangements under which financial rights are held by a person other than the holder of the shares. Shares acquired through the Company share schemes rank pari passu with the shares in issue and have no special rights.

Authority to purchase shares

At the Company's AGM on 16 May 2014, the Company was authorised to make market purchases of up to 45,671,674 ordinary shares (representing approximately 10.0% of its issued share capital).

Articles of association

The appointment and replacement of Directors is governed by the Company's Articles of Association. Any changes to the Articles of Association must be approved by the shareholders in accordance with the legislation in force from time to time. The Directors have authority to issue and allot ordinary shares pursuant to article 10 of the Articles of Association and shareholder authority is requested at each AGM. The Directors have authority to make market purchases for ordinary shares and this authority is also renewed annually at the AGM.

Conflicts of interest

The Articles of Association permit the Board to authorise any matter which would otherwise involve a Director breaching his duty under the Companies Act 2006 to avoid conflicts of interest. When authorising a conflict of interest the Board must do so without the conflicting Director counting as part of the quorum. In the event that the Board considers it appropriate, the conflicted Director may be permitted to participate in the debate, but will be permitted neither to vote nor count in the quorum when the decision is being agreed. The Directors are aware that it is their responsibility to inform the Board of any potential conflicts as soon as possible and procedures are in place to facilitate disclosure.

Change of control

The Company is not party to any significant agreements that would take effect, alter or terminate upon a change of control of the Company following a takeover bid. However, certain of the Group's third party funding arrangements would terminate upon a change of control of the Company. The Group's relationships with its brand partners are managed at Group level, but the relevant contracts are entered into at a local level with day-to-day management being led by each operating business. Certain of the contracts may terminate on a change of control of the local contracting company. The Company does not have agreements with any Director or employee providing compensation for loss of office or employment that occurs because of a takeover bid, except for provisions in the rules of the Company's share schemes which may result in options or awards granted to employees to vest on a takeover.

Transactions with directors

No transaction, arrangement or agreement, other than remuneration, required to be disclosed in terms of the Companies Act 2006 and IAS 24, 'Related Parties' was outstanding at 31 December 2014, or was entered into during the year for any Director and/or connected person (2013 – none).

Greenhouse gas emissions

The information required under Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 in respect of greenhouse gas emissions is given in the Environment section of the Corporate Responsibility Report on page 41.

Employee involvement

The information required under Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 in respect of employee involvement is given in the People section of the Corporate Responsibility Report on page 40.

Gender diversity

The breakdown showing the number of female and male employees who were (i) Directors of the Company (ii) senior managers and (iii) employees of the Company as at 31 December 2014 is given in the Corporate Responsibility Report on page 40.

Financial instruments

The information required under Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 in respect of financial instruments is given in note 23 to the financial statements on page 122 to 128.

Principal financial risk factors

These risks are shown on pages 36 and 37.

Events after the reporting period

In the year ended 31 December 2014, the Company purchased, for cancellation, 15,344,110 ordinary shares of 10.0p each at a cost of £100.0m (including costs) representing 3.41% of the issued share capital at that date.

In the period from 1 January to 9 March 2015, the Company purchased, for cancellation, a further 3,316,668 ordinary shares of 10.0p each at a cost of £23.9m (including costs). The Company is committed to completing the share buy back programme by 30 June 2015.

Employees

The Company is committed to a policy of treating all its colleagues and job applicants equally. We are committed to the employment of people with disabilities and will interview those candidates who meet the minimum selection criteria.

We provide training and career development for our employees, tailored where appropriate to their specific needs, to ensure they achieve their potential. If an individual becomes disabled while in our employment, we will do our best to ensure continued development in their role, including consulting them about their requirements, making appropriate adjustments and providing suitable alternative positions.

Corporate governance statement

The information required under DTR7 is given in the Corporate Governance Report on pages 46 to 57.

Annual general meeting

The AGM will be held at 11.00 a.m. on Thursday, 21 May 2015 at Deutsche Bank AG, Winchester House, 1 Great Winchester Street. London EC2N 2DB. The notice convening the meeting and the resolutions to be put to the meeting, together with the explanatory notes, are given in the Circular to all shareholders.

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. A resolution to reappoint them as auditors will be proposed at the AGM.

The Directors' Report and the Strategic Report were approved by the Board and have been signed by the Company Secretary on its behalf.

Tamsin Waterhouse
Group Company Secretary

FINANCIAL STATEMENTS

Consolidated income statement

For the year ended 31 December 2014

	Notes	Before exceptional items 2014 £m	Exceptional items (note 2) 2014 £m	Total 2014 £m	Before exceptional items 2013 £m	Exceptional items (note 2) 2013 £m	Total 2013 £m
Revenue	1, 3	**6,702.7**	**–**	**6,702.7**	6,524.9	–	6,524.9
Cost of sales		**(5,749.1)**	**–**	**(5,749.1)**	(5,598.2)	(0.5)	(5,598.7)
Gross profit		**953.6**	**–**	**953.6**	926.7	(0.5)	926.2
Net operating expenses	3	**(635.2)**	**(47.4)**	**(682.6)**	(639.8)	(8.0)	(647.8)
Operating profit		**318.4**	**(47.4)**	**271.0**	286.9	(8.5)	278.4
Share of loss after tax of joint ventures and associates	13	**(1.9)**	**–**	**(1.9)**	–	–	–
Profit before finance and tax		**316.5**	**(47.4)**	**269.1**	286.9	(8.5)	278.4
Finance income	6	**14.8**	**–**	**14.8**	15.4	–	15.4
Finance costs	7	**(28.1)**	**–**	**(28.1)**	(27.7)	–	(27.7)
Profit before tax		**303.2**	**(47.4)**	**255.8**	274.6	(8.5)	266.1
Tax	8	**(68.6)**	**–**	**(68.6)**	(65.9)	0.6	(65.3)
Profit for the year		**234.6**	**(47.4)**	**187.2**	208.7	(7.9)	200.8
Profit attributable to:							
– Owners of the parent				**179.6**			194.2
– Non controlling interests				**7.6**			6.6
				187.2			200.8
Basic earnings per share (pence)	9			**39.7p**			41.8p
Diluted earnings per share (pence)	9			**39.0p**			41.1p

The notes on pages 90 to 135 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income
For the year ended 31 December 2014

	Notes	**2014 £m**	2013 £m
Profit for the period		**187.2**	200.8
Other comprehensive income:			
Items that will not be reclassified to the consolidated income statement			
Defined benefit pension scheme remeasurements	5	**2.5**	(33.9)
Joint venture defined benefit pension scheme remeasurements	13	**(0.2)**	–
Deferred tax recognised in statement of comprehensive income	16	**(0.9)**	(3.6)
		1.4	(37.5)
Items that may be or have been reclassified subsequently to the consolidated income statement			
Cash flow hedges		**(17.4)**	41.4
Fair value losses on available for sale financial assets	14, 25	**(0.3)**	–
Recycled fair value gains on disposal of available for sale financial assets	25	**–**	(1.6)
Effect of foreign exchange rate changes		**(180.6)**	(103.9)
Deferred tax recognised in statement of comprehensive income	16	**5.2**	(12.8)
		(193.1)	(76.9)
Other comprehensive loss for the period, net of tax		**(191.7)**	(114.4)
Total comprehensive (loss) / income for the period		**(4.5)**	86.4

Total comprehensive (loss) / income attributable to:			
– Owners of the parent		**(10.3)**	78.4
– Non controlling interests		**5.8**	8.0
		(4.5)	86.4

The notes on pages 90 to 135 are an integral part of these consolidated financial statements.

Consolidated statement of financial position
As at 31 December 2014

	Notes	2014 £m	2013 £m
Non-current assets			
Intangible assets	11	**471.6**	587.1
Property, plant and equipment	12	**657.6**	732.7
Investments in joint ventures and associates	13	**9.0**	14.0
Available for sale financial assets	14	**1.2**	1.4
Trade and other receivables	15	**28.3**	26.9
Deferred tax assets	16	**25.7**	24.6
Retirement benefit asset	5	**147.8**	125.4
		1,341.2	1,512.1
Current assets			
Inventories	17	**999.2**	1,042.7
Trade and other receivables	15	**285.2**	309.9
Available for sale financial assets	14	**0.2**	8.3
Derivative financial instruments	23	**102.6**	106.2
Current tax assets		**3.0**	2.2
Cash and cash equivalents	18	**528.2**	396.8
		1,918.4	1,866.1
Assets held for sale and disposal group	19	**8.9**	8.2
		1,927.3	1,874.3
Total assets		**3,268.5**	3,386.4
Current liabilities			
Trade and other payables	20	**(1,300.7)**	(1,278.8)
Derivative financial instruments	23	**(28.3)**	(36.9)
Current tax liabilities		**(63.9)**	(49.5)
Provisions	21	**(28.7)**	(37.0)
Borrowings	22	**(112.2)**	(65.7)
		(1,533.8)	(1,467.9)
Non-current liabilities			
Trade and other payables	20	**(14.8)**	(18.0)
Provisions	21	**(25.6)**	(31.8)
Derivative financial instruments	23	**(1.6)**	(4.5)
Deferred tax liabilities	16	**(40.2)**	(43.1)
Borrowings	22	**(305.9)**	(297.9)
Retirement benefit liability	5	**(28.5)**	(19.4)
		(416.6)	(414.7)
Liabilities directly associated with the disposal group	19	**–**	(4.6)
Total liabilities		**(1,950.4)**	(1,887.2)
Net assets		**1,318.1**	1,499.2
Shareholders' equity			
Share capital	24	**45.0**	46.5
Share premium		**146.7**	145.7
Capital redemption reserve		**135.6**	134.1
Other reserves	25	**(182.6)**	8.7
Retained earnings	26	**1,148.2**	1,135.0
Equity attributable to owners of the parent		**1,292.9**	1,470.0
Non controlling interests		**25.2**	29.2
Total shareholders' equity		**1,318.1**	1,499.2

The notes on pages 90 to 135 are an integral part of these consolidated financial statements. The consolidated financial statements on pages 78 to 135 were approved by the Board of Directors on 9 March 2015 and were signed on its behalf by:

André Lacroix,
Group Chief Executive

John McConnell,
Group Finance Director

Consolidated statement of changes in equity
For the year ended 31 December 2014

	Notes	Share capital £m	Share premium £m	Capital redemption reserve £m	Other reserves (note 25) £m	Retained earnings (note 26) £m	Equity attributable to owners of the parent £m	Non controlling interests £m	Total shareholders' equity £m
At 1 January 2013		46.9	136.5	133.3	86.7	1,099.2	1,502.6	25.8	1,528.4
Profit for the year		–	–	–	–	194.2	194.2	6.6	200.8
Other comprehensive (loss) / income for the year		–	–	–	(78.0)	(37.8)	(115.8)	1.4	(114.4)
Total comprehensive income / (loss) for the year		–	–	–	(78.0)	156.4	78.4	8.0	86.4
Share-based payments, net of tax	4,16	–	–	–	–	7.4	7.4	–	7.4
Share buy back programme	24	(0.8)	–	0.8	–	(50.0)	(50.0)	–	(50.0)
Net purchase of own shares by the Inchcape Employee Trust		–	–	–	–	(2.5)	(2.5)	–	(2.5)
Issue of ordinary share capital	24	0.4	9.2	–	–	–	9.6	–	9.6
Dividends:									
– Owners of the parent	10	–	–	–	–	(75.5)	(75.5)	–	(75.5)
– Non controlling interests		–	–	–	–	–	–	(4.6)	(4.6)
At 1 January 2014		**46.5**	**145.7**	**134.1**	**8.7**	**1,135.0**	**1,470.0**	**29.2**	**1,499.2**
Profit for the year		**–**	**–**	**–**	**–**	**179.6**	**179.6**	**7.6**	**187.2**
Other comprehensive (loss) / income for the year		**–**	**–**	**–**	**(191.3)**	**1.4**	**(189.9)**	**(1.8)**	**(191.7)**
Total comprehensive (loss) / income for the year		**–**	**–**	**–**	**(191.3)**	**181.0**	**(10.3)**	**5.8**	**(4.5)**
Share-based payments, net of tax	4,16	**–**	**–**	**–**	**–**	**12.5**	**12.5**	**–**	**12.5**
Share buy back programme	24	**(1.5)**	**–**	**1.5**	**–**	**(100.0)**	**(100.0)**	**–**	**(100.0)**
Net disposal of own shares by the Inchcape Employee Trust		**–**	**–**	**–**	**–**	**1.2**	**1.2**	**–**	**1.2**
Issue of ordinary share capital	24	**–**	**1.0**	**–**	**–**	**–**	**1.0**	**–**	**1.0**
Dividends:									
– Owners of the parent	10	**–**	**–**	**–**	**–**	**(81.5)**	**(81.5)**	**–**	**(81.5)**
– Non controlling interests		**–**	**–**	**–**	**–**	**–**	**–**	**(9.8)**	**(9.8)**
At 31 December 2014		**45.0**	**146.7**	**135.6**	**(182.6)**	**1,148.2**	**1,292.9**	**25.2**	**1,318.1**

The notes on pages 90 to 135 are an integral part of these consolidated financial statements.

Share-based payments have been stated net of a tax credit of £3.0m (2013 – charge of £1.6m).

Cumulative goodwill of £108.1m (2013 – £108.1m) has been written off against the retained earnings reserve.

Consolidated statement of cash flows
For the year ended 31 December 2014

	Notes	2014 £m	2013 £m
Cash flows from operating activities			
Cash generated from operations	27a	**405.8**	227.0
Tax paid		**(52.5)**	(48.7)
Interest received		**13.5**	10.9
Interest paid		**(31.3)**	(28.7)
Net cash generated from operating activities		**335.5**	160.5
Cash flows from investing activities			
Acquisition of businesses, net of cash and overdrafts acquired	28	**3.6**	(74.1)
Net cash inflow from sale of businesses	28	**1.9**	14.9
Purchase of property, plant and equipment		**(48.5)**	(96.5)
Purchase of intangible assets		**(21.3)**	(20.0)
Proceeds from disposal of property, plant and equipment		**34.8**	31.6
Net disposal / (purchase) of available for sale financial assets		**7.9**	(3.0)
Dividends received from joint ventures and associates		**2.2**	–
Net cash used in investing activities		**(19.4)**	(147.1)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		**1.0**	9.6
Share buy back programme		**(100.0)**	(50.0)
Net disposal / (purchase) of own shares by the Inchcape Employee Trust		**1.2**	(2.5)
Net cash inflow from borrowings		**0.1**	0.1
Payment of capital element of finance leases		**(1.2)**	(1.7)
Equity dividends paid	10	**(81.5)**	(75.5)
Dividends paid to non controlling interests		**(9.8)**	(4.6)
Net cash used in financing activities		**(190.2)**	(124.6)
Net increase / (decrease) in cash and cash equivalents	27b	**125.9**	(111.2)
Cash and cash equivalents at the beginning of the year		**332.2**	484.9
Effect of foreign exchange rate changes		**(41.3)**	(41.5)
Cash and cash equivalents at the end of the year		**416.8**	332.2

	Notes	2014 £m	2013 £m
Cash and cash equivalents consist of:			
– Cash at bank and cash equivalents	18	**368.9**	290.3
– Short-term deposits	18	**159.3**	106.5
– Bank overdrafts	22	**(111.4)**	(64.6)
		416.8	332.2

The notes on pages 90 to 135 are an integral part of these consolidated financial statements.

Accounting policies

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and IFRS Interpretations Committee (IFRS IC) interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

Accounting convention

The consolidated financial statements have been prepared under the historical cost convention, except for available for sale financial assets, and those financial assets and financial liabilities (including derivative instruments) held at fair value through profit or loss, which are measured at fair value.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future. Accordingly, the Directors are satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements.

Changes in accounting policy and disclosures

The accounting policies have been applied consistently throughout the reporting period, other than where new policies have been adopted as presented below.

The following new standards are effective for accounting periods beginning 1 January 2014 but have not had a material impact on the results or financial position of the Group:

- IAS 27 (revised), 'Separate financial statements'.
- IAS 28 (revised), 'Associates and joint ventures'.
- IAS 32, 'Amendment to IAS 32, Financial Instruments: Presentation – Offsetting financial assets and financial liabilities'.
- IAS 36, 'Amendment to IAS 36, Impairment of assets'.
- IAS 39, 'Amendment to IAS 39, Financial instruments: Recognition and measurement'.
- IFRS 10, 'Consolidated financial statements'.
- IFRS 10, 12 and IAS 27, 'Amendment to IFRS 10, 12 and IAS 27, Consolidation for investment entities'.
- IFRS 11, 'Joint arrangements'.
- IFRS 12, 'Disclosure of interests in other entities'.
- IFRIC 21, 'Levies'.
- Annual improvements (2010 – 2013).

The following standards were in issue but were not effective at the balance sheet date. These standards have not yet been early adopted by the Group, and will be applied for the Group's financial years commencing on or after 1 January 2015.

- IAS 1, 'Amendment to IAS 1, Presentation of financial statements'.
- IAS 16, 'Amendment to IAS 16, Property, plant and equipment'.
- IAS 27, 'Amendment to IAS 27, Separate financial statements'.
- IAS 38, 'Amendment to IAS 38, Intangible assets'.
- IFRS 9, 'Financial instruments'.
- IFRS 10 and IAS 28, 'Amendments to IFRS 10 and IAS 28'.
- IFRS 14, 'Regulatory deferral accounts'.
- IFRS 15, 'Revenue from contracts with customers'.
- Annual improvements (2012 – 2014).

The above standards are not expected to have a material impact on the Group's reported position or performance.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent Company (Inchcape plc) and all of its subsidiary undertakings (defined as those where the Group has control), together with the Group's share of the results of its joint ventures (defined as those where the Group has joint control) and associates (defined as those where the Group has significant influence but not control). The results of subsidiaries are consolidated and the Group's share of results of its joint ventures and associates is equity accounted for as of the same reporting date as the parent Company, using consistent accounting policies.

The results of subsidiaries are consolidated using the acquisition method of accounting from the date on which control of the net assets and operations of the acquired company are effectively transferred to the Group. Similarly, the results of subsidiaries disposed of cease to be consolidated from the date on which control of the net assets and operations are transferred out of the Group.

The Group treats transactions with non controlling interests as transactions with equity owners of the Group. For purchases from non controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non controlling interests are also recorded in equity.

Where the Group acquires a controlling interest in a subsidiary with a contractual obligation to purchase the remaining non controlling interest, the acquired company is accounted for as a 100% subsidiary, with the liability for the purchase of the remaining non controlling interest recorded as deferred consideration. Subsequent changes to estimates of the deferred consideration are recorded as additions to / reductions from the amount of goodwill arising on acquisition.

Investments in joint ventures and associates are accounted for using the equity method, whereby the Group's share of post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in shareholders' equity is recognised in shareholders' equity. If the Group's share of losses in a joint venture or associate equals or exceeds its investment in the joint venture or associate, the Group does not recognise further losses, unless it has contractual obligations or made payments on behalf of the joint venture or associate.

Intercompany balances and transactions and any unrealised profits arising from intercompany transactions are eliminated in preparing the consolidated financial statements.

Foreign currency translation

Transactions included in the results of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Sterling, which is the functional currency of the parent Company, Inchcape plc, and the presentation currency of the Group.

In the individual entities, transactions in foreign currencies are translated into the functional currency at the rates of exchange prevailing at the dates of the individual transactions. Monetary assets and liabilities denominated in foreign currencies are subsequently retranslated at the rate of exchange ruling at the end of the reporting period. All differences are taken to the consolidated income statement, except those arising on long-term foreign currency borrowings used to finance or hedge foreign currency investments which on consolidation are taken directly to other comprehensive income.

The assets and liabilities of foreign operations are translated into Sterling at the rate of exchange ruling at the end of the reporting period. The income statements of foreign operations are translated into Sterling at the average rates of exchange for the period. Exchange differences arising from 1 January 2004 are recognised as a separate component of shareholders' equity. On disposal of a foreign operation, any cumulative exchange differences held in shareholders' equity are transferred to the consolidated income statement.

Revenue, other income and cost of sales

Revenue from the sale of goods and services is measured at the fair value of consideration receivable, net of rebates and any discounts, and includes lease rentals and finance and insurance commission. It excludes sales related taxes and intra-group transactions. Where the Group acts as an agent on behalf of a principal, the commission earned is recorded within revenue.

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured. In practice this means that revenue is recognised when vehicles or parts are invoiced and physically dispatched or when the service has been undertaken. Revenue from commission is recognised when receipt of payment can be assured.

Where a vehicle is sold to a leasing company and a Group company retains a residual value commitment to buy back the vehicle for a specified value at a specified date, the sale is not recognised on the basis that the value of the asset will be realised over the lease period and from the disposal of the vehicle at the end of the lease period. These vehicles are retained within 'property, plant and equipment' in the consolidated statement of financial position at cost and are depreciated to their residual value over the life of the lease. Total revenue on a leased vehicle comprises the difference between consideration receivable and residual value. This sits as deferred income in the consolidated statement of financial position and is released to the consolidated income statement on a straight line basis over the life of the lease. The residual value commitment, which reflects the price at which the vehicle will be bought back, is held within 'trade and other payables', according to the date of the commitment.

Dividend income is recognised when the right to receive payment is established.

Finance income is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. It is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable.

Cost of sales includes the expense relating to the estimated cost of self-insured warranties offered to customers. These warranties form part of the package of goods and services provided to the customer when purchasing a vehicle and are not a separable product.

Share-based payments
The Group operates various share-based award schemes. The fair value at the date at which the share-based awards are granted is recognised in the consolidated income statement (together with a corresponding increase in shareholders' equity) on a straight line basis over the vesting period, based on an estimate of the number of shares that will eventually vest. At the end of each reporting period, the Group revises its estimates of the number of awards that are expected to vest. The impact of any revision is recognised in the consolidated income statement with a corresponding adjustment to equity.

For equity-settled share-based awards, the services received from employees are measured by reference to the fair value of the awards granted. With the exception of the Group Save As You Earn scheme, the vesting of all share-based awards under all schemes is solely reliant upon non-market conditions, therefore no expense is recognised for awards that do not ultimately vest. Where an employee or the Company cancels an award, the charge for that award is recognised as an expense immediately, even though the award does not vest.

Finance costs
Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset from the first date on which the expenditure is incurred for the asset and until such time as the asset is ready for its intended use. A Group capitalisation rate is used to determine the magnitude of borrowing costs capitalised on each qualifying asset. This rate is the weighted average of Group borrowing costs, excluding those borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

Income tax
The charge for current income tax is based on the results for the period as adjusted for items which are not taxed or are disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is accounted for using the liability method in respect of temporary differences arising from differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference is due to goodwill arising on a business combination, or to an asset or liability, the initial recognition of which does not affect either taxable or accounting income.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled using rates enacted or substantively enacted at the end of the reporting period. Deferred tax is charged or credited in the consolidated income statement, except when it relates to items credited or charged directly to shareholders' equity, in which case the deferred tax is also dealt with in shareholders' equity.

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle balances net.

Exceptional items
Items which are both material and non-recurring are presented as exceptional items within their relevant consolidated income statement category. The separate reporting of exceptional items helps provide additional useful information regarding the Group's underlying business performance. Examples of events which may give rise to the classification of items as exceptional include gains or losses on the disposal of businesses, restructuring of businesses, litigation, asset impairments and exceptional tax related matters.

Goodwill
Goodwill represents the excess of the cost of acquisition of a business combination over the Group's share of the fair value of identifiable net assets of the business acquired at the date of acquisition. Goodwill is initially recognised at cost and is held in the functional currency of the acquired entity and revalued at the closing exchange rate at the end of each reporting period.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. At the date of acquisition, the goodwill is allocated to cash generating units for the purpose of impairment testing and is tested at least annually for impairment.

Gains and losses on disposal of a business include the carrying amount of goodwill relating to the business sold except for goodwill arising on business combinations on or before 31 December 1997 which has been deducted from shareholders' equity and remains indefinitely in shareholders' equity.

Other intangible assets
Intangible assets, when acquired separately from a business (including computer software), are carried at cost less accumulated amortisation and impairment losses. Costs comprise purchase price from third parties as well as internally generated development costs where relevant. Amortisation is provided on a straight line basis to allocate the cost of the asset over its estimated useful life, which in the case of computer software is three to five years. Amortisation is recognised in the consolidated income statement within 'net operating expenses'.

Intangible assets acquired as part of a business combination (including back orders and customer contracts) are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition. These intangible assets are amortised on a straight line basis over their estimated useful life, which is generally less than a year.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and directly attributable costs of the asset and includes, where relevant, capitalised borrowing costs. Depreciation is based on cost less estimated residual value and is included within 'net operating expenses' in the consolidated income statement, with the exception of depreciation on 'interest in leased vehicles' which is charged to 'cost of sales'. It is provided on a straight line basis over the estimated useful life of the asset, except for freehold land which is not depreciated. For the following categories, the annual rates used are:

Freehold buildings and long leasehold buildings	2.0%
Short leasehold buildings	shorter of lease term or useful life
Plant, machinery and equipment	5.0% – 33.3%
Interest in leased vehicles	over the lease term

The residual values and useful lives of all assets are reviewed at least at the end of each reporting period and adjusted if necessary.

Impairment

Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. Any impairment losses are included within 'net operating expenses' in the consolidated income statement.

In addition, goodwill is not subject to amortisation but is tested at least annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, the latter being the higher of the asset's fair value less costs to sell and value in use. Value in use calculations are performed using cash flow projections, discounted at a pre-tax rate which reflects the asset specific risks and the time value of money.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated income statement within 'net operating expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'net operating expenses' in the consolidated income statement.

Non-financial assets, other than goodwill, which have previously been impaired, are reviewed for possible reversal of the impairment at each reporting date.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises expenditure incurred in bringing inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Used vehicles are carried at the lower of cost or fair value less costs to sell, generally based on external market data available for used vehicles.

Vehicles held on consignment are included within inventories as the Group is considered to have the risks and rewards of ownership. The corresponding liability is included within 'trade and other payables'.

Inventory can be held on deferred payment terms. All costs associated with this deferral are expensed in the period in which they are incurred.

An inventory provision is recognised in situations where net realisable value is likely to be less than cost (such as obsolescence, deterioration, fall in selling price). When calculating the provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability, determined on conditions that exist at the end of the reporting period. With the exception of parts, generally net realisable value adjustments are applied on an item-by-item basis.

Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. These are recognised as current assets if collection is due in one year or less. If collection is due in over a year, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. These are classified as current liabilities if payment is due in one year or less. If payment is due at a later date, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Trade payables include the liability for vehicles held on consignment, with the corresponding asset included within inventories.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings, using the effective interest method.

Pensions and other post-retirement benefits

The Group operates a number of retirement benefit schemes.

The major schemes are defined benefit pension funds with assets held separately from the Group. The cost of providing benefits under the plans is determined separately for each plan using the projected unit credit actuarial valuation method.

The current service cost and gains and losses on settlements and curtailments are included in 'cost of sales' or 'net operating expenses' in the consolidated income statement. Past service costs are similarly included where the benefits have vested, otherwise they are amortised on a straight line basis over the vesting period. Administrative scheme expenses associated with the plans are recorded within 'net operating expenses' when incurred, in line with IAS 19 (revised). Net interest income or interest cost relating to the funded defined benefit pension plans is included within 'finance income' or 'finance costs', as relevant, in the consolidated income statement.

Changes in the retirement benefit obligation or asset due to experience and changes in actuarial assumptions are included in the consolidated statement of comprehensive income, as actuarial gains and losses, in full in the period in which they arise.

Where scheme assets exceed the defined benefit obligation, a net asset is only recognised to the extent that an economic benefit is available to the Group, in accordance with the terms of the scheme and, where relevant, statutory requirements.

The Group's contributions to defined contribution plans are charged to the consolidated income statement in the period to which the contributions relate.

The Group also has a liability in respect of past employees under post-retirement healthcare schemes which have been closed to new entrants. These schemes are accounted for on a similar basis to that for defined benefit pension plans in accordance with the advice of independent qualified actuaries.

Provisions

Provisions are recognised when the Group has a present obligation in respect of a past event, when it is more likely than not that an outflow of resources will be required to settle the obligation and where the amount can be reliably estimated. Provisions are discounted when the time value of money is considered to be material, using an appropriate risk free rate on government bonds.

Product warranty provision

A product warranty provision corresponds to self-insured extended warranties beyond those provided by the manufacturer, as part of the sale of a vehicle. Provision is made for the expected cost of labour and parts based on historical claims experience and expected future trends.

Vacant leasehold provision

A vacant leasehold provision is recognised when the Group is committed to certain leasehold premises for which it no longer has a commercial use. It is made to the extent of the estimated future net cost, including existing subtenant arrangements if any.

Litigation provision

A litigation provision is recognised when a litigation case is outstanding at the end of the reporting period and there is a likelihood that the legal claim will be settled.

Disposal group and assets held for sale

Where the Group is actively marketing a business and disposal is expected within one year of the end of the reporting period, the assets and liabilities of the associated businesses are separately disclosed in the consolidated statement of financial position as a disposal group. Assets are classified as assets held for sale if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. Both disposal groups and assets held for sale are stated at the lower of their carrying amount and fair value less costs to sell.

Segmental reporting

Segment information is reported in accordance with IFRS 8, 'Operating segments', which requires segmental reporting to be presented on the same basis as the internal management reporting. The Group's operating segments are countries and the market channels, distribution and retail. These operating segments are then aggregated into reporting segments to combine those with similar characteristics.

Financial instruments

The Group classifies its financial instruments in the following categories: loans and receivables; held at fair value through profit and loss; financial liabilities measured at amortised cost; and available for sale. The classification is determined at initial recognition and depends on the purpose for which the financial instruments are required.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except where the maturity date is more than 12 months after the end of the reporting period. They are initially recorded at fair value and subsequently recorded at amortised cost.

Held at fair value through profit and loss includes derivative financial assets and liabilities, which are further explained below. They are classified according to maturity date, within current and non-current assets and liabilities respectively.

Financial liabilities measured at amortised cost include non-derivative financial liabilities which are held at original cost, less amortisation or provisions raised.

Available for sale financial assets include non-derivative financial assets, such as bonds and equity investments. They are classified as non-current assets unless management intends to dispose of them within 12 months of the end of the reporting period and are held at fair value.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at bank and in hand, short-term bank deposits and money market funds.

In the consolidated statement of cash flows, cash and cash equivalents comprise cash and cash equivalents, as defined above, net of bank overdrafts.

Leases

Finance leases, which transfer to the Group substantially all the risks and rewards of ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the consolidated income statement. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the Group does not hold substantially all the risks and rewards of ownership of the asset are classified as operating leases. Operating lease rental payments are recognised as an expense in the consolidated income statement on a straight line basis over the lease term.

Offsetting

Netting in the consolidated statement of financial position only occurs to the extent that there is the legal ability and intention to settle net. As such, bank overdrafts are presented in current liabilities to the extent that there is no intention to offset with the cash balance.

Derivative financial instruments

An outline of the objectives, policies and strategies pursued by the Group in relation to its financial instruments is set out in note 23 to the consolidated financial statements.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the consolidated income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The Group only applies fair value hedge accounting for hedging fixed interest risk on borrowings and future fixed amount currency liabilities (on its cross currency interest rate swaps). The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings and changes in the fair value of those borrowings are recognised in the consolidated income statement within 'finance costs'. The gain or loss relating to the ineffective portion is also recognised in the consolidated income statement within 'finance costs'.

Cash flow hedge

For cash flow hedges that meet the conditions for hedge accounting, the portion of the gains or losses on the hedging instrument that is determined to be an effective hedge is recognised directly in other comprehensive income and the ineffective portion is recognised within 'net operating expenses' in the consolidated income statement. When the hedged forecast transaction results in the recognition of a non-financial asset or liability then, at the time the asset or liability is recognised, the associated gains or losses that had previously been recognised in other comprehensive income are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability. For all other cash flow hedges, the gains or losses that are recognised in other comprehensive income are transferred to the consolidated income statement in the same period in which the hedged forecast transaction affects the consolidated income statement.

Available for sale financial assets

Gains and losses on available for sale financial assets are recognised in other comprehensive income, until the investment is sold or is considered to be impaired, at which time the cumulative gain or loss previously reported in other comprehensive income is included in the consolidated income statement. Cumulative gains and losses on investments held for operational reasons are included within 'net operating expenses'. Cumulative gains and losses on investments held for financing purposes are included within 'finance income' and 'finance costs' respectively.

Share capital

Ordinary shares are classified as equity. Where the Group purchases the Group's equity share capital (treasury shares), the consideration paid is deducted from shareholders' equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

Dividends

Final dividends proposed by the Board of Directors and unpaid at the year end are not recognised in the consolidated financial statements until they have been approved by the shareholders at the Annual General Meeting. Interim dividends are recognised when they are paid.

Significant accounting judgements and estimates

The Directors have made a number of estimates and assumptions regarding the future, and made some significant judgements in applying the Group's accounting policies. These are discussed below:

Goodwill

Goodwill is tested at least annually for impairment in accordance with the accounting policy set out above. The recoverable amount of cash generating units is determined based on value in use calculations. These impairment calculations require the use of estimates including projected future cash flows (see note 11).

Revenue recognition on vehicles subject to residual value commitments

Where the Group sells vehicles sourced from within the Group to a finance provider for the purpose of leasing the vehicles to a third party, and retains a residual value commitment, the sale is not recognised on the basis that the value of these assets will be realised over the lease period and from the disposal of the vehicles at the end of the lease period.

Consignment stock

Vehicles held on consignment have been included in 'finished goods' within 'inventories' on the basis that the Group has determined that it holds the significant risks and rewards attached to these vehicles.

Product warranty provision

The product warranty provision requires an estimation of the number of expected warranty claims, and the expected cost of labour and parts necessary to satisfy these warranty claims (see note 21).

Pensions and other post-retirement benefits

The net retirement benefit asset or liability is calculated based on the actuarial assumptions detailed in note 5. A number of these assumptions involve a considerable degree of estimation, including the rate of inflation, discount rate and expected mortality rates.

Tax

The Group is subject to income taxes in a number of jurisdictions. Some degree of estimation is required in determining the worldwide provision for income taxes (see note 8). There are a number of transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provisions in the period in which such determination is made.

In addition, the recognition of deferred tax assets is dependent upon an estimation of future taxable profits that will be available against which deductible temporary differences can be utilised (see note 16). In the event that actual taxable profits are different, such differences may impact the carrying value of such deferred tax assets in future periods.

Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are reviewed for impairment if events or circumstances indicate that the carrying value may not be recoverable. When an impairment review is carried out, the recoverable value is determined based on value in use calculations which require estimates to be made of future cash flows (see notes 11 and 12).

Residual value commitments

The Group has residual value commitments on certain leased vehicles. These commitments are an estimate of future market value at a specified point in time. The actual market value of vehicles bought back may vary from the committed purchase value (see note 30).

Incentives and other rebates from brand partners

The Group receives income in the form of various incentives which are determined by our brand partners. The amount we receive is generally based on achieving specific objectives, such as a specified sales volume, as well as other objectives including maintaining brand partner standards which may include, but are not limited to, retail centre image and design requirements, customer satisfaction survey results and training standards. Objectives are generally set and measured on either a quarterly or annual basis.

Where incentives are based on a specific sales volume or number of registrations, the related income is recognised as a reduction in cost of sales when it is reasonably certain that the income has been earned. This is generally the later of the date the related vehicles are sold or registered or when it is reasonably certain that the related target will be met. Where incentives are linked to retail centre image and design requirements, customer satisfaction survey results or training standards, they are recognised as a reduction in cost of sales when it is reasonably certain that the incentive will be received for the relevant period.

The Group may also receive contributions towards advertising and promotional expenditure. Where such contributions are received, they are recognised as a reduction in the related expenditure in the period to which they relate.

1 Segmental analysis

The Group has determined that the chief operating decision maker is the Executive Committee.

Emerging markets are those countries in which the Group operates that have started to grow but have yet to reach a mature stage of development and accordingly are in or are expected to return to the growth phase of their development cycle. These currently comprise Russia, China, the Balkans, the Baltics, Poland, South America and Africa.

The Group's reported segments are based on the location of the Group's assets. Revenue earned from sales is disclosed by origin and is not materially different from revenue by destination.

Transfer prices between segments are set on an arm's length basis.

Distribution comprises Vertically Integrated Retail businesses as well as Financial Services and other businesses.

	Distribution						
2014	Australasia £m	Europe £m	North Asia £m	South Asia £m	United Kingdom £m	Emerging Markets £m	Total Distribution £m
Revenue							
Total revenue	**748.8**	**658.2**	**600.3**	**439.3**	**51.4**	**446.7**	**2,944.7**
Inter-segment revenue	**(182.1)**	**(150.4)**	**–**	**–**	**–**	**(28.1)**	**(360.6)**
Revenue from third parties	**566.7**	**507.8**	**600.3**	**439.3**	**51.4**	**418.6**	**2,584.1**
Results							
Segment result	**64.3**	**20.5**	**66.9**	**58.7**	**10.4**	**40.0**	**260.8**
Operating exceptional items	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Operating profit / (loss) after exceptional items	**64.3**	**20.5**	**66.9**	**58.7**	**10.4**	**40.0**	**260.8**
Share of loss after tax of joint ventures and associates	**–**	**(1.9)**	**–**	**–**	**–**	**–**	**(1.9)**
Profit / (loss) before finance and tax	**64.3**	**18.6**	**66.9**	**58.7**	**10.4**	**40.0**	**258.9**
Finance income							
Finance costs							
Profit before tax							
Tax							
Profit for the year							

The segment result in South Asia includes a profit of £17.3m on the sale of a property.

1 Segmental analysis continued

2014	Australasia £m	Europe £m	United Kingdom £m	Emerging Markets £m	Retail Total Retail £m	Total pre Central £m	Central £m	Total £m
Revenue								
Total revenue	**676.7**	**122.1**	**2,421.4**	**898.4**	**4,118.6**	**7,063.3**	**–**	**7,063.3**
Inter-segment revenue	**–**	**–**	**–**	**–**	**–**	**(360.6)**	**–**	**(360.6)**
Revenue from third parties	**676.7**	**122.1**	**2,421.4**	**898.4**	**4,118.6**	**6,702.7**	**–**	**6,702.7**
Results								
Segment result	**25.0**	**0.3**	**54.8**	**3.7**	**83.8**	**344.6**	**(26.2)**	**318.4**
Operating exceptional items	**–**	**–**	**–**	**(47.4)**	**(47.4)**	**(47.4)**	**–**	**(47.4)**
Operating profit / (loss) after exceptional items	**25.0**	**0.3**	**54.8**	**(43.7)**	**36.4**	**297.2**	**(26.2)**	**271.0**
Share of loss after tax of joint ventures and associates	**–**	**–**	**–**	**–**	**–**	**(1.9)**	**–**	**(1.9)**
Profit / (loss) before finance and tax	**25.0**	**0.3**	**54.8**	**(43.7)**	**36.4**	**295.3**	**(26.2)**	**269.1**
Finance income								**14.8**
Finance costs								**(28.1)**
Profit before tax								**255.8**
Tax								**(68.6)**
Profit for the year								**187.2**

Central costs include a past service pension credit of £7.2m (net of costs).

Net finance costs of £13.3m are not allocated to individual segments.

1 Segmental analysis continued

2014	Australasia £m	Europe £m	North Asia £m	South Asia £m	United Kingdom £m	Emerging Markets £m	Distribution Total Distribution £m
Segment assets and liabilities							
Segment assets	60.5	107.0	121.9	83.9	41.4	153.3	568.0
Other current assets							
Non-current assets							
Segment liabilities	(193.5)	(88.9)	(105.6)	(69.8)	(54.9)	(119.7)	(632.4)
Other liabilities							
Net assets							

Segment assets include net inventory, receivables and derivative assets. Segment liabilities include payables, provisions and derivative liabilities.

2014	Australasia £m	Europe £m	North Asia £m	South Asia £m	United Kingdom £m	Emerging Markets £m	Distribution Total Distribution £m
Other segment items							
Capital expenditure:							
– Property, plant and equipment	3.9	0.3	1.8	4.5	0.1	7.8	18.4
– Interest in leased vehicles	–	–	7.7	–	7.2	8.0	22.9
– Intangible assets	1.0	0.8	1.4	1.0	0.2	0.7	5.1
Depreciation:							
– Property, plant and equipment	2.8	0.8	2.8	2.2	0.2	3.7	12.5
– Interest in leased vehicles	–	0.6	2.5	–	5.8	1.1	10.0
Amortisation of intangible assets	0.6	0.5	0.4	1.0	0.2	–	2.7
Goodwill impairment	–	–	–	–	–	–	–
Net provisions charged to the consolidated income statement	2.3	2.6	0.5	2.7	0.8	0.5	9.4

Net provisions include inventory, trade receivables impairment and other liability provisions.

1 Segmental analysis continued

2014	Retail Australasia £m	Retail Europe £m	Retail United Kingdom £m	Retail Emerging Markets £m	Retail Total Retail £m	Total £m
Segment assets and liabilities						
Segment assets	**132.7**	**12.7**	**477.8**	**121.4**	**744.6**	**1,312.6**
Other current assets						**642.9**
Non-current assets						**1,313.0**
Segment liabilities	**(135.5)**	**(13.0)**	**(494.6)**	**(86.3)**	**(729.4)**	**(1,361.8)**
Other liabilities						**(588.6)**
Net assets						**1,318.1**

Segment assets include net inventory, receivables and derivative assets. Segment liabilities include payables, provisions and derivative liabilities.

2014	Retail Australasia £m	Retail Europe £m	Retail United Kingdom £m	Retail Emerging Markets £m	Retail Total Retail £m	Total pre Central £m	Central £m	Total £m
Other segment items								
Capital expenditure:								
– Property, plant and equipment	**0.3**	**0.5**	**32.7**	**4.9**	**38.4**	**56.8**	**1.1**	**57.9**
– Interest in leased vehicles	**–**	**–**	**–**	**–**	**–**	**22.9**	**–**	**22.9**
– Intangible assets	**0.4**	**–**	**4.0**	**2.5**	**6.9**	**12.0**	**9.0**	**21.0**
Depreciation:								
– Property, plant and equipment	**1.9**	**0.7**	**10.8**	**9.0**	**22.4**	**34.9**	**0.1**	**35.0**
– Interest in leased vehicles	**–**	**–**	**–**	**0.1**	**0.1**	**10.1**	**–**	**10.1**
Amortisation of intangible assets	**–**	**–**	**3.1**	**3.5**	**6.6**	**9.3**	**0.1**	**9.4**
Goodwill impairment	**–**	**–**	**–**	**47.4**	**47.4**	**47.4**	**–**	**47.4**
Net provisions charged to the consolidated income statement	**8.1**	**0.2**	**19.6**	**1.7**	**29.6**	**39.0**	**0.7**	**39.7**

Net provisions include inventory, trade receivables impairment and other liability provisions.

1 Segmental analysis continued

2013	Australasia £m	Europe £m	North Asia £m	South Asia £m	United Kingdom £m	Emerging Markets £m	Distribution Total Distribution £m
Revenue							
Total revenue	898.5	644.3	566.1	369.3	41.3	420.5	2,940.0
Inter-segment revenue	(223.7)	(144.5)	–	–	–	(31.8)	(400.0)
Revenue from third parties	674.8	499.8	566.1	369.3	41.3	388.7	2,540.0
Results							
Segment result	55.0	19.5	59.2	29.7	8.6	47.4	219.4
Operating exceptional items	–	–	–	–	–	–	–
Operating profit / (loss) after exceptional items	55.0	19.5	59.2	29.7	8.6	47.4	219.4
Share of profit / (loss) after tax of joint ventures and associates	–	–	–	–	–	–	–
Profit / (loss) before finance and tax	55.0	19.5	59.2	29.7	8.6	47.4	219.4
Finance income							
Finance costs							
Profit before tax							
Tax							
Profit for the year							

The segment result in Emerging Markets includes a profit of £6.2m on the sale of a property.

1 Segmental analysis continued

2013	Retail Australasia £m	 Europe £m	 United Kingdom £m	 Emerging Markets £m	 Total Retail £m	Total pre Central £m	Central £m	Total £m
Revenue								
Total revenue	691.1	129.7	2,183.0	981.1	3,984.9	6,924.9	–	6,924.9
Inter-segment revenue	–	–	–	–	–	(400.0)	–	(400.0)
Revenue from third parties	691.1	129.7	2,183.0	981.1	3,984.9	6,524.9	–	6,524.9
Results								
Segment result	23.9	–	54.7	7.8	86.4	305.8	(18.9)	286.9
Operating exceptional items	(5.7)	–	(1.1)	(1.0)	(7.8)	(7.8)	(0.7)	(8.5)
Operating profit / (loss) after exceptional items	18.2	–	53.6	6.8	78.6	298.0	(19.6)	278.4
Share of profit / (loss) after tax of joint ventures and associates	–	–	–	–	–	–	–	–
Profit / (loss) before finance and tax	18.2	–	53.6	6.8	78.6	298.0	(19.6)	278.4
Finance income								15.4
Finance costs								(27.7)
Profit before tax								266.1
Tax								(65.3)
Profit for the year								200.8

Central costs include a past service pension credit of £9.8m (net of costs).

Net finance costs of £12.3m are not allocated to individual segments.

1 Segmental analysis continued

2013	Australasia £m	Europe £m	North Asia £m	South Asia £m	United Kingdom £m	Emerging Markets £m	Distribution Total Distribution £m
Segment assets and liabilities							
Segment assets	78.6	126.4	107.6	69.5	37.3	140.8	560.2
Other current assets							
Non-current assets							
Segment liabilities	(172.4)	(130.6)	(80.5)	(51.3)	(57.6)	(114.2)	(606.6)
Other liabilities							
Net assets							

Segment assets include net inventory, receivables and derivative assets. Segment liabilities include payables, provisions and derivative liabilities.

2013	Australasia £m	Europe £m	North Asia £m	South Asia £m	United Kingdom £m	Emerging Markets £m	Distribution Total Distribution £m
Other segment items							
Capital expenditure:							
– Property, plant and equipment	3.5	0.4	5.6	4.4	0.2	27.1	41.2
– Interest in leased vehicles	–	0.1	6.2	–	7.4	11.4	25.1
– Intangible assets	0.6	0.8	1.4	1.6	0.1	0.4	4.9
Depreciation:							
– Property, plant and equipment	3.5	0.8	2.5	2.0	0.2	2.5	11.5
– Interest in leased vehicles	0.5	2.0	1.9	–	6.2	1.2	11.8
Amortisation of intangible assets	0.6	0.3	–	0.6	0.1	–	1.6
Net provisions charged / (released) to the consolidated income statement	6.3	2.1	1.8	3.9	(0.3)	0.6	14.4

Net provisions include inventory, trade receivables impairment and other liability provisions.

1 Segmental analysis continued

2013	Retail: Australasia £m	Retail: Europe £m	Retail: United Kingdom £m	Retail: Emerging Markets £m	Retail: Total Retail £m	Total £m
Segment assets and liabilities						
Segment assets	149.4	25.4	461.8	196.4	833.0	1,393.2
Other current assets						508.0
Non-current assets						1,485.2
Segment liabilities	(162.0)	(13.2)	(454.3)	(121.7)	(751.2)	(1,357.8)
Other liabilities						(529.4)
Net assets						1,499.2

Segment assets include net inventory, receivables and derivative assets. Segment liabilities include payables, provisions and derivative liabilities.

2013	Retail: Australasia £m	Retail: Europe £m	Retail: United Kingdom £m	Retail: Emerging Markets £m	Retail: Total Retail £m	Total pre Central £m	Central £m	Total £m
Other segment items								
Capital expenditure:								
– Property, plant and equipment	0.9	0.3	29.2	22.5	52.9	94.1	1.4	95.5
– Interest in leased vehicles	–	0.3	–	0.1	0.4	25.5	–	25.5
– Intangible assets	–	–	2.2	3.5	5.7	10.6	8.3	18.9
Depreciation:								
– Property, plant and equipment	1.9	0.9	10.3	8.8	21.9	33.4	0.2	33.6
– Interest in leased vehicles	–	–	–	0.1	0.1	11.9	–	11.9
Amortisation of intangible assets	0.1	–	1.9	2.5	4.5	6.1	–	6.1
Net provisions charged / (released) to the consolidated income statement	7.5	0.1	23.8	0.4	31.8	46.2	4.5	50.7

Net provisions include inventory, trade receivables impairment and other liability provisions.

2 Exceptional items

	2014 £m	2013 £m
Restructuring costs	**–**	(4.6)
Acquisition of business	**–**	(3.9)
Goodwill impairment (see note 11)	**(47.4)**	–
Total exceptional items before tax	**(47.4)**	(8.5)
Exceptional tax credit	**–**	0.6
Total exceptional items	**(47.4)**	(7.9)

In 2013, exceptional costs of £8.5m related to restructuring charges of £4.6m together with £3.9m of costs associated with acquiring the Trivett business in Australia. The exceptional tax credit of £0.6m represented tax relief on restructuring costs.

3 Revenue and expenses

a. Revenue

An analysis of the Group's revenue for the year is as follows:

	2014 £m	2013 £m
Sale of goods	**6,159.5**	5,976.9
Provision of services	**543.2**	548.0
	6,702.7	6,524.9

b. Analysis of net operating expenses

	Net operating expenses before exceptional items 2014 £m	Exceptional items 2014 £m	Net operating expenses 2014 £m	Net operating expenses before exceptional items 2013 £m	Exceptional items 2013 £m	Net operating expenses 2013 £m
Distribution costs	**362.3**	**–**	**362.3**	355.2	–	355.2
Administrative expenses	**300.9**	**–**	**300.9**	304.2	8.0	312.2
Other operating (income) / expense	**(28.0)**	**47.4**	**19.4**	(19.6)	–	(19.6)
	635.2	**47.4**	**682.6**	639.8	8.0	647.8

Other operating income in 2014 includes a £17.3m profit on the disposal of a property in South Asia (2013 – £6.2m profit on the disposal of a property in South America) and £7.2m pension credit (net of costs) in Central (2013 – £9.8m).

Other operating expenses in 2014 includes £47.4m relating to goodwill impairment.

c. Profit before tax is stated after the following charges / (credits):

	2014 £m	2013 £m
Depreciation of tangible fixed assets:		
– Property, plant and equipment	**35.0**	33.6
– Interest in leased vehicles	**10.1**	11.9
Amortisation of intangible assets	**9.4**	6.1
Goodwill impairment	**47.4**	–
Impairment of trade receivables	**0.9**	2.0
Profit on sale of property, plant and equipment	**(17.6)**	(7.4)
Operating lease rentals	**51.4**	56.2

3 Revenue and expenses continued

d. Auditors' remuneration

During the year the Group (including its overseas subsidiaries) obtained the following services from the Group's auditors at costs as detailed below:

	2014 £m	2013 £m
Audit services:		
Fees payable to the Company's auditors and its associates for the audit of the parent Company and the consolidated financial statements	**0.6**	0.6
Fees payable to the Company's auditors and its associates for other services:		
– The audit of the Company's subsidiaries	**1.5**	1.5
– Audit related assurance services	**0.1**	0.1
– Tax advisory services	**0.5**	0.4
– Tax compliance services	**0.3**	0.3
– All other services	**0.1**	0.2
Total fees payable to PricewaterhouseCoopers	**3.1**	3.1
Audit fees – firms other than PricewaterhouseCoopers	**0.2**	0.2

e. Staff costs

	2014 £m	2013 £m
Wages and salaries	**400.1**	403.8
Social security costs	**41.4**	43.9
Other pension costs	**13.7**	14.1
Share-based payment charge	**9.5**	9.0
	464.7	470.8

Other pension costs correspond to the current service charge and contributions to the defined contribution schemes.

Information on Directors' emoluments and interests which forms part of these audited consolidated financial statements is given in the Directors' Report on Remuneration which can be found on pages 58 to 73 of this document. Information on compensation of key management personnel is set out in note 31c.

f. Average monthly number of employees

	Distribution		Retail		Total	
	2014 Number	2013 Number	2014 Number	2013 Number	2014 Number	2013 Number
Australasia	**488**	499	**1,209**	1,090	**1,697**	1,589
Europe	**272**	279	**261**	328	**533**	607
North Asia	**1,511**	1,461	**–**	–	**1,511**	1,461
South Asia	**943**	895	**–**	–	**943**	895
United Kingdom	**197**	190	**4,946**	4,804	**5,143**	4,994
Russia and Emerging Markets	**1,720**	1,567	**2,894**	3,158	**4,614**	4,725
Total operational	**5,131**	4,891	**9,310**	9,380	**14,441**	14,271
Central					**129**	131
					14,570	14,402

4 Share-based payments

The terms and conditions of the Group's share-based payment plans are detailed in the Directors' Report on Remuneration.

The charge arising from share-based payment transactions during the year is £9.5m (2013 – £9.0m), all of which is equity-settled.

The Other Share Plans disclosures below include other share-based incentive plans for senior executives and employees.

The following table sets out the movements in the number of share options and awards during the year:

2014	**Weighted average exercise price***	**Performance Share Plan**	**Executive Share Option Plan**	**Save As You Earn Plan**	**Other Share Plans**
Outstanding at 1 January	**£3.24**	**6,683,773**	**2,849,628**	**2,279,654**	**1,705,704**
Granted	**£5.40**	**2,266,778**	**–**	**663,500**	**293,346**
Exercised	**£3.04**	**(1,207,341)**	**(1,927,162)**	**(495,426)**	**(569,058)**
Lapsed	**£3.88**	**(848,508)**	**(36,055)**	**(288,150)**	**(160,193)**
Outstanding at 31 December	**£3.81**	**6,894,702**	**886,411**	**2,159,578**	**1,269,799**
Exercisable at 31 December	**£2.56**	**226,302**	**886,411**	**28,682**	**20,285**

2013	Weighted average exercise price*	Performance Share Plan	Executive Share Option Plan	Save As You Earn Plan	Other Share Plans
Outstanding at 1 January	£2.71	4,843,082	6,150,383	2,632,474	1,545,923
Granted	£4.76	2,436,221	–	869,131	504,730
Exercised	£2.48	(120,951)	(3,018,176)	(829,973)	(243,061)
Lapsed	£2.68	(474,579)	(282,579)	(391,978)	(101,888)
Outstanding at 31 December	£3.24	6,683,773	2,849,628	2,279,654	1,705,704
Exercisable at 31 December	£2.98	11,644	2,849,628	82,631	3,954

* The weighted average exercise price excludes awards made under the Performance Share Plan and Other Share Plans as there is no exercise price attached to these share awards.

The weighted average remaining contractual life for the share options outstanding at 31 December 2014 is 2.3 years (2013 – 2.3 years).

The range of exercise prices for options outstanding at the end of the year was £2.00 to £6.03 (2013 – £2.00 to £6.03). See note 24 for further details.

The fair value of options granted under the Save As You Earn Plan is estimated as at the date of grant using a Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The fair value of awards granted under the Performance Share Plan and Other Share Plan is the market value of the related shares at the time of grant. The following table lists the main inputs to the model for awards granted during the years ended 31 December 2014 and 31 December 2013:

	Performance Share Plan		Save As You Earn Plan		Other Share Plans	
	2014	2013	**2014**	2013	**2014**	2013
Weighted average share price at grant date	**£6.31**	£5.15	**£6.81**	£6.02	**£6.27**	£5.51
Weighted average share price at date of exercise	**£6.43**	£5.37	**£6.80**	£6.09	**£6.44**	£5.86
Weighted average exercise price	**n/a**	n/a	**£5.40**	£4.76	**n/a**	n/a
Vesting period	**3.0 years**	3.0 years	**3.0 years**	3.0 years	**3.0 years**	3.0 years
Expected volatility	**n/a**	n/a	**31.7%**	34.5%	**n/a**	n/a
Expected life of option	**3.0 years**	3.0 years	**3.2 years**	3.2 years	**3.0 years**	3.0 years
Weighted average risk free rate	**n/a**	n/a	**1.4%**	1.0%	**n/a**	n/a
Expected dividend yield	**n/a**	n/a	**2.6%**	2.7%	**n/a**	n/a
Weighted average fair value per option	**£6.31**	£5.15	**£1.89**	£1.37	**£6.27**	£5.51

No options were granted under the Executive Share Option Plan in 2014 or 2013.

The expected life and volatility of the options are based upon historical data.

5 Pensions and other post-retirement benefits

The Group operates a number of pension and post-retirement benefit schemes for its employees in a number of its businesses, primarily in the UK.

a. UK schemes: benefits, governance, cash flow obligations and investments

The Group operates three main defined benefit Final Salary pension schemes in the UK which are all closed to new employees and largely closed to future benefit accrual. The schemes are the Inchcape Motors Pension Scheme (comprising the Group, Motors, Normand and Cash+ sections), the Inchcape Overseas Pension Scheme and the TKM Group Pension Scheme. Cash+ is a defined benefit Cash Balance scheme which is designed to meet regulatory requirements for auto-enrolment legislation.

Benefit structure

Final Salary schemes provide benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on final salary at retirement (or leaving date, if earlier) and length of service. The Group underwrites investment, mortality and inflation risks necessary to meet the obligations under the schemes. In the event of poor returns, increased life expectancy or higher than expected inflation, the Group is required to address any shortfall through a combination of an increase in contributions or by making appropriate adjustments to the schemes.

Cash Balance schemes like the Inchcape Cash+ Pension scheme allow members to accrue a percentage of their earnings each year, which then grows to provide a lump sum payment on retirement. Members have accrued benefits under this scheme with effect from 1 January 2013. The Group underwrites the investment risk to normal retirement age (65), but all inflation and mortality risks associated with benefits are borne solely by the members.

Governance

Our UK schemes are registered with HMRC and comply fully with the regulatory framework published by the UK Pensions Regulator.

Benefits are paid to members from separate funds administered by Independent Trustees who are appointed by the Group. The Trustees are required to act in the best interest of the members, and are responsible for making funding and investment decisions in conjunction with the Group.

The Group also has some minor unfunded arrangements relating to post-retirement health and medical plans in respect of past employees. There are no material defined contribution schemes in the UK.

Scheme specific cash obligation / investment detail

Inchcape Motors Pension Scheme (Group and Motors – closed schemes)
The latest actuarial valuations for these sections were carried out at 5 April 2013 on a market related basis and determined in accordance with the advice of independent professionally qualified actuaries based on the projected unit credit method. The actuarial valuation determined that the duration of the liabilities is approximately 18 years and that a small surplus existed on a prudent funding basis. The Group contributes £0.5m p.a. towards the administrative costs of running the scheme and no further review is scheduled until April 2016.

The investment strategy is to hold 65% of bonds which hedge inflation and interest rate risk, with the remaining 35% held in diversified growth funds which are designed to grow at a rate significantly faster than the liabilities, whilst spreading investment risk across a broad spectrum of asset classes. Investment performance in excess of that assumed in the valuation is captured by increasing the proportion of hedging assets.

Normand Pension Scheme (closed scheme)
Prior to merger into the Inchcape Motors Pensions Scheme, an actuarial valuation for this scheme was carried out at 5 April 2014 on a market related basis and determined in accordance with the advice of independent professionally qualified actuaries based on the projected unit credit method. The actuarial valuation determined that the duration of the liabilities is approximately 20 years and that the scheme was approximately 90% funded on a prudent funding basis. The Group contributes £0.4m p.a. towards the administrative costs of running the scheme and improving the funding ratio.

The investment strategy is to hold 60% in growth assets and 40% in matching assets.

The Normand Scheme was merged into the Inchcape Motors Pension Scheme on a sectionalised basis by a deed dated 30 September 2014. In accordance with requirements the next actuarial valuation is scheduled to take place before 30 September 2015.

Inchcape Cash+ Pension Scheme
This scheme is a defined benefit scheme under which members accrue benefits with effect from 1 January 2013. An interim valuation was carried out at 5 April 2013 which determined that the scheme was considered fully funded on a prudent basis. The Group contributes £0.2m p.a. towards the administrative costs of running the scheme and the next review is in April 2016.

The investment strategy is to be 60% invested in diversified growth funds which are designed to grow at a rate significantly faster than the liabilities, whilst spreading investment risk across a broad spectrum of asset classes. The remaining 40% is to be allocated to absolute return bonds.

5 Pensions and other post-retirement benefits continued

Inchcape Overseas Pension Scheme

This scheme is managed from Guernsey and is subject to most UK regulations. It is therefore reported under the United Kingdom in this note. The latest triennial actuarial valuation for this scheme was carried out at 31 March 2012 and determined in accordance with the advice of independent professionally qualified actuaries based on the projected unit credit method. The actuarial valuation determined that the duration of the liabilities is approximately 13 years and that the scheme was approximately 92% funded on a prudent funding basis. The Group contributes £0.5m p.a. towards the administrative costs of running the scheme and no further review is scheduled until April 2015.

Investments are held in a balanced portfolio of equities and bonds.

TKM Group Pension Scheme (closed scheme)

The latest triennial actuarial valuation for this closed scheme was carried out at 5 April 2013 on a market related basis and determined in accordance with the advice of independent professionally qualified actuaries based on the projected unit credit method. The actuarial valuation determined that the duration of the liabilities is approximately 12 years and that the scheme is considered fully funded on a prudent basis. No cash contributions are required by the Group and the next review is scheduled for April 2016.

The scheme has a prudent investment strategy with a swap overlay in place to fully hedge inflation and interest rate risks. Approximately 15% of the assets are invested in diversified growth funds which are designed to grow at a rate significantly faster than the liabilities, whilst spreading investment risk across a broad spectrum of asset classes.

b. Overseas schemes

There are a number of smaller defined benefit schemes overseas, the most significant being the Inchcape Motors Limited Retirement Scheme in Hong Kong. In general these schemes offer a lump sum on retirement with no further obligation to the employee and assets are held in trust in separately administered funds. These schemes are typically subject to triennial valuations. The overseas defined contribution schemes are principally linked to local statutory arrangements.

c. Defined contribution plans

The total expense recognised in the consolidated income statement is £5.6m (2013 – £6.3m). There are no outstanding contributions to the defined contribution schemes at the year end (2013 – £nil).

d. Defined benefit plans

As the Group's principal defined benefit schemes are in the UK, these have been reported separately from the overseas schemes. For the purposes of reporting, actuarial updates have been obtained for the Group's material schemes and these updates are reflected in the amounts reported in the following tables.

5 Pensions and other post-retirement benefits continued

The principal weighted average assumptions used by the actuaries were:

	United Kingdom		Overseas	
	2014 %	2013 %	**2014 %**	2013 %
Rate of increase in salaries	**3.6**	3.9	**3.8**	3.8
Rate of increase in pensions	**3.1**	3.4	**2.3**	2.8
Discount rate	**3.5**	4.4	**2.1**	2.6
Rate of inflation:				
– Retail price index	**3.1**	3.4	**2.5**	2.6
– Consumer price index	**2.1**	2.4	**n/a**	n/a

The rate of increase in healthcare costs is 5.5% (2013 – 5.5%) per annum.

Assumptions regarding future mortality experience are set based on published statistics and experience. For the UK schemes, the average life expectancy of a pensioner retiring at age 65 is 23.8 years (2013 – 23.7 years) for current pensioners and 25.6 years (2013 – 25.5 years) for current non pensioners. Most of the overseas schemes only offer a lump sum on retirement and therefore mortality assumptions are not applicable.

The asset / (liability) recognised in the consolidated statement of financial position is determined as follows:

	United Kingdom		Overseas		Total	
	2014 £m	2013 £m	**2014 £m**	2013 £m	**2014 £m**	2013 £m
Present value of funded obligations	**(953.1)**	(870.2)	**(43.4)**	(38.8)	**(996.5)**	(909.0)
Fair value of plan assets	**1,077.3**	978.9	**40.5**	38.1	**1,117.8**	1,017.0
Net surplus / (deficit) in funded obligations	**124.2**	108.7	**(2.9)**	(0.7)	**121.3**	108.0
Present value of unfunded obligations	**(0.9)**	(0.9)	**(1.1)**	(1.1)	**(2.0)**	(2.0)
	123.3	107.8	**(4.0)**	(1.8)	**119.3**	106.0
The net pension asset is analysed as follows:						
Schemes in surplus	**147.4**	124.8	**0.4**	0.6	**147.8**	125.4
Schemes in deficit	**(24.1)**	(17.0)	**(4.4)**	(2.4)	**(28.5)**	(19.4)
	123.3	107.8	**(4.0)**	(1.8)	**119.3**	106.0

The amounts recognised in the consolidated income statement are as follows:

	United Kingdom		Overseas		Total	
	2014 £m	2013 £m	**2014 £m**	2013 £m	**2014 £m**	2013 £m
Current service cost	**(5.9)**	(5.3)	**(2.2)**	(2.5)	**(8.1)**	(7.8)
Past service credit	**7.3**	10.5	**–**	–	**7.3**	10.5
Scheme expenses	**(2.5)**	(1.9)	**(0.1)**	(0.1)	**(2.6)**	(2.0)
Interest expense on plan liabilities	**(37.0)**	(35.4)	**(0.9)**	(0.5)	**(37.9)**	(35.9)
Interest income on plan assets	**42.1**	40.9	**0.9**	0.4	**43.0**	41.3
	4.0	8.8	**(2.3)**	(2.7)	**1.7**	6.1

The past service credit of £7.3m (£7.2m net of associated costs) (2013 – £10.5m (£9.8m net of associated costs)) arises from ongoing initiatives to mitigate the volatility associated with the Group's defined benefit obligations. These initiatives included changes to benefits available to members at retirement.

5 Pensions and other post-retirement benefits continued

The amounts recognised in the consolidated statement of comprehensive income are as follows:

	United Kingdom		Overseas		Total	
	2014 £m	2013 £m	**2014 £m**	2013 £m	**2014 £m**	2013 £m
Actuarial (losses) / gains on liabilities:						
– Experience (losses) and gains	**(0.9)**	(11.7)	**(0.3)**	0.1	**(1.2)**	(11.6)
– Changes in demographic assumptions	**–**	(4.4)	**–**	–	**–**	(4.4)
– Changes in financial assumptions	**(89.4)**	(21.0)	**(1.9)**	3.8	**(91.3)**	(17.2)
Actuarial gains / (losses) on assets:						
– Experience gains and (losses)	**94.4**	(4.7)	**0.6**	3.6	**95.0**	(1.1)
Recoverable element of pension surplus	**–**	–	**–**	0.4	**–**	0.4
	4.1	(41.8)	**(1.6)**	7.9	**2.5**	(33.9)

Analysis of the movement in the net asset / (liability):

	United Kingdom		Overseas		Total	
	2014 £m	2013 £m	**2014 £m**	2013 £m	**2014 £m**	2013 £m
At 1 January	**107.8**	104.0	**(1.8)**	(8.3)	**106.0**	95.7
Amount recognised in the consolidated income statement	**4.0**	8.8	**(2.3)**	(2.7)	**1.7**	6.1
Contributions by employer	**7.4**	36.8	**1.7**	2.0	**9.1**	38.8
Actuarial gains / (losses) recognised in the year	**4.1**	(41.8)	**(1.6)**	7.5	**2.5**	(34.3)
Recoverable surplus recognised in the year	**–**	–	**–**	0.4	**–**	0.4
Effect of foreign exchange rates	**–**	–	**–**	(0.7)	**–**	(0.7)
At 31 December	**123.3**	107.8	**(4.0)**	(1.8)	**119.3**	106.0

Changes in the present value of the defined benefit obligation are as follows:

	United Kingdom		Overseas		Total	
	2014 £m	2013 £m	**2014 £m**	2013 £m	**2014 £m**	2013 £m
At 1 January	**(871.1)**	(843.0)	**(39.9)**	(45.4)	**(911.0)**	(888.4)
Current service cost	**(5.9)**	(5.3)	**(2.2)**	(2.5)	**(8.1)**	(7.8)
Past service credit	**7.3**	10.5	**–**	–	**7.3**	10.5
Interest expense on plan liabilities	**(37.0)**	(35.4)	**(0.9)**	(0.5)	**(37.9)**	(35.9)
Actuarial (losses) / gains:						
– Experience (losses) and gains	**(0.9)**	(11.7)	**(0.3)**	0.1	**(1.2)**	(11.6)
– Changes in demographic assumptions	**–**	(4.4)	**–**	–	**–**	(4.4)
– Changes in financial assumptions	**(89.4)**	(21.0)	**(1.9)**	3.8	**(91.3)**	(17.2)
Contributions by employees	**(0.1)**	–	**–**	(0.1)	**(0.1)**	(0.1)
Benefits paid	**42.1**	39.2	**2.6**	3.6	**44.7**	42.8
Plan settlements	**1.0**	–	**–**	–	**1.0**	–
Effect of foreign exchange rate changes	**–**	–	**(1.9)**	1.1	**(1.9)**	1.1
At 31 December	**(954.0)**	(871.1)	**(44.5)**	(39.9)	**(998.5)**	(911.0)

5 Pensions and other post-retirement benefits continued

Changes in the fair value of the defined benefit asset are as follows:

	United Kingdom		Overseas		Total	
	2014 £m	2013 £m	**2014 £m**	2013 £m	**2014 £m**	2013 £m
At 1 January	**978.9**	947.0	**38.1**	37.5	**1,017.0**	984.5
Interest income on plan assets	**42.1**	40.9	**0.9**	0.4	**43.0**	41.3
Scheme expenses	**(2.5)**	(1.9)	**(0.1)**	(0.1)	**(2.6)**	(2.0)
Actuarial gains / (losses):						
– Experience gains and (losses)	**94.4**	(4.7)	**0.6**	3.6	**95.0**	(1.1)
Contributions by employer	**7.4**	36.8	**1.7**	2.0	**9.1**	38.8
Contributions by employees	**0.1**	–	**–**	0.1	**0.1**	0.1
Benefits paid	**(42.1)**	(39.2)	**(2.6)**	(3.6)	**(44.7)**	(42.8)
Plan settlements	**(1.0)**	–	**–**	–	**(1.0)**	–
Effect of foreign exchange rate changes	**–**	–	**1.9**	(1.8)	**1.9**	(1.8)
At 31 December	**1,077.3**	978.9	**40.5**	38.1	**1,117.8**	1,017.0

Changes in the fair value of the irrecoverable element of the pension surplus are as follows:

	United Kingdom		Overseas		Total	
	2014	2013	**2014**	2013	**2014**	2013
At 1 January	**–**	–	**–**	(0.4)	**–**	(0.4)
Recoverable element recognised in the year	**–**	–	**–**	0.4	**–**	0.4
At 31 December	**–**	–	**–**	–	**–**	–

At the end of the reporting period, the percentage of the plan assets by category had been invested as follows:

	United Kingdom		Overseas		Total	
	2014	2013	**2014**	2013	**2014**	2013
Equities (quoted)	**3.9%**	5.7%	**75.1%**	68.5%	**6.4%**	8.0%
Equities (unquoted)	**–**	1.0%	**–**	–	**–**	1.0%
Corporate bonds (quoted)	**25.9%**	17.5%	**20.6%**	26.0%	**25.7%**	17.8%
Corporate bonds (unquoted)	**–**	1.4%	**–**	–	**–**	1.3%
Government bonds (quoted)	**25.5%**	32.4%	**–**	–	**24.6%**	31.2%
Diversified growth funds (quoted)	**20.3%**	24.1%	**–**	–	**19.6%**	23.2%
Other (quoted)	**11.3%**	7.6%	**0.1%**	2.9%	**10.9%**	7.5%
Other (unquoted)	**13.1%**	10.3%	**4.2%**	2.6%	**12.8%**	10.0%
	100.0%	100.0%	**100.0%**	100%	**100.0%**	100.0%

The fair value of the Group's own equity held within plan assets is £nil (2013 – £nil).

5 Pensions and other post-retirement benefits continued
The following disclosures relate to the Group's defined benefit plans only.

e. Risk management
Asset volatility
Scheme liabilities are calculated on a discounted basis using a discount rate which is set with reference to corporate bond yields. If scheme assets underperform this yield, then this will create a deficit. The combined schemes hold approximately 70% of assets as defensive assets (gilts, bonds, swaps) which mitigate significant changes in yields, and active monitoring plans are in place to identify opportunities to increase the proportion of such assets further when economically possible.

As the schemes mature, the Group reduces the level of investment risk by investing more in government and corporate bonds that better match the liabilities. However, the Group believes that due to the long-term nature of the scheme liabilities, a level of continuing equity investment is an appropriate element of the long-term investment strategy.

Inflation risk
The majority of the Group's defined benefit obligations are linked to inflation. Higher inflation will lead to higher liabilities, although in the majority of cases there are caps on the level of inflationary increases to be applied to pension obligations, and approximately 50% of the Group's total inflation risk is hedged through holding inflation-linked assets such as gilts and swaps.

Life expectancy
The plans' obligations are to provide a pension for the life of the member, so realised increases in life expectancy will result in an increase in the plans' benefit payments. Future mortality rates cannot be predicted with certainty. All of the schemes conduct scheme-specific mortality investigations annually, to ensure the Group has a clear understanding of any potential increase in liability due to pensioners living for longer than assumed. The trustees of the scheme hedge this risk by adopting a prudent approach in their assumption for future improvements.

f. Sensitivity analysis
The disclosures above are dependent on the assumptions used. The table below demonstrates the sensitivity of the defined benefit obligation to changes in the assumptions used for the UK schemes. Changes in assumptions have an immaterial effect on the overseas schemes.

Impact on the defined benefit obligation

	United Kingdom	
	2014 %	2013 %
Discount rate -0.25%	**+4.2**	+4.0
Discount rate +0.25%	**-3.9**	-3.8
Inflation -0.25%	**-3.4**	-3.4
Inflation +0.25%	**+3.6**	+3.6
Mortality -1 year	**+3.3**	+3.3

The above analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. The above variances have been used as they are believed to be reasonably possible fluctuations.

g. Expected future cash flows
The Group has agreed to pay approximately £1.8m (2013 – £1.6m) to its defined benefit plans in 2015. The Group does not expect any material changes to the annual cash contributions over the next three years given the funding position of the largest schemes, which account for 90% of the Group's total pension liabilities.

The defined benefit obligations are based on the current value of expected benefit payment cash flows to members over the next several decades. The average duration of the liabilities is approximately 18 years for the UK schemes.

6 Finance income

	2014 £m	2013 £m
Bank and other interest receivable	**2.7**	3.0
Net interest income on post-retirement plan assets and liabilities	**5.1**	5.4
Other finance income	**7.0**	7.0
Total finance income	**14.8**	15.4

7 Finance costs

	2014 £m	2013 £m
Interest payable on bank borrowings	**1.4**	0.8
Interest payable on Private Placement	**2.9**	2.8
Interest payable on other borrowings	**0.2**	0.2
Fair value adjustment on Private Placement	**8.9**	(24.3)
Fair value (gain) / loss on cross currency interest rate swaps	**(10.4)**	22.0
Stock holding interest (see note 20)	**18.6**	19.9
Other finance costs	**6.5**	6.9
Capitalised borrowing costs	**–**	(0.6)
Total finance costs	**28.1**	27.7

The Group capitalisation rate used for general borrowing costs in accordance with IAS 23 was a weighted average rate for the year of 2.0% (2013 – 2.0%).

8 Income Tax

	2014 £m	2013 £m
Current tax:		
– UK corporation tax	–	–
	–	–
Overseas tax	**66.5**	53.7
	66.5	53.7
Adjustments to prior year liabilities:		
– UK	–	(0.6)
– Overseas	**(0.2)**	(0.6)
Current tax	**66.3**	52.5
Deferred tax (note 16)	**2.3**	13.4
Tax before exceptional tax	**68.6**	65.9
Exceptional tax – current tax	–	–
Exceptional tax – deferred tax (note 16)	–	(0.6)
Exceptional tax (note 2)	–	(0.6)
Total tax charge	**68.6**	65.3

The UK corporation tax charge is calculated upon net UK profit and after taking account of all relevant prior year losses and other deductions including pension contributions and capital allowances on plant and buildings.

The effective tax rate for the year, before exceptional items, is 24.0% (2013 – 24.0%). The standard blended rate of tax is 24.0% (2013 – 24.5%) and the reconciliation is set out below. The effective rate for the year excludes a tax free gain of £17.3m in South Asia. The standard rate comprises the average statutory rates across the Group, weighted in proportion to accounting profits and losses.

	2014 £m	2013 £m
Profit before tax	**255.8**	266.1
Profit before tax multiplied by the standard rate of tax of 24.0% (2013 – 24.5%)	**61.4**	65.2
Effects of:		
– Non-taxable and non-tax deductible items	**6.2**	(3.6)
– Unrecognised deferred tax movement	**(3.2)**	–
– Overseas tax levies, audits and austerity taxes	**8.3**	0.4
– Prior year items	**(5.1)**	0.2
– Withholding tax on overseas dividends	**1.9**	3.3
– Other items	**(0.9)**	(0.2)
Total tax charge	**68.6**	65.3

9 Earnings per share

	2014 £m	2013 £m
Profit for the year	**187.2**	200.8
Non controlling interests	**(7.6)**	(6.6)
Basic earnings	**179.6**	194.2
Exceptional items	**47.4**	7.9
Adjusted earnings	**227.0**	202.1
Basic earnings per share	**39.7p**	41.8p
Diluted earnings per share	**39.0p**	41.1p
Basic Adjusted earnings per share	**50.2p**	43.5p
Diluted Adjusted earnings per share	**49.3p**	42.8p

	2014 number	2013 number
Weighted average number of fully paid ordinary shares in issue during the year	**455,975,201**	468,782,483
Weighted average number of fully paid ordinary shares in issue during the year:		
– Held by the Inchcape Employee Trust	**(1,907,636)**	(1,765,092)
– Held in Treasury	**(1,443,183)**	(2,687,560)
Weighted average number of fully paid ordinary shares for the purposes of basic EPS	**452,624,382**	464,329,831
Dilutive effect of potential ordinary shares	**7,959,690**	7,823,169
Adjusted weighted average number of fully paid ordinary shares in issue during the year for the purposes of diluted EPS	**460,584,072**	472,153,000

Basic earnings per share is calculated by dividing the Basic earnings for the year by the weighted average number of fully paid ordinary shares in issue during the year, less those shares held by the Inchcape Employee Trust and repurchased as part of the share buy back programme.

Diluted earnings per share is calculated on the same basis as the Basic earnings per share with a further adjustment to the weighted average number of fully paid ordinary shares to reflect the effect of all dilutive potential ordinary shares. Dilutive potential ordinary shares comprise share options and other share-based awards.

Basic Adjusted earnings (which excludes exceptional items) is adopted to assist the reader in understanding the underlying performance of the Group. Adjusted earnings per share is calculated by dividing the Adjusted earnings for the year by the weighted average number of fully paid ordinary shares in issue during the year, less those shares held by the Inchcape Employee Trust.

Diluted Adjusted earnings per share is calculated on the same basis as the Basic Adjusted earnings per share with a further adjustment to the weighted average number of fully paid ordinary shares to reflect the effect of all dilutive potential ordinary shares. Dilutive potential ordinary shares comprise share options and other share-based awards.

10 Dividends

The following dividends were paid by the Group:

	2014 £m	2013 £m
Interim dividend for the six months ended 30 June 2014 of 6.3p per share (30 June 2013 – 5.7p per share)	**28.5**	26.6
Final dividend for the year ended 31 December 2013 of 11.7p per share (31 December 2012 – 10.5p per share)	**53.0**	48.9
	81.5	75.5

A final proposed dividend for the year ended 31 December 2014 of 13.8p per share amounting to £61.1m is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability as at 31 December 2014.

11 Intangible assets

	Goodwill £m	Computer software £m	Other intangible assets £m	Total £m
Cost				
At 1 January 2013	570.3	90.4	0.1	660.8
Businesses acquired (note 28)	43.2	–	0.1	43.3
Businesses sold	(0.2)	–	–	(0.2)
Additions	–	18.9	–	18.9
Disposals	–	(0.3)	–	(0.3)
Reclassified to disposal group (note 19)	(0.8)	–	–	(0.8)
Effect of foreign exchange rate changes	(25.9)	(1.9)	–	(27.8)
At 1 January 2014	**586.6**	**107.1**	**0.2**	**693.9**
Additions	**–**	**21.0**	**–**	**21.0**
Disposals	**–**	**(1.1)**	**–**	**(1.1)**
Retirement of fully amortised assets not in use	**–**	**(1.3)**	**(0.2)**	**(1.5)**
Effect of foreign exchange rate changes	**(79.8)**	**(7.7)**	**–**	**(87.5)**
At 31 December 2014	**506.8**	**118.0**	**–**	**624.8**
Accumulated amortisation and impairment				
At 1 January 2013	(60.6)	(40.7)	–	(101.3)
Businesses sold	0.2	–	–	0.2
Amortisation charge for the year	–	(5.9)	(0.2)	(6.1)
Disposals	–	0.2	–	0.2
Effect of foreign exchange rate changes	(0.3)	0.5	–	0.2
At 1 January 2014	**(60.7)**	**(45.9)**	**(0.2)**	**(106.8)**
Amortisation charge for the year	**–**	**(9.4)**	**–**	**(9.4)**
Disposals	**–**	**1.0**	**–**	**1.0**
Impairment of goodwill	**(47.4)**	**–**	**–**	**(47.4)**
Retirement of fully amortised assets not in use	**–**	**1.3**	**0.2**	**1.5**
Effect of foreign exchange rate changes	**3.9**	**4.0**	**–**	**7.9**
At 31 December 2014	**(104.2)**	**(49.0)**	**–**	**(153.2)**
Net book value at 31 December 2014	**402.6**	**69.0**	**–**	**471.6**
Net book value at 31 December 2013	525.9	61.2	–	587.1

As at 31 December 2014, capitalised borrowing costs of £1.5m (2013 – £1.5m) were included within 'computer software', £nil of which was capitalised in 2014 (2013 – £nil).

11 Intangible assets continued

Goodwill

Goodwill acquired in a business combination is allocated to the cash generating units (CGUs) or group of CGUs (hereafter collectively referred to as 'CGU groups') that are expected to benefit from the synergies associated with that business combination. These CGU groups represent the lowest level within the Group at which the associated goodwill is monitored for management purposes. Unless otherwise stated, the Group evaluates goodwill in CGU groupings at a country operation level, e.g. UK Retail, Australia Retail.

The carrying amount of goodwill has been allocated to CGU groups within the following reporting segments:

	2014 £m	2013 £m
United Kingdom	**262.1**	262.1
Emerging Markets	**79.6**	202.1
South Asia	**19.7**	19.4
Australasia	**41.2**	42.3
	402.6	525.9

Goodwill is subject to impairment testing annually, or more frequently where there are indications that the goodwill may be impaired. Impairment tests were performed for all CGU groups during the year ended 31 December 2014.

The recoverable amounts of all CGU groups were determined based on value in use calculations. These calculations use cash flow projections based on five year financial forecasts prepared by management. The key assumptions for these forecasts are those relating to revenue growth, operating margins and the level of working capital required to support trading, which have been based on past experience, recent trading and expectations of future changes in the relevant markets. They also reflect expectations about continuing relationships with key brand partners.

Cash flows after the five year period are extrapolated at an estimated average long-term growth rate for each market. The growth rates used vary between 2% and 5% and are consistent with appropriate external sources for the relevant markets.

Cash flows are discounted back to present value using a risk adjusted discount rate. The discount rates used are calculated as the Group's weighted average cost of capital adjusted for a risk premium attributable to the relevant country. The pre-tax discount rates used vary between 10% and 13% and reflect long-term country risk.

11 Intangible assets continued

The assumptions used with regards to pre-tax discount rates and long-term growth rates in those reporting segments with material goodwill balances were as follows:

	Discount rate	Long-term growth rate
United Kingdom	**10%**	**2%**
Emerging Markets	**10% to 13%**	**5%**
South Asia	**10%**	**2%**
Australasia	**11%**	**2%**

Impairment

Given the geopolitical uncertainty in the Russian market, the Group has reassessed its short and medium-term forecasts and recognised an impairment charge of £47.4m in 2014. The discount rate applied to the value in use calculation for Russia was 12.5% (2013: 11.6%) and the long-term growth rate was 4.5% (2013: 5.0%).

Sensitivities

The Group's value in use calculations are sensitive to a change in the key assumptions used, most notably the discount rates and the long-term growth rates. In addition, the value in use calculation of our business in Russia is particularly sensitive to a change in long-term Vehicle gross margin assumptions. With the exception of the Group's businesses in Russia and Lithuania, a reasonably possible change in a key assumption will not cause a material impairment of goodwill in any of the other CGU groups.

The Group's goodwill in the Emerging Markets segment at 31 December 2014 is allocated as follows:

	Cost £m	Impairment provision £m	Net book value £m
Russia	**104.6**	**(47.4)**	**57.2**
Latvia	**40.9**	**(40.9)**	**–**
Lithuania	**20.2**	**–**	**20.2**
Other	**2.4**	**(0.2)**	**2.2**
At 31 December 2014	**168.1**	**(88.5)**	**79.6**

The Directors have reviewed the carrying value of the goodwill in Russia and determined that an impairment charge of £47.4m is required. In determining the impairment charge, the Directors have assumed an increase in Vehicle gross margin to 7.4% in 2019. The remaining carrying value of goodwill in Russia is £57.2m. A further 0.5% reduction in our gross margin assumption for 2019 would result in a further impairment charge of £20m. Similarly, a further 0.5% reduction in long-term growth rate or a 0.5% increase in discount rate would result in a further impairment charge of £9m or £11m respectively. In light of the sensitivity of the value in use calculations for Russia to changes in key assumptions, the Directors intend to revisit these calculations at the half year.

The value in use calculations for the Group's business in Lithuania currently exceed the carrying value by approximately 23%. A 0.5% increase in the discount rate or a 0.5% reduction in the long-term growth rate would reduce the headroom to approximately 12% of the carrying value.

12 Property, plant and equipment

	Land and buildings £m	Plant, machinery and equipment £m	Subtotal £m	Interest in leased vehicles £m	Total £m
Cost					
At 1 January 2013	675.7	194.3	870.0	83.9	953.9
Businesses acquired	31.9	5.6	37.5	–	37.5
Businesses sold	(1.0)	(1.7)	(2.7)	–	(2.7)
Additions	57.8	37.7	95.5	25.5	121.0
Disposals	(15.8)	(14.4)	(30.2)	–	(30.2)
Transferred to inventory	–	(1.5)	(1.5)	(33.5)	(35.0)
Retirement of fully depreciated assets not in use	–	(1.3)	(1.3)	–	(1.3)
Reclassified from / (to) assets held for sale and disposal group (note 19)	0.7	(0.7)	–	–	–
Effect of foreign exchange rate changes	(32.1)	(11.4)	(43.5)	(1.0)	(44.5)
At 1 January 2014	**717.2**	**206.6**	**923.8**	**74.9**	**998.7**
Businesses sold	**–**	**(0.9)**	**(0.9)**	**–**	**(0.9)**
Additions	**34.2**	**23.7**	**57.9**	**22.9**	**80.8**
Disposals	**(8.3)**	**(14.5)**	**(22.8)**	**–**	**(22.8)**
Transferred to inventory	**–**	**(1.2)**	**(1.2)**	**(40.0)**	**(41.2)**
Retirement of fully depreciated assets not in use	**(0.7)**	**(4.2)**	**(4.9)**	**–**	**(4.9)**
Reclassified to assets held for sale (note 19)	**(17.6)**	**–**	**(17.6)**	**–**	**(17.6)**
Effect of foreign exchange rate changes	**(65.1)**	**(10.3)**	**(75.4)**	**(0.9)**	**(76.3)**
At 31 December 2014	**659.7**	**199.2**	**858.9**	**56.9**	**915.8**
Accumulated depreciation and impairment					
At 1 January 2013	(110.9)	(119.8)	(230.7)	(30.1)	(260.8)
Businesses sold	0.2	1.4	1.6	–	1.6
Depreciation charge for the year	(11.6)	(22.0)	(33.6)	(11.9)	(45.5)
Disposals	2.3	9.5	11.8	–	11.8
Transferred to inventory	–	0.6	0.6	16.8	17.4
Retirement of fully depreciated assets not in use	–	1.3	1.3	–	1.3
Reclassified from assets held for sale (note 19)	(0.1)	–	(0.1)	–	(0.1)
Effect of foreign exchange rate changes	2.8	5.9	8.7	(0.4)	8.3
At 1 January 2014	**(117.3)**	**(123.1)**	**(240.4)**	**(25.6)**	**(266.0)**
Businesses sold	**–**	**0.6**	**0.6**	**–**	**0.6**
Depreciation charge for the year	**(13.4)**	**(21.6)**	**(35.0)**	**(10.1)**	**(45.1)**
Disposals	**0.7**	**12.7**	**13.4**	**–**	**13.4**
Transferred to inventory	**–**	**0.6**	**0.6**	**15.6**	**16.2**
Retirement of fully depreciated assets not in use	**0.7**	**4.2**	**4.9**	**–**	**4.9**
Reclassified to assets held for sale (note 19)	**6.2**	**–**	**6.2**	**–**	**6.2**
Effect of foreign exchange rate changes	**6.0**	**5.4**	**11.4**	**0.2**	**11.6**
At 31 December 2014	**(117.1)**	**(121.2)**	**(238.3)**	**(19.9)**	**(258.2)**
Net book value at 31 December 2014	**542.6**	**78.0**	**620.6**	**37.0**	**657.6**
Net book value at 31 December 2013	599.9	83.5	683.4	49.3	732.7

Certain subsidiaries have an obligation to repurchase, at a guaranteed residual value, vehicles which have been legally sold for leasing contracts. These assets are included in 'interest in leased vehicles' in the table above.

12 Property, plant and equipment continued

Assets held under finance leases have the following net book values:

	2014 £m	2013 £m
Leasehold buildings	**2.6**	3.2
Plant, machinery and equipment	**–**	–
	2.6	3.2

The book value of land and buildings is analysed between:

	2014 £m	2013 £m
Freehold	**397.1**	427.5
Leasehold with over 50 years unexpired	**32.3**	30.9
Short leasehold	**113.2**	141.5
	542.6	599.9

As at 31 December 2014, £5.0m (2013 – £5.0m) of capitalised borrowing costs were included within 'land and buildings', £nil of which was capitalised in 2014 (2013 – £0.6m).

13 Investments in joint ventures and associates

	2014 £m	2013 £m
At 1 January	**14.0**	13.8
Share of loss after tax of joint ventures and associates	**(1.9)**	–
Share of other comprehensive loss of joint ventures and associates	**(0.2)**	–
Dividends paid	**(2.2)**	–
Effect of foreign exchange rate changes	**(0.7)**	0.2
At 31 December	**9.0**	14.0

Group's share of net assets of joint ventures and associates

	Joint ventures		Associates		Total	
	2014 £m	2013 £m	2014 £m	2013 £m	2014 £m	2013 £m
Non-current assets	**–**	–	**0.2**	0.1	**0.2**	0.1
Current assets	**6.4**	6.4	**21.5**	25.5	**27.9**	31.9
Group's share of gross assets	**6.4**	6.4	**21.7**	25.6	**28.1**	32.0
Current liabilities	**(1.7)**	(0.3)	**(13.8)**	(14.2)	**(15.5)**	(14.5)
Non-current liabilities	**(0.3)**	(0.3)	**(3.3)**	(3.2)	**(3.6)**	(3.5)
Group's share of gross liabilities	**(2.0)**	(0.6)	**(17.1)**	(17.4)	**(19.1)**	(18.0)
Group's share of net assets	**4.4**	5.8	**4.6**	8.2	**9.0**	14.0
Group's share of results of joint ventures and associates						
Revenue	**0.1**	0.1	**1.2**	1.4	**1.3**	1.5
Expenses	**(0.1)**	(0.1)	**(3.1)**	(1.4)	**(3.2)**	(1.5)
Loss before tax	**–**	–	**(1.9)**	–	**(1.9)**	–
Tax	**–**	–	**–**	–	**–**	–
Share of loss after tax of joint ventures and associates	**–**	–	**(1.9)**	–	**(1.9)**	–

As at 31 December 2014, no guarantees were provided in respect of joint ventures and associates borrowings (2013 – £nil).

Principal joint ventures and associates are disclosed in note 31 of this Report.

14 Available for sale financial assets

	2014 £m	2013 £m
At 1 January	**9.7**	6.7
Additions	**0.6**	7.2
Disposals	**(8.4)**	(4.2)
Fair value movement transferred to shareholders' equity	**(0.3)**	–
Effect of foreign exchange rate changes	**(0.2)**	–
At 31 December	**1.4**	9.7

Analysed as:

	2014 £m	2013 £m
Non-current	**1.2**	1.4
Current	**0.2**	8.3
	1.4	9.7

Assets held are analysed as follows:

	2014 £m	2013 £m
Equity securities	**0.4**	0.3
Bonds	**–**	8.1
Other	**1.0**	1.3
	1.4	9.7

The bonds held as at 31 December 2013 were traded on active markets with coupons generally paid on an annual basis and attracted a weighted average fixed interest rate of 3.25%. These bonds were sold during 2014.

'Other' includes debentures that are not subject to interest rates and do not have fixed maturity dates. They are valued by reference to traded market values.

Available for sale financial assets, which are valued based on active markets' prices, are reported under Level 1 in note 23 on financial instruments.

Available for sale financial assets subject to fixed interest rates are aged by maturity date as follows:

	Less than 1 year £m	Between 1 and 2 years £m	Total interest bearing £m
2014	**–**	**–**	**–**
2013	8.1	–	8.1

15 Trade and other receivables

	Current		Non-current	
	2014 £m	2013 £m	**2014 £m**	2013 £m
Trade receivables	**175.2**	188.1	**0.1**	0.1
Less: provision for impairment of trade receivables	**(6.7)**	(8.4)	**–**	–
Net trade receivables	**168.5**	179.7	**0.1**	0.1
Prepayments and accrued income	**91.1**	91.7	**22.2**	20.8
Other receivables	**25.6**	38.5	**6.0**	6.0
	285.2	309.9	**28.3**	26.9

Movements in the provision for impairment of receivables were as follows:

	2014 £m	2013 £m
At 1 January	**(8.4)**	(8.5)
Businesses acquired	**–**	(0.3)
Charge for the year	**(0.9)**	(2.0)
Amounts written off	**1.2**	0.8
Unused amounts reversed	**0.8**	1.6
Effect of foreign exchange rate changes	**0.6**	–
At 31 December	**(6.7)**	(8.4)

At 31 December, the analysis of trade receivables is as follows:

			Past due but not impaired			
	Total £m	Neither past due nor impaired £m	0 < 30 days £m	30 – 90 days £m	> 90 days £m	Impaired £m
2014	**175.3**	**129.5**	**21.1**	**11.0**	**7.0**	**6.7**
2013	188.2	122.5	33.1	13.8	10.4	8.4

Trade receivables are non-interest bearing and are generally on credit terms of 30 to 60 days.

Management considers the carrying amount of trade and other receivables to approximate to their fair value. Long-term receivables have been discounted where the time value of money is considered to be material.

Concentration of credit risk with respect to trade receivables is very limited due to the Group's broad customer base across a number of geographic regions.

16 Deferred tax

Net deferred tax (liability) / asset	Pension and other post-retirement benefits £m	Cash flow hedges £m	Share-based payments £m	Tax losses £m	Accelerated tax depreciation £m	Provisions and other timing differences £m	Total £m
At 1 January 2014	**(20.9)**	**(0.7)**	**4.2**	**6.2**	**4.1**	**(11.4)**	**(18.5)**
(Charged) / credited to the consolidated income statement	**(4.4)**	**–**	**(2.0)**	**1.2**	**(1.3)**	**4.2**	**(2.3)**
(Charged) / credited to shareholders' equity	**(0.9)**	**5.2**	**3.0**	**–**	**–**	**–**	**7.3**
Effect of foreign exchange rate changes	**(0.2)**	**0.4**	**–**	**(1.1)**	**–**	**(0.1)**	**(1.0)**
At 31 December 2014	**(26.4)**	**4.9**	**5.2**	**6.3**	**2.8**	**(7.3)**	**(14.5)**

Analysed as:

	2014 £m	2013 £m
Deferred tax assets	**25.7**	24.6
Deferred tax liabilities	**(40.2)**	(43.1)
	(14.5)	(18.5)

The Group has an unrecognised deferred tax asset of £26m (2013 – £35m) relating to tax relief on trading losses. The asset represents £107m (2013 – £141m) of losses at the standard blended rate of 24.0% (2013 – 24.5%). The asset is unprovided as £107m (2013 – £141m) relates to losses which exist within legal entities where forecast taxable profits are not probable in the foreseeable future.

The deferred tax asset on tax trading losses of £6.3m (2013 – £6.2m) relates to Russia (£4.5m), Chile (£1.4m) and other territories (£0.4m) where future taxable profits are probable.

The Group has unrecognised deferred tax assets of £28m (2013 – £27m) relating to capital losses. The asset represents £138m (2013 – £133m) of losses at the UK standard rate of 20.0% (2013 – 20.0%). The key territory holding the losses is the UK.

No deferred tax is recognised on unremitted earnings of overseas subsidiaries and joint ventures. The vast majority of overseas reserves can now be repatriated to the UK with no tax cost. There are a small number of territories that do not qualify for this treatment but the annual profits for these territories are self assessed for UK current tax each year and hence no deferred tax accrues. If all overseas earnings were repatriated with immediate effect, a tax charge of £1.9m (2013 – £3.5m) would be payable. As the overseas reserves are anticipated to be repatriated within 12 months, the provision has been made to current tax.

The £7.3m (2013 – £11.4m) net deferred tax liability for 'other timing differences' consists of a £20.3m (2013 – £28.4m) liability in respect of the net book value of tangible fixed assets that do not qualify for tax allowances and property revaluations and a net £13.0m (2013 – £17.0m) deferred tax asset in respect of provisions and other temporary differences between the accounts base and the tax base. The key temporary differences are £2.0m asset in Africa, £3.0m asset in UK, £10.0m asset in Australia less other deferred tax liabilities of £2.0m (2013 – £11.0m asset in Australia, £3.0m asset in the UK, £2.0m asset in Russia and £1.0m asset in other territories).

17 Inventories

	2014 £m	2013 £m
Raw materials and work in progress	**13.7**	14.4
Finished goods and merchandise	**985.5**	1,028.3
	999.2	1,042.7

Vehicles held on consignment which are in substance assets of the Group amount to £114.3m (2013 – £133.8m). These have been included in 'finished goods and merchandise' with the corresponding liability included within 'trade and other payables'. Payment becomes due when title passes to the Group, which is generally the earlier of six months from delivery or the date of sale.

An amount of £27.8m (2013 – £32.3m) has been provided against the gross cost of inventory at the year end. The cost of inventories recognised as an expense in the year is £5,456.0m (2013 – £5,337.0m). The write down of inventory to net realisable value recognised as an expense during the year was £31.0m (2013 – £40.7m). All of these items have been included within 'cost of sales' in the consolidated income statement.

18 Cash and cash equivalents

	2014 £m	2013 £m
Cash at bank and cash equivalents	**368.9**	290.3
Short-term deposits	**159.3**	106.5
	528.2	396.8

Cash and cash equivalents are generally subject to floating interest rates determined by reference to short-term benchmark rates applicable in the relevant currency or market (primarily LIBOR or the local equivalent). At 31 December 2014, the weighted average floating rate was 0.5% (2013 – 0.7%).

£37.7m (2013 – £20.7m) of cash and cash equivalents are held in countries where prior approval is required to transfer funds abroad. If the Group complies with the required procedures, such liquid funds are at its disposition within a reasonable period of time.

At 31 December 2014, short-term deposits have a weighted average period to maturity of 27 days (2013 – 40 days).

19 Assets held for sale and disposal group

	2014 £m	2013 £m
Assets directly associated with the disposal group	–	5.8
Assets held for sale	**8.9**	2.4
Assets held for sale and disposal group	**8.9**	8.2
Liabilities directly associated with the disposal group	–	(4.6)

The assets and liabilities in the disposal group comprise the following:

	2014 £m	2013 £m
Goodwill	–	0.8
Property, plant and equipment	–	0.7
Inventories	–	4.3
Assets directly associated with the disposal group	–	5.8
Trade and other payables	–	(4.6)
Liabilities directly associated with the disposal group	–	(4.6)

Assets held for sale relate to surplus properties within the UK, which are actively marketed with a view to sale.

In 2013, the disposal group related to assets and liabilities of a retail centre in Australasia, which was disposed of in March 2014.

20 Trade and other payables

	Current		Non-current	
	2014 £m	2013 £m	2014 £m	2013 £m
Trade payables: payments received on account	**65.6**	57.7	**0.8**	0.3
vehicle funding agreements	**231.0**	225.4	–	–
other trade payables	**778.9**	759.8	**5.8**	7.5
Other taxation and social security payable	**27.6**	34.6	–	–
Accruals and deferred income	**175.1**	187.9	**8.2**	10.2
Amounts payable to related parties	**0.2**	0.2	–	–
Other payables	**22.3**	13.2	–	–
	1,300.7	1,278.8	**14.8**	18.0

In certain markets, the Group finances the purchase of new vehicles for sale and a portion of used vehicle inventories using vehicle funding facilities provided by various lenders including the captive finance companies associated with brand partners. Such arrangements generally have a maturity of 90 days or less and the Group is normally required to repay amounts outstanding on the earlier of the sale of the vehicles that have been funded under the facilities or the stated maturity date.

Amounts due to brand partners (including their captive finance companies) are included within other trade payables together with amounts due to other suppliers. Amounts due to facility providers unrelated to the brand partners are disclosed under vehicle funding arrangements. Related cash flows are reported within cash flows from operating activities within the consolidated statement of cash flows.

Vehicle funding facilities are subject to LIBOR-based (or similar) interest rates. The interest incurred under these arrangements is included within finance costs and classified as stock holding interest. At 31 December 2014, trade payables includes £620.5m (2013 – £639.3m) of liabilities where payment is made on deferred terms and which were subject to a weighted average interest rate of 2.9% (2013 – 2.9%).

Management considers the carrying amount of trade and other payables to approximate to their fair value. Long-term payables have been discounted where the time value of money is considered to be material.

21 Provisions

	Product warranty £m	Vacant leasehold £m	Litigation £m	Other £m	Total £m
At 1 January 2014	**44.7**	**5.4**	**6.1**	**12.6**	**68.8**
Charged to the consolidated income statement	**13.8**	**–**	**0.3**	**2.7**	**16.8**
Released to the consolidated income statement	**(6.1)**	**(0.2)**	**(0.3)**	**(1.6)**	**(8.2)**
Effect of unwinding of discount factor	**0.4**	**0.1**	**–**	**–**	**0.5**
Utilised during the year	**(16.2)**	**(1.8)**	**(0.5)**	**(3.6)**	**(22.1)**
Effect of foreign exchange rate changes	**(1.2)**	**(0.1)**	**(0.1)**	**(0.1)**	**(1.5)**
At 31 December 2014	**35.4**	**3.4**	**5.5**	**10.0**	**54.3**

Analysed as:

	2014 £m	2013 £m
Current	**28.7**	37.0
Non-current	**25.6**	31.8
	54.3	68.8

Product warranty
Certain Group companies provide self-insured extended warranties beyond those provided by the manufacturer, as part of the sale of a vehicle. These are not separable products. The warranty periods covered are up to six years and / or specific mileage limits. Provision is made for the expected cost of labour and parts based on historical claims experience and expected future trends. These assumptions are reviewed regularly.

Vacant leasehold
The Group is committed to certain leasehold premises for which it no longer has a commercial use. These are principally located in the UK and Australia. Provision has been made to the extent of the estimated future net cost. This includes taking into account existing subtenant arrangements. The expected utilisation period of these provisions is generally over the next 10 years.

Litigation
This includes a number of litigation provisions in respect of the exit of certain motors and non-motors businesses. The majority of these relate to the exit of our former South American bottling business and shipping business. The cases are largely historical claims and are generally expected to be concluded within the next five years.

Other
This category principally includes provisions relating to residual values on leased vehicles and provisions relating to restructuring activities. These provisions are expected to be utilised within three years.

22 Borrowings

2014	**Floating rate** £m	**Floating rate** Weighted average effective interest rate %	**Fixed rate** £m	**Fixed rate** Weighted average effective interest rate %	**Total interest bearing** £m	**On which no interest is paid** £m	**2014 Total** £m
Current							
Bank overdrafts	**105.7**	**0.1**	**–**	**–**	**105.7**	**5.7**	**111.4**
Finance leases	**–**	**–**	**0.8**	**6.3**	**0.8**	**–**	**0.8**
	105.7	**0.1**	**0.8**	**6.3**	**106.5**	**5.7**	**112.2**
Non-current							
Private Placement	**302.4**	**1.4**	**–**	**–**	**302.4**	**–**	**302.4**
Finance leases	**–**	**–**	**3.5**	**6.6**	**3.5**	**–**	**3.5**
	302.4	**1.4**	**3.5**	**6.6**	**305.9**	**–**	**305.9**
Total borrowings	**408.1**	**1.0**	**4.3**	**6.5**	**412.4**	**5.7**	**418.1**

2013	Floating rate £m	Floating rate Weighted average effective interest rate %	Fixed rate £m	Fixed rate Weighted average effective interest rate %	Total interest bearing £m	On which no interest is paid £m	2013 Total £m
Current							
Bank overdrafts	64.6	0.3	–	–	64.6	–	64.6
Finance leases	–	–	1.1	6.3	1.1	–	1.1
	64.6	0.3	1.1	6.3	65.7	–	65.7
Non-current							
Private Placement	293.4	1.4	–	–	293.4	–	293.4
Finance leases	–	–	4.5	6.5	4.5	–	4.5
	293.4	1.4	4.5	6.5	297.9	–	297.9
Total borrowings	358.0	1.2	5.6	6.5	363.6	–	363.6

The above analysis is presented after taking account of the cross currency fixed to floating interest rate swap on the Private Placement of US$436m (2013 – US$436m).

Interest payments on floating rate financial liabilities are determined by reference to short-term benchmark rates applicable in the relevant currency or market (primarily LIBOR or the local equivalent).

The fair values of the Group's borrowings are not considered to be materially different from their book value, with the exception of the Private Placement which includes a fair value basis adjustment of £23.2m (2013 – £31.1m).

The Group’s borrowings are unsecured.

At 31 December 2014, the committed funding facilities of the Group comprised syndicated bank facilities of £450m (2013 – £450m), a bi-lateral facility of €65m (2013 – €65m) and Private Placement loan notes totalling US$436m (2013 – US$436m).

At 31 December 2014, none (2013 – none) of the £450m syndicated credit facility or the €65m bi-lateral facility was drawn down. In January 2015 both of these facilities were cancelled by the Group and were replaced with a syndicated credit facility of £400m with an initial expiry date of January 2020 and options to renew until 2022.

All US$436m of the Group’s Private Placement loan notes are swapped into Sterling. US$275m is repayable in 2017, and US$161m in 2019.

22 Borrowings continued

The table below sets out the maturity profile of the Group's borrowings that are exposed to interest rate risk. This analysis is presented after taking account of the cross currency fixed to floating interest rate swap on the Private Placement of US$436m (2013 – US$436m).

2014	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 3 years £m	Between 3 and 4 years £m	Between 4 and 5 years £m	Greater than 5 years £m	Total interest bearing £m
Fixed rate							
Finance leases	**0.8**	**0.4**	**0.3**	**1.0**	**0.4**	**1.4**	**4.3**
Floating rate							
Bank overdrafts	**105.7**	**–**	**–**	**–**	**–**	**–**	**105.7**
Private Placement	**–**	**–**	**193.2**	**–**	**109.2**	**–**	**302.4**

2013	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 3 years £m	Between 3 and 4 years £m	Between 4 and 5 years £m	Greater than 5 years £m	Total interest bearing £m
Fixed rate							
Finance leases	1.1	0.5	0.3	1.5	0.6	1.6	5.6
Floating rate							
Bank overdrafts	64.6	–	–	–	–	–	64.6
Private Placement	–	–	–	187.8	–	105.6	293.4

23 Financial instruments

The Group's financial liabilities, other than derivatives, comprise overdrafts, loan notes, finance leases and trade and other payables. The main purpose of these instruments is to raise finance for the Group's operations. The Group also has various financial assets such as trade and other receivables, cash and short-term deposits which arise from its trading operations.

The Group's primary derivative transactions are forward and swap currency contracts, and cross currency interest rate swaps. The purpose is to manage the currency and interest rate risks arising from the Group's trading operations and its sources of finance. Group policy is that there is no trading or speculation in derivatives.

The main risks arising from the Group's financial instruments are interest rate risk, currency risk, credit risk and liquidity risk.

a. Classes of financial instruments

2014	Loans and receivables £m	Available for sale £m	Held at fair value £m	Amortised cost £m	Cash and cash equivalents £m	Total £m
Financial assets						
Available for sale financial assets	**–**	**1.4**	**–**	**–**	**–**	**1.4**
Trade and other receivables	**233.2**	**–**	**–**	**–**	**–**	**233.2**
Derivative financial instruments	**–**	**–**	**102.6**	**–**	**–**	**102.6**
Cash and cash equivalents	**–**	**–**	**–**	**–**	**528.2**	**528.2**
Total financial assets	**233.2**	**1.4**	**102.6**	**–**	**528.2**	**865.4**
Financial liabilities						
Trade and other payables	**–**	**–**	**–**	**(1,190.8)**	**–**	**(1,190.8)**
Derivative financial instruments	**–**	**–**	**(29.9)**	**–**	**–**	**(29.9)**
Borrowings	**–**	**–**	**–**	**(418.1)**	**–**	**(418.1)**
Total financial liabilities	**–**	**–**	**(29.9)**	**(1,608.9)**	**–**	**(1,638.8)**
	233.2	**1.4**	**72.7**	**(1,608.9)**	**528.2**	**(773.4)**

23 Financial instruments continued

2013	Loans and receivables £m	Available for sale £m	Held at fair value £m	Amortised cost £m	Cash and cash equivalents £m	Total £m
Financial assets						
Available for sale financial assets	–	9.7	–	–	–	9.7
Trade and other receivables	260.1	–	–	–	–	260.1
Derivative financial instruments	–	–	106.2	–	–	106.2
Cash and cash equivalents	–	–	–	–	396.8	396.8
Total financial assets	260.1	9.7	106.2	–	396.8	772.8
Financial liabilities						
Trade and other payables	–	–	–	(1,203.1)	–	(1,203.1)
Derivative financial instruments	–	–	(41.4)	–	–	(41.4)
Borrowings	–	–	–	(363.6)	–	(363.6)
Total financial liabilities	–	–	(41.4)	(1,566.7)	–	(1,608.1)
	260.1	9.7	64.8	(1,566.7)	396.8	(835.3)

b. Offsetting financial assets and financial liabilities

The following financial assets are subject to offsetting, enforceable netting arrangements and similar agreements:

	Gross amounts of financial assets	Gross amounts of financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Related amounts not set off in the statement of financial position		Net amount
				Financial instruments	Cash collateral received	
As at 31 December 2014						
Derivative financial assets	**104.7**	**(2.1)**	**102.6**	**(3.2)**	**–**	**99.4**
Cash and cash equivalents	**528.2**	**–**	**528.2**	**(111.4)**	**–**	**416.8**
Other receivables	**1.8**	**(0.3)**	**1.5**	**–**	**–**	**1.5**
Total	**634.7**	**(2.4)**	**632.3**	**(114.6)**	**–**	**517.7**
As at 31 December 2013						
Derivative financial assets	106.6	(0.4)	106.2	(11.5)	–	94.7
Cash and cash equivalents	396.8	–	396.8	(64.6)	–	332.2
Other receivables	3.1	(0.6)	2.5	–	–	2.5
Total	506.5	(1.0)	505.5	(76.1)	–	429.4

The following financial liabilities are subject to offsetting, enforceable netting arrangements and similar agreements:

	Gross amounts of financial liabilities	Gross amounts of financial assets set off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Related amounts not set off in the statement of financial position		Net amount
				Financial instruments	Cash collateral received	
As at 31 December 2014						
Derivative liabilities	**(32.0)**	**2.1**	**(29.9)**	**3.2**	**–**	**(26.7)**
Bank overdrafts	**(111.4)**	**–**	**(111.4)**	**111.4**	**–**	**–**
Other payables	**(0.3)**	**0.3**	**–**	**–**	**–**	**–**
Total	**(143.7)**	**2.4**	**(141.3)**	**114.6**	**–**	**(26.7)**
As at 31 December 2013						
Derivative liabilities	(41.8)	0.4	(41.4)	11.5	–	(29.9)
Bank overdrafts	(64.6)	–	(64.6)	64.6	–	–
Other payables	(0.6)	0.6	–	–	–	–
Total	(107.0)	1.0	(106.0)	76.1	–	(29.9)

23 Financial instruments continued

For the financial assets and liabilities subject to enforceable netting arrangements or similar agreements above, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities if the amounts relate to the same transaction and are in the same currency. If the parties subject to the agreement do not elect to settle on a net basis, financial assets and liabilities will be settled on a gross basis. However, each party to the netting agreement will have the option to settle all such amounts on a net basis in the event of a default of the other party.

c. Market risk and sensitivity analysis

Financial instruments affected by market risk include borrowings, deposits and derivative financial instruments. The Group is not exposed to commodity price risk. The following analysis, required by IFRS 7, is intended to illustrate the sensitivity to changes in market variables, being primarily UK interest rates and the Australian Dollar to Japanese Yen exchange rate.

The following assumptions were made in calculating the sensitivity analysis:

- changes in the carrying value of derivative financial instruments designated as cash flow hedges from movements in interest rates are assumed to be recorded fully in equity;
- changes in the carrying value of derivative financial instruments designated as fair value hedges from movements in interest rates have an immaterial effect on the consolidated income statement and equity due to compensating adjustments in the carrying value of debt;
- changes in the carrying value of financial instruments not in hedging relationships only affect the consolidated income statement;
- all other changes in the carrying value of derivative financial instruments designated as hedges are fully effective with no impact on the consolidated income statement.

d. Interest rate risk and sensitivity analysis

The Group's interest rate policy has the objective of minimising net interest expense, and protecting the Group from material adverse movements in interest rates. Throughout 2014, the Group has borrowed at floating rates only (after taking into account existing interest rate hedging activities). This approach maximises the Group's exposure to the current low interest rate environment. If hedging is deemed appropriate by management in the future, the Board has approved the fixing of up to 30% of gross borrowings. Instruments approved for this purpose include interest rate swaps, forward rate agreements and options. The Group's exposure to the risk of changes in market interest rates arises primarily from the floating rate interest payable on the Group's 10 and 12 year loan notes, bank borrowings, supplier related finance and the returns available on surplus cash.

Interest rate risk table

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in interest rates on bank borrowings, supplier related finance and cash balances as at 31 December 2014 with all other variables held constant.

	Increase in basis points	Effect on profit before tax £m
2014		
Sterling	**75**	**(3.5)**
Euro	**50**	**0.2**
Russian Rouble	**500**	**–**
Australian Dollar	**100**	**(1.7)**
2013		
Sterling	75	(4.2)
Euro	50	0.2
Russian Rouble	50	(0.2)
Australian Dollar	100	(1.6)

23 Financial instruments continued

e. Foreign currency risk

The Group publishes its consolidated financial statements in Sterling and faces currency risk on the translation of its earnings and net assets, a significant proportion of which are in currencies other than Sterling.

Transaction exposure hedging

The Group has transactional currency exposures, where sales or purchases by an operating unit are in currencies other than that unit's functional currency. For a significant proportion of the Group, these exposures are removed as trading is denominated in the relevant local currency. In particular, local billing arrangements are in place for many of our businesses with our brand partners. The principal exception is for our business in Australasia, which purchases vehicles and parts in Japanese Yen.

In this instance, the Group seeks to hedge forecast transactional foreign exchange rate risk using forward foreign currency exchange contracts. The effective portion of the gain or loss on the hedge is recognised in the consolidated statement of comprehensive income to the extent it is effective and recycled into the consolidated income statement at the same time as the underlying hedged transaction affects the consolidated income statement. Under IAS 39, hedges are documented and tested for hedge effectiveness on an ongoing basis.

Hedge of foreign currency debt

The Group uses cross currency interest rate swaps to hedge the forward foreign currency risk associated with the US$436m Private Placement. The effective portion of the gain or loss on the hedge is recognised in the consolidated income statement at the same time as the underlying hedged transaction affects the consolidated income statement.

Foreign currency risk table

The following table shows the Group sensitivity to a reasonably possible change in foreign exchange rates on its Japanese Yen financial instruments. In this table, financial instruments are only considered sensitive to foreign exchange rates when they are not in the functional currency of the entity that holds them.

	Increase / (decrease) in exchange rate	Effect on equity £m
2014		
Yen	**+10%**	**–**
Yen	**-10%**	**–**
2013		
Yen	+10%	0.5
Yen	-10%	(0.5)

f. Credit risk

The amount due from counterparties arising from cash deposits and the use of financial instruments creates credit risk. The Group monitors its credit exposure to its counterparties via their credit ratings (where applicable) and through its policy of limiting its exposure to any one party to ensure that they are within Board approved limits and that there are no significant concentrations of credit risk.

Group policy is to deposit cash and use financial instruments with counterparties with a long-term credit rating of A or better, where available. The notional amounts of financial instruments used in interest rate and foreign exchange management do not represent the credit risk arising through the use of these instruments. The immediate credit risk of these instruments is generally estimated by the fair value of contracts with a positive value. Credit limits are reviewed regularly.

The table below analyses the Group's short-term deposits and derivative assets by credit exposure excluding bank balances and cash in hand:

	2014		2013	
Credit rating of counterparty[1]	**Derivative assets £m**	**Short-term deposits £m**	Derivative assets £m	Short-term deposits £m
AAA	**–**	**–**	–	12.4
AA-	**0.7**	**18.2**	7.9	17.4
A+	**–**	**26.0**	47.7	18.3
A	**101.5**	**76.9**	49.3	23.7
A-	**0.4**	**9.3**	1.3	24.8
No rating[2]	**–**	**28.9**	–	9.9
	102.6	**159.3**	106.2	106.5

1. Standard & Poor's equivalent rating shown as a reference for the lowest credit rating of the counterparty from either Standard & Poor's or Moody's.

2. Counterparties in certain markets in which the Group operates do not have a credit rating.

23 Financial instruments continued

No credit limits were exceeded during the reporting period and management does not expect any losses from non-performance by these counterparties.

The maximum exposure to credit risk for cash at bank, cash equivalents, receivables and other financial assets is represented by their carrying amount.

Total cash at bank of £368.9m (2013 – £290.3m) includes cash in the Group's regional pooling arrangements which are offset against borrowings for interest purposes. Netting of cash and overdraft balances in the consolidated statement of financial position only occurs to the extent that there is the legal ability and intention to settle net. As such, overdrafts are presented in current liabilities to the extent that there is no intention to offset with the cash balance.

Trade receivables include amounts due from a number of finance houses in respect of vehicles sold to customers on finance arranged through the Group. An independent credit rating agency is used to assess the credit standing of each finance house. Limits for the maximum outstanding with each finance house are set accordingly. Title to the vehicles sold on finance resides with the Group until cleared funds are received from the finance house in respect of a given vehicle.

g. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury aims to maintain flexibility in funding by keeping committed credit lines available. Refer to the Strategic Report on page 36 for discussion of liquidity risks to the Group.

The table below summarises the maturity profile of the Group's financial assets and liabilities at 31 December 2014 and 2013 based on expected contractual undiscounted cash flows:

2014	**Less than 3 months £m**	**Between 3 to 12 months £m**	**Between 1 to 5 years £m**	**Greater than 5 years £m**	**Total £m**
Financial assets					
Cash and cash equivalents	**509.8**	**18.4**	**–**	**–**	**528.2**
Trade and other receivables	**213.9**	**12.8**	**5.4**	**1.1**	**233.2**
Available for sale financial assets	**0.2**	**0.2**	**0.6**	**0.4**	**1.4**
Derivative financial instruments	**2.1**	**19.3**	**375.1**	**–**	**396.5**
	726.0	**50.7**	**381.1**	**1.5**	**1,159.3**
Financial liabilities					
Interest bearing loans and borrowings	**(111.6)**	**(17.3)**	**(341.9)**	**(1.4)**	**(472.2)**
Trade and other payables	**(1,051.9)**	**(116.9)**	**(22.0)**	**–**	**(1,190.8)**
Derivative financial instruments	**(18.0)**	**(15.4)**	**(279.9)**	**–**	**(313.3)**
	(1,181.5)	**(149.6)**	**(643.8)**	**(1.4)**	**(1,976.3)**
Net outflows	**(455.5)**	**(98.9)**	**(262.7)**	**0.1**	**(817.0)**

2013	Less than 3 months £m	Between 3 to 12 months £m	Between 1 to 5 years £m	Greater than 5 years £m	Total £m
Financial assets					
Cash and cash equivalents	396.5	0.3	–	–	396.8
Trade and other receivables	232.3	21.6	4.3	1.9	260.1
Available for sale financial assets	1.3	7.2	0.7	0.5	9.7
Derivative financial instruments	1.7	32.7	222.5	149.8	406.7
	631.8	61.8	227.5	152.2	1,073.3
Financial liabilities					
Interest bearing loans and borrowings	(64.9)	(16.5)	(232.9)	(115.9)	(430.2)
Trade and other payables	(1,085.5)	(105.1)	(12.5)	–	(1,203.1)
Derivative financial instruments	(27.8)	(14.0)	(160.4)	(125.8)	(328.0)
	(1,178.2)	(135.6)	(405.8)	(241.7)	(1,961.3)
Net outflows	(546.4)	(73.8)	(178.3)	(89.5)	(888.0)

23 Financial instruments continued

h. Fair value measurement

In accordance with IFRS 13, disclosure is required for financial instruments that are measured in the consolidated statement of financial position at fair value. This requires disclosure of fair value measurements by level for the following fair value measurement hierarchy:

- quoted prices in active markets (level 1);
- inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly (level 2); or
- inputs for the asset or liability that are not based on observable market data (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value:

			2014			2013
	Level 1 £m	**Level 2 £m**	**Total £m**	Level 1 £m	Level 2 £m	Total £m
Assets						
Derivatives used for hedging	**–**	**102.6**	**102.6**	–	106.2	106.2
Available for sale financial assets	**1.4**	**–**	**1.4**	9.7	–	9.7
	1.4	**102.6**	**104.0**	9.7	106.2	115.9
Liabilities						
Derivatives used for hedging	**–**	**(29.9)**	**(29.9)**	–	(41.4)	(41.4)

Level 1 represents the fair value of financial instruments that are traded in active markets and is based on quoted market prices at the end of the reporting period.

The fair value of financial instruments that are not traded in an active market (level 2) is determined by using valuation techniques which include the present value of estimated future cash flows. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

Derivative financial instruments are carried at their fair values. The fair value of forward foreign exchange contracts and foreign exchange swaps represents the difference between the value of the outstanding contracts at their contracted rates and a valuation calculated using the spot rates of exchange prevailing at 31 December 2014.

The Group's derivative financial instruments comprise the following:

		Assets		Liabilities
	2014 £m	2013 £m	**2014 £m**	2013 £m
Cross currency interest rate swap	**100.1**	89.8	**–**	–
Forward foreign exchange contracts	**2.5**	16.4	**(29.9)**	(41.4)
	102.6	106.2	**(29.9)**	(41.4)

The ineffective portion recognised in the consolidated income statement that arises from fair value hedges amounted to a gain of £1.5m (2013 – gain of £2.3m). The ineffective portion recognised in the consolidated income statement that arises from cash flow hedges amounted to a gain of £nil (2013 – £nil).

23 Financial instruments continued

Cash flow hedges

The Group principally uses forward foreign exchange contracts to hedge purchases in a non-functional currency against movements in exchange rates. The cash flows relating to these contracts are generally expected to occur within 15 months of the end of the reporting period (2013 – 15 months).

The nominal principal amount of the outstanding forward foreign exchange contracts relating to transactional exposures at 31 December 2014 was £746.0m (2013 – £760.4m).

Net fair value gains and losses recognised in the hedging reserve in shareholders' equity (see note 25) on forward foreign exchange contracts as at 31 December 2014 are expected to be released to the consolidated income statement within 15 months of the end of the reporting period (2013 – 15 months).

Fair value hedge

At 31 December 2014, the Group had in place five cross currency interest rate swaps. Four of these total US$475m, which hedge changes in the fair value of the Group's 10 and 12 year loan notes. Under these swaps, the Group receives fixed rate US Dollar interest of 5.94% on US$275m and 6.04% on US$200m and pays GBP LIBOR +85bps and GBP LIBOR +90bps for the 10 and 12 year notes respectively.

An additional US$39.2m cross currency interest rate swap was put in place after the debt reduction in 2009 to offset the non-required portion of the original US$475m swaps. Under this swap, the Group pays US Dollar interest of 6.04% on US$39.2m and receives GBP LIBOR +214bps for the 12 year notes only. The loan notes and cross currency interest rate swaps have the same critical terms.

i. Capital management

The Group's capital structure consists of equity and debt. Equity represents funds raised from shareholders and debt represents funds raised from banks and other financial institutions. The primary objective of the Group's management of debt and equity is to ensure that it maintains a strong credit rating and healthy capital ratios in order to finance the Group's activities, both now and in the future, and to maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Directors consider the Group's capital structure and dividend policy at least twice a year prior to the announcement of results, taking into account the Group's ability to continue as a going concern and the requirements of its business plan.

The committed bank facilities and Private Placement borrowings are subject to the same interest cover covenant based on an adjusted EBITA measure to interest on consolidated borrowings. The Group is required to maintain a ratio of not less than three to one and was compliant with this covenant throughout the year.

The Group monitors group leverage by reference to three tests: Adjusted EBITA interest cover, the ratio of net debt to EBITDA and the ratio of net debt to market capitalisation.

	2014	2013
Adjusted EBITA interest cover (times)*	**112.2**	149.6
Net debt to EBITDA (times)**	**n/a**	n/a
Net debt / market capitalisation (percentage)***	**n/a**	n/a

* Calculated as Adjusted EBITA / interest on consolidated borrowings.

** Calculated as net debt / earnings before exceptional items, interest, tax, depreciation and amortisation.

***Calculated as net debt / market capitalisation as at 31 December.

24 Share capital

a. Allotted, called up and fully paid up

	2014 Number	2013 Number	**2014 £m**	2013 £m
Ordinary shares (nominal value of 10.0p each)				
At 1 January	**463,808,537**	468,108,202	**46.5**	46.9
Allotted under share option schemes	**277,362**	3,848,148	**–**	0.4
Cancelled under share buy back	**(15,344,110)**	(8,147,813)	**(1.5)**	(0.8)
At 31 December	**448,741,789**	463,808,537	**45.0**	46.5

b. Share buy back programme

During the year, the Group repurchased 15,344,110 (2013 – 8,147,813) of its own shares through purchases on the London Stock Exchange at a cost of £99.4m (2013 – £49.7m). The shares repurchased during the year were cancelled, with none held within treasury shares at the end of the reporting period. An amount of £1.5m (2013 – £0.8m), equivalent to the nominal value of the cancelled shares, has been transferred to the capital redemption reserve. Costs of £0.6m (2013 – £0.3m) associated with the transfer to the Group of the repurchased shares and their subsequent cancellation have been charged to the profit and loss reserve.

On 15 July 2014, 2,687,560 treasury shares were transferred for £nil consideration to the Inchcape Employee Trust which forms part of the consolidated group. At 31 December 2014, the Company held no treasury shares (2013 – 2,687,560) with a total book value of £nil (2013 – £99.4m). The market value of treasury shares at 31 December 2014 was £nil (2013 – £16.5m).

24 Share capital continued

c. Substantial shareholdings

Details of substantial interests in the Company's issued ordinary share capital received by the Company at 9 March 2015 under the provisions of the Companies Act 2006 have been disclosed in the significant shareholdings section of the Corporate Governance Report.

d. Share options

At 31 December 2014, options to acquire ordinary shares of 10.0p each in the Company up to the following numbers under the schemes below were outstanding as follows:

Number of ordinary shares of 10.0p each	Exercisable until	Option price (£)
The Inchcape 1999 Share Option Plan		
– approved (Part II – UK)		
10,374	6 March 2015	5.78
1,655	11 September 2015	6.03
11,506	19 May 2019	2.00
8,301	7 April 2020	3.10
– unapproved (Part I – UK)		
164,500	19 May 2019	2.00
59,993	7 April 2020	3.10
– unapproved overseas (Part I – Overseas)		
40,149	6 March 2015	5.78
382,029	19 May 2019	2.00
187,372	7 April 2020	3.10
20,532	13 June 2020	2.63

Number of ordinary shares of 10.0p each	Exercisable until	Option price (£)
The Inchcape SAYE Share Option Scheme		
– approved		
24,786	1 May 2015	2.43
780,296	1 May 2016	3.07
706,422	1 May 2017	4.76
648,074	1 May 2018	5.40

Included within the retained earnings reserve are 1,272,161 (2013 – 1,777,567) ordinary shares in the Company held by the Inchcape Employee Trust, a general discretionary trust whose beneficiaries include current and former employees of the Group and their dependants. The book value of these shares at 31 December 2014 was £27.2m (2013 – £5.5m). The market value of these shares at both 31 December 2014 and 9 March 2015 was £9.2m and £9.4m respectively (31 December 2013 – £10.9m, 10 March 2014 – £10.9m).

25 Other reserves

	Available for sale reserve £m	Translation reserve £m	Hedging reserve £m	Total other reserves £m
At 1 January 2013	1.9	119.5	(34.7)	86.7
Cash flow hedges:				
– Fair value movements	–	–	37.8	37.8
– Reclassified and reported in inventories	–	–	(0.7)	(0.7)
– Tax on cash flow hedges	–	–	(11.4)	(11.4)
Recycled fair value gains on disposal of available for sale financial assets	(1.6)	–	–	(1.6)
Effect of foreign exchange rate changes	–	(102.1)	–	(102.1)
At 1 January 2014	**0.3**	**17.4**	**(9.0)**	**8.7**
Cash flow hedges:				
– Fair value movements	**–**	**–**	**(15.3)**	**(15.3)**
– Reclassified and reported in inventories	**–**	**–**	**(0.3)**	**(0.3)**
– Tax on cash flow hedges	**–**	**–**	**4.7**	**4.7**
Fair value movement transferred from available for sale financial assets	**(0.3)**	**–**	**–**	**(0.3)**
Effect of foreign exchange rate changes	**–**	**(180.1)**	**–**	**(180.1)**
At 31 December 2014	**–**	**(162.7)**	**(19.9)**	**(182.6)**

Available for sale reserve
Gains and losses on available for sale financial assets are recognised in the 'available for sale reserve' until the asset is sold or is considered to be impaired, at which time the cumulative gain or loss is included in the consolidated income statement.

Translation reserve
The translation reserve is used to record foreign exchange rate changes relating to the translation of the results of foreign subsidiaries arising after 1 January 2004. It is also used to record foreign exchange differences arising on long-term foreign currency borrowings used to finance or hedge foreign currency investments.

Hedging reserve
For cash flow hedges that meet the conditions for hedge accounting, the portion of the gains or losses on the hedging instrument that are determined to be an effective hedge are recognised directly in shareholders' equity. When the hedged firm commitment results in the recognition of a non-financial asset or liability then, at the time the asset or liability is recognised, the associated gains or losses that had previously been recognised in shareholders' equity are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability.

26 Retained earnings

	2014 £m	2013 £m
At 1 January	**1,135.0**	1,099.2
Total comprehensive income attributable to owners of the parent for the year:		
– Profit for the year	**179.6**	194.2
– Actuarial gains / (losses) on defined pension benefits (note 5)	**2.5**	(33.9)
– Actuarial losses on defined benefits held by joint ventures (note 13)	**(0.2)**	–
– Tax charged to reserves	**(0.9)**	(3.9)
Total comprehensive income for the year	**181.0**	156.4
Share-based payments, net of tax	**12.5**	7.4
Share buy back programme	**(100.0)**	(50.0)
Net disposal / (purchase) of own shares by Inchcape Employee Trust	**1.2**	(2.5)
Dividends paid (note 10)	**(81.5)**	(75.5)
At 31 December	**1,148.2**	1,135.0

27 Notes to the consolidated statement of cash flows
a. Reconciliation of cash generated from operations

	2014 £m	2013 £m
Cash flows from operating activities		
Operating profit	**271.0**	278.4
Exceptional items (see note 2)	**47.4**	8.5
Amortisation of intangible assets	**9.4**	6.1
Depreciation of property, plant and equipment	**35.0**	33.6
Profit on disposal of property, plant and equipment	**(17.6)**	(7.4)
Share-based payments charge	**9.5**	9.0
Decrease / (increase) in inventories	**3.8**	(89.0)
Decrease / (increase) in trade and other receivables	**3.4**	(44.0)
Increase in trade and other payables	**59.3**	114.4
Decrease in provisions	**(11.9)**	(12.5)
Pension contributions in excess of the pension charge for the year*	**(1.0)**	(31.0)
Decrease / (increase) in interest in leased vehicles	**3.3**	(13.0)
Payments in respect of exceptional items	**(1.3)**	(15.4)
Other non cash items	**(4.5)**	(10.7)
Cash generated from operations	**405.8**	227.0

* Includes additional payments of £1.7m (2013 – £32.7m).

b. Reconciliation of net cash flow to movement in net funds

	2014 £m	2013 £m
Net increase / (decrease) in cash and cash equivalents	**125.9**	(111.2)
Net cash inflow from borrowings and finance leases	**1.1**	1.6
Change in net cash and debt resulting from cash flows	**127.0**	(109.6)
Effect of foreign exchange rate changes on net cash and debt	**(41.3)**	(40.6)
Net movement in fair value	**1.5**	2.3
Net loans and finance leases relating to acquisitions and disposals	**–**	(5.3)
Movement in net funds	**87.2**	(153.2)
Opening net funds	**123.0**	276.2
Closing net funds	**210.2**	123.0

Net funds is analysed as follows:

	2014 £m	2013 £m
Cash at bank and cash equivalents	**368.9**	290.3
Short-term deposits	**159.3**	106.5
Bank overdrafts	**(111.4)**	(64.6)
Cash and cash equivalents	**416.8**	332.2
Bank loans	**(302.4)**	(293.4)
Finance leases	**(4.3)**	(5.6)
	110.1	33.2
Fair value of cross currency interest rate swap	**100.1**	89.8
Net funds	**210.2**	123.0

28 Acquisitions and disposals

During the year, the Group disposed of multi-franchise dealerships in Finland and Australia at book value, generating disposal proceeds of £1.9m (2013 – £14.9m).

In 2013 the Group completed the acquisition of the Trivett automotive group in Australia for a purchase consideration of £74.6m. Following the resolution of certain post completion adjustments, £3.6m was received from the vendor in the first half of 2014.

29 Guarantees and contingencies

	2014 £m	2013 £m
Guarantees, performance bonds and contingent liabilities	**25.1**	24.2

Guarantees and contingencies largely comprise letters of credit issued on behalf of the Group in the ordinary course of business.

The Group also has, in the ordinary course of business, commitments under foreign exchange instruments relating to the hedging of transactional exposures (see note 23).

Franked Investment Income Group Litigation Order

Inchcape is a participant in an action in the United Kingdom against HM Revenue and Customs (HMRC) in the Franked Investment Income Group Litigation Order (FII GLO). There are 25 corporate groups in the FII GLO. The action concerns the treatment for UK corporate tax purposes of profits earned overseas and distributed to the UK. The resolution of test cases is incomplete. The current status of the test claims is that a judgment on a range of issues of quantification was given in the High Court on 18 December 2014 and permission has been granted to both HMRC and the test claimants to appeal to the Court of Appeal. Resolution of those appeals is not expected before 2016. Inchcape is not a test case and its specific claim has not been considered by the Courts. No potential receipt has been recognised in the current period or the prior year in the results of the Group due to the uncertainty of the amounts and eventual outcome.

30 Commitments

a. Capital commitments

Contracts placed for future capital expenditure at the balance sheet date but not yet incurred are as follows:

	2014 £m	2013 £m
Property, plant and equipment	**34.9**	11.4
Computer software	**2.0**	–
Vehicles subject to residual value commitments*	**86.6**	88.3

* Residual value commitments comprise the total repurchase liability on all vehicles sold subject to a residual value commitment, of which £10.5m (2013 – £16.2m) has been included within 'trade and other payables'. These commitments are largely expected to be settled over the next three years.

b. Lease commitments

Operating lease commitments – Group as lessee

The Group has entered into non-cancellable operating leases for various offices, warehouses and dealerships. These leases have varying terms, escalation clauses and renewal rights.

Future minimum lease payments under non-cancellable operating leases are as follows:

	2014 £m	2013 £m
Within one year	**51.2**	46.8
Between one and five years	**129.3**	119.9
After five years	**209.8**	197.0
	390.3	363.7

Operating lease commitments – Group as lessor

The Group has entered into non-cancellable operating leases on a number of its vehicles and certain properties. These leases have varying terms, escalation clauses and renewal rights and are not individually significant to the Group.

Future minimum lease payments receivable under non-cancellable operating leases are as follows:

	2014 £m	2013 £m
Within one year	**3.4**	3.2
Between one and five years	**7.2**	6.9
After five years	**9.6**	10.8
	20.2	20.9

Finance leases and hire purchase contracts

The Group has finance leases and hire purchase contracts for various items of property, plant and equipment. These leases have varying terms, escalation clauses and renewal rights. Future minimum lease payments under finance leases and hire purchase contracts, together with the present value of the net minimum lease payments (included within borrowings), are as follows:

	2014 £m	2013 £m
Minimum lease payments:		
– Within one year	**1.0**	1.2
– Between one and five years	**2.6**	4.0
– After five years	**2.8**	3.0
Total minimum lease payments	**6.4**	8.2
Less: future finance charges	**(2.1)**	(2.6)
Present value of finance lease liabilities	**4.3**	5.6

31 Related party disclosures

a. Principal subsidiaries, joint ventures and associates

The consolidated financial statements include the principal subsidiaries, joint ventures and associates listed below:

	Country of incorporation	Shareholding	Description
Subsidiaries			
Directly held:			
Inchcape Finance plc	United Kingdom	100.0%	Central treasury company
Inchcape International Holdings Limited	United Kingdom	100.0%	Intermediate holding company
Indirectly held:			
Subaru (Australia) Pty Limited	Australia	90.0%	Distribution
Toyota Belgium NV/SA	Belgium	100.0%	Distribution
The Motor & Engineering Company of Ethiopia Ltd S.C.	Ethiopia	94.1%	Distribution
Inchcape Motors Finland OY	Finland	100.0%	Distribution
Toyota Hellas SA	Greece	100.0%	Distribution
Crown Motors Limited	Hong Kong	100.0%	Distribution
Inchcape Olimp OOO	Russia	100.0%	Retail
Inchcape Moscow Motors BV	Netherlands	100.0%	Intermediate holding company(1)
Inchcape T BV	Netherlands	100.0%	Intermediate holding company(2)
Borneo Motors (Singapore) Pte Ltd	Singapore	100.0%	Distribution
Inchcape Fleet Solutions Limited	United Kingdom	100.0%	Financial services(3)
Inchcape Overseas Limited	United Kingdom	100.0%	Intermediate holding company
Inchcape Retail Limited	United Kingdom	100.0%	Retail
The Cooper Group Limited	United Kingdom	100.0%	Retail
Gerard Mann Limited	United Kingdom	100.0%	Retail
Joint ventures			
Unitfin SA	Greece	60.0%	Financial services
Tefin SA	Greece	50.0%	Financial services
Associates			
Excelease SA	Belgium	49.0%	Financial services

(1) Holding company of the Musa Motors businesses in Moscow.

(2) Holding company of the Toyota Vnukovo business in Moscow.

(3) Included within distribution in the business segmental analysis (see note 1).

The full list of subsidiaries is included in the Company's annual return.

31 Related party disclosures continued

b. Trading transactions

Intra-group transactions have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below:

	Transactions		Amounts outstanding	
	2014 £m	2013 £m	**2014 £m**	2013 £m
Vehicles purchased from related parties	**0.2**	–	**–**	–
Vehicles sold to related parties	**0.9**	0.1	**–**	–
Other income paid to related parties	**1.1**	1.0	**0.2**	0.2
Other income received from related parties	**0.2**	0.1	**–**	–

All of the transactions arise in the ordinary course of business and are on an arm's length basis. The amounts outstanding are unsecured and will be settled in cash. There have been no guarantees provided or received for any related party receivables. The Group has not raised any provision for doubtful debts relating to amounts owed by related parties (2013 – £nil).

c. Compensation of key management personnel

The remuneration of the Board of Directors and the Executive Committee was as follows:

	2014 £m	2013 £m
Wages and salaries	**8.7**	7.8
Post-retirement benefits	**0.9**	1.0
Share-based payments	**4.2**	4.2
Compensation for loss of office	**–**	1.0
	13.8	14.0

The remuneration of the Directors and other key management is determined by the Remuneration Committee having regard to the performance of individuals and market trends. Further details of emoluments paid to the Directors are included in the Directors' Report on Remuneration.

32 Foreign currency translation

The main exchange rates used for translation purposes are as follows:

	Average rates		Year end rates	
	2014	2013	**2014**	2013
Australian Dollar	**1.83**	1.63	**1.91**	1.86
Euro	**1.24**	1.18	**1.29**	1.20
Hong Kong Dollar	**12.80**	12.14	**12.08**	12.85
Singapore Dollar	**2.09**	1.96	**2.06**	2.09
Russian Rouble	**63.29**	49.97	**92.65**	54.46

33 Events after the reporting period

In the year ended 31 December 2014, the Company purchased, for cancellation, 15,344,110 ordinary shares at a cost of £100m (see note 24). In the period from 1 January to 9 March 2015, the Company purchased, for cancellation, a further 3,316,668 ordinary shares at a cost of £23.9m. The Company is committed to completing a £50m share buy back programme in the first half of 2015.

Five year record

The information presented in the table below is prepared in accordance with IFRS, as in issue and effective at that year end date.

Consolidated income statement	2014 £m	2013 £m	2012 £m	2011 £m	2010 £m
Revenue	**6,702.7**	6,524.9	6,085.4	5,826.3	5,885.4
Operating profit before exceptional items	**318.4**	286.9	259.8	244.4	225.5
Operating exceptional items	**(47.4)**	(8.5)	0.7	(13.4)	(21.9)
Operating profit	**271.0**	278.4	260.5	231.0	203.6
Share of (loss) / profit after tax of joint ventures and associates	**(1.9)**	–	0.2	(3.0)	(1.7)
Profit before finance and tax	**269.1**	278.4	260.7	228.0	201.9
Net finance costs before exceptional items	**(13.3)**	(12.3)	(13.0)	(13.7)	(9.8)
Finance costs exceptional items	**–**	–	–	(10.9)	–
Profit before tax	**255.8**	266.1	247.7	203.4	192.1
Tax before exceptional tax	**(68.6)**	(65.9)	(60.8)	(59.2)	(62.2)
Exceptional tax	**–**	0.6	0.5	3.6	3.1
Profit after tax	**187.2**	200.8	187.4	147.8	133.0
Non controlling interests	**(7.6)**	(6.6)	(5.9)	(5.6)	(5.1)
Profit for the year	**179.6**	194.2	181.5	142.2	127.9
Basic:					
– Profit before tax	**255.8**	266.1	247.7	203.4	192.1
– Earnings per share (pence)	**39.7p**	41.8p	39.4p	31.0p	27.9p
Adjusted (before exceptional items):					
– Profit before tax	**303.2**	274.6	247.0	227.7	214.0
– Earnings per share (pence)	**50.2p**	43.5p	39.1p	35.5p	32.0p
Dividends per share – interim paid and final proposed (pence)	**20.1p**	17.4p	14.5p	11.0p	6.6p
Consolidated statement of financial position					
Non-current assets	**1,341.2**	1,512.1	1,464.4	1,350.0	1,311.2
Other assets less (liabilities) excluding net funds	**(233.3)**	(135.9)	(212.2)	(236.0)	(227.7)
	1,107.9	1,376.2	1,252.2	1,114.0	1,083.5
Net funds	**210.2**	123.0	276.2	243.5	205.8
Net assets	**1,318.1**	1,499.2	1,528.4	1,357.5	1,289.3
Equity attributable to owners of the parent	**1,292.9**	1,470.0	1,502.6	1,329.1	1,263.1
Non controlling interests	**25.2**	29.2	25.8	28.4	26.2
Total shareholders' equity	**1,318.1**	1,499.2	1,528.4	1,357.5	1,289.3

Report of the independent auditors to the members of Inchcape plc

Report on the Group financial statements

Our opinion

In our opinion, Inchcape plc's Group financial statements ("the financial statements"):

- give a true and fair view of the state of the Group's affairs as at 31 December 2014 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

What we have audited

Inchcape plc's financial statements comprise:

- the consolidated statement of financial position as at 31 December 2014;
- the consolidated income statement and the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report and Accounts 2014 (the "Annual Report"), rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union.

Our audit approach

Overview

Overall materiality	• Overall group materiality was £15 million which represented 5% of profit before tax before exceptional items.
Scope	• We conducted our work in 16 countries covering 25 reporting units. • The reporting units where we conducted our audit work accounted for 89% of the Group's revenues and 92% of the Group's profit before tax. • We instructed and maintained regular contact with the component audit teams we used and evaluated the outcome of their work.
Areas of focus	• Goodwill impairment assessment, particularly for Russia. • Recognition of manufacturers' bonuses and rebates. • Carrying value of inventory. • Tax exposures and provisions. • Implementation of new finance systems, including the transfer of data to new systems.

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)").

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as "areas of focus" in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Area of focus	How our audit addressed the area of focus
Goodwill impairment assessment Refer to page 54 (Audit Committee Report), page 83 (accounting policies) and page 111 (note 11). As at 31 December 2014, the Group holds £402.6 million of goodwill on the balance sheet across five main Cash Generating Units or groups of Cash Generating Units (together "CGUs"), as detailed in note 11 to the financial statements. The risk is that these balances are overstated. For the CGUs which contain goodwill, the determination of recoverable amount, being the higher of value-in-use and fair value less costs to dispose, requires judgement on the part of management in valuing the relevant CGUs. Recoverable amounts are based on management's views of future trading performance and profitability and the most appropriate discount rate. As required by accounting standards, management tests all CGUs containing goodwill for impairment on an annual basis. We focused our testing on the estimated value in use of the Russian CGU, given the current economic climate in Russia. In addition, management disclosed in the 31 December 2013 annual financial statements that the Russian goodwill balance was sensitive to reasonably possible movements in impairment assumptions. As described further in note 11, management has recorded an impairment charge of £47.4 million against the goodwill in its Russian business, reducing the carrying value of the Russian goodwill to £57.2 million.	We evaluated management's future cash flow forecasts and the process by which they were drawn up, including testing the underlying calculations and comparing them with the latest Board approved budgets. We challenged: • projected vehicle volume and margin forecasts over the next five years by comparing them with external industry forecasts, where available, and historical and current results; • the long-term growth rate used to extrapolate the cash flows beyond year five (the period covered by Board approved forecasts) into perpetuity, by comparing them with historical results and wider industry forecasts; and • the discount rate, by independently calculating the cost of capital for the Group. We evaluated the historical accuracy of budgets and forecasts, for example, comparing the budgets used in the prior year value-in-use model against the actual performance of the business in the current year. These procedures enabled us to assess the accuracy of the forecasting process. We challenged management on the appropriateness of its sensitivity calculations, in particular the assumptions relating to revenue growth/decline, gross and operating margins and the level of working capital required to support trading. We determined that the calculations were most sensitive to movements in the assumptions for long-term growth rates and discount rates and, in Russia, vehicle gross margins. For the Russian CGU, where the assets are now recorded at their recoverable amount, we calculated the extent to which management's assumptions would have to change for the impairment charge of £47.4 million to be materially misstated. For all other CGUs, where no impairment has been recognised in 2014, we calculated the degree to which these assumptions would need to move before an impairment charge would have to be recognised. Recognising the uncertainty of the Russian market in particular, we satisfied ourselves as to the reasonableness of the assumptions used and judgements made by management in determining the recoverable amount of each of the five main CGUs. We also confirmed the appropriateness of the related disclosures in note 11 of the financial statements, including the sensitivities provided with respect to Russia and Lithuania.
Manufacturers' bonuses and rebates Refer to page 83 (accounting policies). In certain markets, principally the UK, the Group receives rebates which are based in part on sales targets set by the Original Equipment Manufacturers (OEMs). The Group is also entitled to further OEM bonuses and rebates dependent on achieving other targets – including non-financial metrics. The quantum of these amounts is material. The manufacturers' bonuses and rebates are usually determined by the OEMs and have varying terms, the majority of which are governed by annual agreements, whilst others are based on shorter term arrangements entered into during the year. We focused on this area as the amounts are material and because not all bonuses and rebates are directly linked to quantitative measures, which means that the recognition of elements of these amounts requires management judgement and estimation in determining whether they have been earned as at the balance sheet date.	We understood and evaluated the controls and processes with respect to manufacturers' bonuses and rebates. We agreed a sample of the amounts that were recognised in the income statement in the year, and the amounts accrued on the balance sheet at the year-end, to credit notes and cash received. For rebates linked to individual vehicle sales, we recalculated the amounts recognised by multiplying the actual sales volumes by the bonus earned per unit sold. Confirmations were sent to a number of OEMs requesting confirmation of the total amount of manufacturers' bonuses earned in the year together with amounts earned but not yet paid to the Group at the year end. Where confirmations were not received from certain manufacturers we substantively tested an additional sample by tracing to credit notes received from the manufacturer and cash received.

Area of focus	How our audit addressed the area of focus
Carrying value of inventory Refer to page 83 (accounting policies) and page 118 (note 17). The Group holds £999.2 million of inventory which is held across the Group in multiple locations. Inventory should be carried at the lower of cost and net realisable value, being selling price less estimated selling costs. As gross margins on sales of vehicle inventory can be low and inventory is sometimes sold at a loss, provisions are recorded against inventory to write it down to management's best estimate of its recoverable amount. Management has established a formal provisioning policy which is applied to inventory balances across the Group to write-down, where required, inventory held as at the balance sheet date to net realisable value, based on its understanding of historical performance and forecast future trading.	We considered the Group's past trading performance, including testing the levels of losses incurred on vehicle sales historically and subsequent to the year-end, to evaluate the level of provisioning and to assess the reasonableness and accuracy of management's provisioning methodology. We established that the inventory provisions were appropriate by recalculating the inventory provisions in each country, using the provisioning policy, and comparing the results with the actual provision level. We also verified the completeness and accuracy of any additional provisions made by management outside of its standard policy where specific events or circumstances warranted additional provisioning. Our testing confirmed that the provisions were acceptable.
Tax exposures and provisions Refer to page 83 (accounting policies) and page 108 (note 8). The Group operates across a large number of tax jurisdictions and is subject to periodic challenges by local tax authorities on a range of tax matters during the normal course of business including transfer pricing, indirect taxes and transaction related tax matters. As at 31 December 2014, the Group had tax provisions for uncertain tax positions. Tax provisioning requires subjective judgements to be made by management about the expected ultimate settlement, if any, of a potential exposure.	We assessed the Group's process for identifying uncertain tax positions and the related accounting policy of provisioning for tax exposures and determined that it was appropriate. We used our specialised tax knowledge to gain an understanding of the current status of tax investigations and monitored changes in ongoing disputes by reading recent rulings and correspondence with local tax authorities, as well as external advice received by the Group where relevant, to establish that the tax provisions were appropriate. We also considered the status of recent and current tax audits and enquiries, the outturn of previous claims and the wider tax environment in each territory. We confirmed the appropriateness of the related disclosures about the tax provisions and contingencies in note 8 and the level of estimation uncertainty in the tax provisions in note 8.
Implementation of the SAP/ADP programmes Refer to page 54 (Audit Committee Report), page 83 (accounting policies) and page 110 (note 11). Inchcape is undergoing a programme to further improve financial controls and is implementing new ERP systems in all key markets. The programme is expected to run for the next three years. During the year new systems have been implemented in Singapore, Hong Kong, Peru and the UK. The implementation of new ERP systems creates a risk that data may not be transferred completely and/or accurately from existing systems during the period of implementation.	We used our specialised IT knowledge to address the risk of data being transferred incorrectly. We have performed detailed testing of the data migration for those new ERP systems implemented in the year. We have reconciled the data migration trial balance to the post migration opening balances in the new system. We have also reconciled the payables, fixed asset and receivables data by comparing the data contained in the legacy system with the data in the new system, identifying no significant exceptions.

How we tailored the audit scope
We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographic structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group is organised into six geographic operating segments (Australasia, Europe, North Asia, South Asia, United Kingdom and Emerging Markets). The operating businesses are further categorised into two market channels – distribution and retail. The Group financial statements are a consolidation of 56 reporting units, comprising the Group's operating businesses (within the six geographic segments and two market channels) and centralised functions.

Further specific audit procedures over areas of significant judgement, including treasury, post-retirement benefits and material litigation, were performed at the Group's Head Office.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed at the reporting units by us, as the Group engagement team, or component auditors within PwC UK and from other PwC network firms and other firms operating under our instruction. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those reporting units to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole. In 2014, we conducted our audit work in 16 countries covering 25 reporting units. The reporting units where we conducted our audit work accounted for 89% of the Group's revenues and 92% of the Group's profit before tax. We instructed and maintained regular contact with the component audit teams we used and evaluated the outcome of their work.

Materiality
The scope of our audit is influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

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

Overall Group materiality	£15 million (2013: £13 million).
How we determined it	5% of profit before tax before exceptional items.
Rationale for benchmark applied	We have applied this benchmark as it provides us with a consistent year on year basis for determining materiality and, we believe, is the metric most commonly used by the shareholders as a body in assessing the Group's performance.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £0.7 million (2013: £0.65 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern
Under the Listing Rules we are required to review the directors' statement, set out on page 74, in relation to going concern. We have nothing to report having performed our review.

As noted in the directors' statement, the directors have concluded that it is appropriate to prepare the financial statements using the going concern basis of accounting. The going concern basis presumes that the Group has adequate resources to remain in operation, and that the directors intend it to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the directors' use of the going concern basis is appropriate.

However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Group's ability to continue as a going concern.

Other required reporting

Consistency of other information

Companies Act 2006 opinion
In our opinion, 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.

ISAs (UK & Ireland) reporting
Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

• information in the Annual Report is: – materially inconsistent with the information in the audited financial statements; or – apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or – otherwise misleading.	We have no exceptions to report arising from this responsibility.
• the statement given by the directors on page 75, in accordance with provision C.1.1 of the UK Corporate Governance Code ("the Code"), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group's performance, business model and strategy is materially inconsistent with our knowledge of the Group acquired in the course of performing our audit.	We have no exceptions to report arising from this responsibility.
• the section of the Annual Report on page 53, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.	We have no exceptions to report arising from this responsibility.

Adequacy of information and explanations received
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. We have no exceptions to report arising from this responsibility.

Directors' remuneration
Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Corporate governance statement
Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to the company's compliance with 10 provisions of the UK Corporate Governance Code. We have nothing to report having performed our review.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Other matter

We have reported separately on the Company financial statements of Inchcape plc for the year ended 31 December 2014 and on the information in the Directors' Report on Remuneration that is described as having been audited.

Mark Gill
(Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
9 March 2015

Company balance sheet
As at 31 December 2014

	Notes	2014 £m	2013 £m
Fixed assets			
Investment in subsidiaries	3	**1,635.7**	1,637.5
Current assets			
Debtors:			
– Amounts due within one year	4	**37.1**	9.8
– Amounts due after more than one year	4	**351.6**	340.0
Cash at bank and in hand	5	**10.4**	3.3
		399.1	353.1
Creditors – amounts falling due within one year	6	**(5.7)**	(5.5)
Net current assets		**393.4**	347.6
Total assets less current liabilities		**2,029.1**	1,985.1
Creditors – amounts falling due after more than one year	7	**(683.1)**	(571.1)
Provisions for liabilities	9	**(4.6)**	(4.6)
Net assets		**1,341.4**	1,409.4
Capital and reserves			
Called up share capital	11, 13	**45.0**	46.5
Share premium accounts	13	**146.7**	145.7
Capital redemption reserve	13	**135.6**	134.1
Profit and loss account	13	**1,014.1**	1,083.1
Total shareholders' funds		**1,341.4**	1,409.4

The financial statements on pages 142 to 148 were approved by the Board of Directors on 9 March 2015 and were signed on its behalf by:

André Lacroix,
Group Chief Executive

John McConnell,
Group Finance Director

Registered Number: 609782

Inchcape plc

Accounting policies

Basis of preparation
These financial statements are prepared for Inchcape plc (the Company) for the year ended 31 December 2014. The Company is the ultimate parent entity of the Inchcape Group (the Group). Accounting policies have been applied consistently.

Accounting convention
These financial statements have been prepared on the historical cost basis modified for fair values in accordance with the Companies Act 2006 and applicable UK accounting standards. As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account is presented for the Company. In addition, the Company is not required to prepare a cash flow statement under the terms of FRS 1 (revised), 'Cash Flow Statements'.

Going concern
After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future. Accordingly, the Directors are satisfied that it is appropriate to adopt the going concern basis in preparing the Annual Report and Accounts.

Foreign currencies
Monetary assets and liabilities in foreign currencies are translated into Sterling at closing rates of exchange and differences are taken to the profit and loss account.

Finance costs
Finance costs consist of interest payable on the Private Placement borrowing. Costs are recognised as an expense in the period in which they are incurred.

Investments
Investments in subsidiaries are stated at cost, less provisions for impairment.

Deferred tax
Deferred tax is provided in full (without discounting) based on current tax rates and law, on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax in the future except as otherwise required by FRS 19, 'Deferred Tax'. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding commitment to sell the asset.

Provisions
Provisions are recognised when the Company has a present obligation in respect of a past event, it is more likely than not that an outflow of resources will be required to settle the obligation and where the amount can be reliably estimated. Provisions are discounted when the time value of money is considered material.

Share capital
Ordinary shares are classified as equity.

Where the Company purchases its own equity share capital (treasury shares), the consideration paid is deducted from shareholders' funds until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' funds.

Dividends
Final dividends proposed by the Board of Directors and unpaid at the year end are not recognised in the financial statements until they have been approved by the shareholders at the Annual General Meeting. Interim dividends are recognised when they are paid.

Share-based payments
The Company operates various share-based award schemes. The fair value at the date at which the share-based awards are granted is recognised in the profit and loss account (together with a corresponding increase in shareholders' equity) on a straight line basis over the vesting period, based on an estimate of the number of shares that will eventually vest. For equity-settled share-based awards, the services received from employees are measured by reference to the fair value of the awards granted. With the exception of the Save As You Earn scheme, the vesting of all share-based awards under all schemes is solely reliant upon non-market conditions, therefore no expense is recognised for awards that do not ultimately vest. Where an employee cancels a Save As You Earn award, the charge for that award is recognised as an expense immediately, even though the award does not vest. The Company adopts Amendments to FRS 20 in line with the Group's adoption of Amendments to IFRS 2.

Financial instruments
The adoption by the Company of FRS 29, 'Financial Instruments: Disclosures' has had no impact as the Company has taken advantage of the exemption not to apply FRS 29 in its own financial statements. The Group's policies on the recognition, measurement and presentation of financial instruments under IFRS 7 are set out in the Group's accounting policies on pages 83 to 89.

1 Auditors' remuneration

The Company incurred £0.1m (2013 – £0.1m) in relation to UK statutory audit fees for the year ended 31 December 2014.

2 Directors' remuneration

	2014 £m	2013 £m
Wages and salaries	**4.5**	4.1
Social security costs	**0.5**	0.4
Pension costs	**0.5**	0.5
	5.5	5.0

Further information on Executive Directors' emoluments and interests is given in the Directors' Report on Remuneration which can be found on pages 58 to 73.

3 Investment in subsidiaries

	2014 £m	2013 £m
Cost		
At 1 January	**1,712.6**	1,663.4
Additions	**–**	84.6
Disposals	**–**	(35.4)
At 31 December	**1,712.6**	1,712.6
Provisions		
At 1 January	**(75.1)**	(39.8)
Provisions for impairment	**(1.8)**	(70.7)
Disposals	**–**	35.4
At 31 December	**(76.9)**	(75.1)
Net book value	**1,635.7**	1,637.5

The Directors believe that the carrying value of the individual investments is supported by their underlying net assets.

An impairment charge of £1.8m has been recognised in the year (2013 – £70.7m) to ensure that the carrying value of the individual investments is stated at the lower of cost and estimated recoverable amount.

4 Debtors

	2014 £m	2013 £m
Amounts due within one year		
Amounts owed by Group undertakings	**37.1**	9.8
	37.1	9.8
Amounts due after more than one year		
Deferred tax asset (note 8)	**2.4**	2.7
Amounts owed by Group undertakings	**349.2**	337.3
	351.6	340.0

Amounts owed by Group undertakings that are due within one year are interest free and repayable on demand. Amounts owed by Group undertakings that are due after more than one year bear interest at rates linked to LIBOR.

5 Cash at bank and in hand

	2014 £m	2013 £m
Cash at bank and in hand	**10.4**	3.3

6 Creditors – amounts falling due within one year

	2014 £m	2013 £m
Amounts owed to Group undertakings	**0.7**	–
Other taxation and social security payable	**2.2**	2.7
Other creditors	**2.8**	2.8
	5.7	5.5

Amounts owed to Group undertakings are interest free and repayable on demand.

7 Creditors – amounts falling due after more than one year

	2014 £m	2013 £m
Amounts owed to Group undertakings	**403.9**	308.9
Private Placement	**279.2**	262.2
	683.1	571.1

The Company has US$435.8m outstanding under the Private Placement borrowing: US$275m is repayable in 2017 and bears interest at a fixed rate of 5.94% per annum; and US$160.8m is repayable in 2019 and bears interest at a fixed rate of 6.04% per annum.

Amounts owed to Group undertakings are repayable in 2016 and bear interest at rates linked to LIBOR.

8 Deferred tax

	Share-based payments £m	Other timing differences £m	Total £m
At 1 January 2014	**1.2**	**1.5**	**2.7**
(Charged) / credited to the profit and loss account	**(0.5)**	**0.2**	**(0.3)**
At 31 December 2014	**0.7**	**1.7**	**2.4**

9 Provisions for liabilities

	2014 £m	2013 £m
At 1 January	**4.6**	4.6
Released to the profit and loss account	**–**	–
At 31 December	**4.6**	4.6

Provision has been made for warranties, indemnities and other litigation issues in relation to motors and non-motors business exits, based on expected outcomes. These provisions are expected to be settled within the next three to five years.

10 Guarantees and contingencies

	2014 £m	2013 £m
Guarantees of various subsidiaries' borrowings (against which £nil has been drawn at 31 December 2014 (2013 – £nil))	**500.4**	504.2

The Company is party to composite cross guarantees between banks and its subsidiaries. The Company's contingent liability under these guarantees at 31 December 2014 was £10.4m (2013 – £3.3m).

11 Share capital
a. Allotted, called up and fully paid up

	2014 Number	2013 Number	2014 £m	2013 £m
Ordinary shares				
At 1 January	**463,808,537**	468,108,202	**46.5**	46.9
Allotted under share option schemes	**277,362**	3,848,148	**–**	0.4
Cancelled under share buy back	**(15,344,110)**	(8,147,813)	**(1.5)**	(0.8)
At 31 December	**448,741,789**	463,808,537	**45.0**	46.5

b. Share buy back programme
During the year, the Company repurchased 15,344,110 (2013 – 8,147,813) of its own shares through purchases on the London Stock Exchange, at a cost of £99.4m (2013 – £49.7m). The shares repurchased during the year were cancelled, with none held within treasury shares at the end of the reporting period. An amount of £1.5m (2013 – £0.8m), equivalent to the nominal value of the cancelled shares, has been transferred to the capital redemption reserve. Costs of £0.6m (2013 – £0.3m) associated with the transfer to the Company of the repurchased shares and their subsequent cancellation have been charged to the profit and loss reserve.

On 15 July 2014, 2,687,560 treasury shares were transferred for £nil consideration to the Inchcape Employee Trust which forms part of the consolidated group. At 31 December 2014, the Company held no treasury shares (2013 – 2,687,560) with a total book value of £nil (2013 – £99.4m). The market value of treasury shares at 31 December 2014 was £nil (2013 – £16.5m).

c. Substantial shareholdings
Details of substantial interests in the Company's issued ordinary share capital received by the Company at 9 March 2015 under the provisions of the Companies Act 2006 have been disclosed in the significant shareholdings section, in the Directors' Report on page 75.

11 Share capital continued

d. Share options

At 31 December 2014, options to acquire ordinary shares of 10.0p each in the Company up to the following numbers under the schemes below were outstanding as follows:

Number of ordinary shares of 10.0p each	Exercisable until	Option price (£)	Number of ordinary shares of 10.0p each	Exercisable until	Option price (£)
The Inchcape 1999 Share Option Plan – approved (Part II – UK)			**The Inchcape SAYE Share Option Scheme – approved**		
10,374	6 March 2015	5.78	24,786	1 May 2015	2.43
1,655	11 September 2015	6.03	780,296	1 May 2016	3.07
11,506	19 May 2019	2.00	706,422	1 May 2017	4.76
8,301	7 April 2020	3.10	648,074	1 May 2018	5.40
– unapproved (Part I – UK)					
164,500	19 May 2019	2.00			
59,993	7 April 2020	3.10			
– unapproved overseas (Part I – Overseas)					
40,149	6 March 2015	5.78			
382,029	19 May 2019	2.00			
187,372	7 April 2020	3.10			
20,532	13 June 2020	2.63			

Included within the retained earnings reserve are 1,272,161 (2013 – 1,777,567) ordinary shares in the Company held by the Inchcape Employee Trust, a general discretionary trust whose beneficiaries include current and former employees of the Group and their dependants. The book value of these shares at 31 December 2014 was £27.2m (2013 – £5.5m). The market value of these shares at both 31 December 2014 and 9 March 2015 was £9.2m and £9.4m respectively (31 December 2013 – £10.9m, 10 March 2014 – £10.9m).

11 Share capital continued

e. Share-based remuneration

Inchcape plc has two employees, the Group Chief Executive and the Group Finance Director.

The charge arising from share-based transactions during the year is £1.3m (2013 – £2.0m), all of which is equity-settled.

The following table sets out the movements in the number of share options and awards during the year:

2014 Share Option Plan	Grant Date	**Options outstanding at 1 January**	**Granted during the year**	**Lapsed during the year**	**Exercised during the year**	**Options outstanding at 31 December**	**Fair value of one award (£)**
Executive Share Option Plan	21 May 2004	**28,428**	**–**	**–**	**(28,428)**	**–**	**1.22**
	07 March 2005	**21,644**	**–**	**–**	**(21,644)**	**–**	**1.56**
	12 September 2005	**205,468**	**–**	**–**	**(205,468)**	**–**	**1.60**
	20 May 2009	**755,999**	**–**	**–**	**(755,999)**	**–**	**1.07**
	08 April 2010	**243,870**	**–**	**–**	**(243,870)**	**–**	**1.05**
Save As You Earn Plan	22 September 2011	**3,703**	**–**	**–**	**(3,703)**	**–**	**0.95**
	23 September 2013	**1,890**	**–**	**–**	**–**	**1,890**	**1.73**
	23 September 2014	**–**	**1,333**	**–**	**–**	**1,333**	**1.89**
Performance Share Plan	23 May 2011	**562,474**	**–**	**(193,106)**	**(369,368)**	**–**	**3.84**
	10 April 2012	**562,470**	**–**	**–**	**–**	**562,470**	**3.54**
	11 April 2013	**562,470**	**–**	**–**	**–**	**562,470**	**5.14**
	23 May 2014	**–**	**498,700**	**–**	**–**	**498,700**	**6.31**
Other Share Plans	02 June 2011	**298,560**	**–**	**(45,010)**	**(253,550)**	**–**	**3.90**
	22 June 2012	**237,179**	**–**	**–**	**–**	**237,179**	**3.40**
	23 April 2013	**84,724**	**–**	**(80,453)**	**–**	**4,271**	**4.99**
	17 June 2014	**–**	**43,903**	**–**	**–**	**43,903**	**6.21**
Weighted average exercise price (£)*		**2.99**	**5.40**	**–**	**2.99**	**5.02**	

2013 Share Option Plan	Grant Date	Options outstanding at 1 January	Granted during the year	Lapsed during the year	Exercised during the year	Options outstanding at 31 December	Fair value of one award (£)
Executive Share Option Plan	20 March 2003	17,746	–	–	(17,746)	–	0.50
	21 May 2004	28,428	–	–	–	28,428	1.22
	07 March 2005	21,644	–	–	–	21,644	1.56
	12 September 2005	205,468	–	–	–	205,468	1.60
	20 May 2009	978,771	–	–	(222,772)	755,999	1.07
	23 November 2009	46,875	–	–	(46,875)	–	1.08
	08 April 2010	369,676	–	–	(125,806)	243,870	1.05
Save As You Earn Plan	23 September 2010	4,390	–	–	(4,390)	–	0.84
	22 September 2011	3,703	–	–	–	3,703	0.81
	23 September 2013	–	1,890	–	–	1,890	1.73
Performance Share Plan	23 May 2011	562,474	–	–	–	562,474	3.80
	10 April 2012	562,470	–	–	–	562,470	3.54
	11 April 2013	–	562,470	–	–	562,470	5.14
Other Share Plans	02 June 2011	298,560	–	–	–	298,560	3.90
	22 June 2012	237,179	–	–	–	237,179	3.40
	23 April 2013	–	84,724	–	–	84,724	4.99
Weighted average exercise price (£)*		2.86	4.76	–	2.47	2.99	

* The weighted average exercise price excludes awards made under the Performance Share Plan and Other Share Plans as there is no exercise price attached to these share awards.

The weighted average remaining contractual life for the share options outstanding at 31 December 2014 is 2.0 years (2013 – 2.6 years) and the range of exercise prices for options outstanding at the end of the year was £3.40 to £6.31 (2013 – £2.00 to £6.03).

12 Dividends

The following dividends were paid by the Company:

	2014 £m	2013 £m
Interim dividend for the six months ended 30 June 2014 of 6.3p per share (30 June 2013 – 5.7p per share)	**28.5**	26.6
Final dividend for the year ended 31 December 2013 of 11.7p per share (31 December 2012 – 10.5p per share)	**53.0**	48.9
	81.5	75.5

A final proposed dividend for the year ended 31 December 2014 of 13.8p per share amounting to £61.1m is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability as at 31 December 2014.

13 Reserves

	Share capital £m	Share premium £m	Capital redemption reserve £m	Profit and loss account £m	Total £m
At 1 January 2013	46.9	136.5	133.3	803.7	1,120.4
Profit for the financial year	–	–	–	398.4	398.4
Dividends	–	–	–	(75.5)	(75.5)
Issue of ordinary share capital	0.4	9.2	–	–	9.6
Net purchase of own shares by the Inchcape Employee Trust	–	–	–	(2.5)	(2.5)
Share buy back programme	(0.8)	–	0.8	(50.0)	(50.0)
Share-based payments charge	–	–	–	9.0	9.0
At 1 January 2014	**46.5**	**145.7**	**134.1**	**1,083.1**	**1,409.4**
Profit for the financial year	**–**	**–**	**–**	**101.8**	**101.8**
Dividends	**–**	**–**	**–**	**(81.5)**	**(81.5)**
Issue of ordinary share capital	**–**	**1.0**	**–**	**–**	**1.0**
Net disposal of own shares by the Inchcape Employee Trust	**–**	**–**	**–**	**1.2**	**1.2**
Share buy back programme	**(1.5)**	**–**	**1.5**	**(100.0)**	**(100.0)**
Share-based payments charge	**–**	**–**	**–**	**9.5**	**9.5**
At 31 December 2014	**45.0**	**146.7**	**135.6**	**1,014.1**	**1,341.4**

14 Principal subsidiaries at 31 December 2014

The Company is a limited company incorporated in England and Wales whose shares are publicly traded on the London Stock Exchange. The principal subsidiaries in which the Company holds an investment are as follows:

	Country of incorporation	Shareholding	Description
Inchcape Finance plc	United Kingdom	100.0%	Central treasury company
Inchcape International Holdings Limited	United Kingdom	100.0%	Intermediate holding company
Inchcape Overseas Limited	United Kingdom	70.0%	Intermediate holding company

A full list of subsidiaries will be included in the Company's annual return.

Report of the independent auditors to the members of Inchcape plc

Report on the Company financial statements

Our opinion

In our opinion, Inchcape plc's Company financial statements ("the financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2014;
- 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.

What we have audited

Inchcape plc's financial statements comprise:

- the Company balance sheet as at 31 December 2014;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report and Accounts 2014 (the "Annual Report") rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Other required reporting

Consistency of other information

Companies Act 2006 opinions

In our opinion, 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.

ISAs (UK & Ireland) reporting

Under International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)") we are required to report to you if, in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the company acquired in the course of performing our audit; or
- otherwise misleading.

We have no exceptions to report arising from this responsibility.

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Directors' remuneration report – Companies Act 2006 opinion

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Other Companies Act 2006 reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Directors' responsibilities statement set out on page 74, 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of the financial statements involves
We conducted our audit in accordance with ISAs (UK & Ireland). 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 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.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Other matter
We have reported separately on the Group financial statements of Inchcape plc for the year ended 31 December 2014.

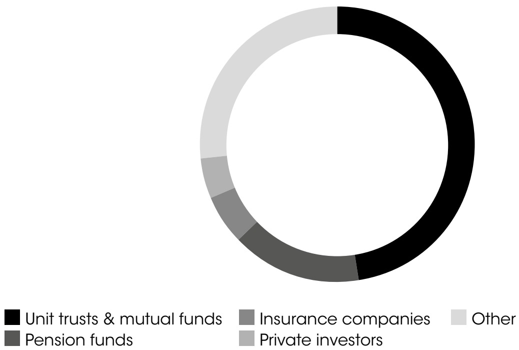
Mark Gill
(Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
9 March 2015

SHAREHOLDER INFORMATION

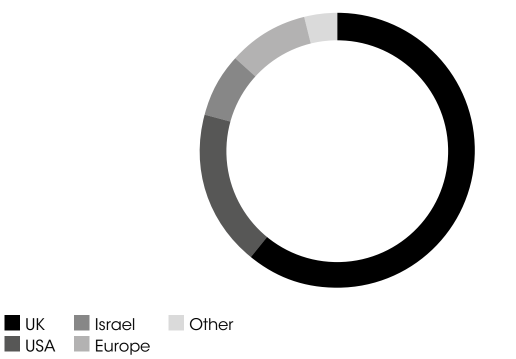
Shareholder profile

As at 31 December 2014, the Company had 6,465 holdings on its register of ordinary shareholders (2013 – 6,755). 73.6% of the total share register was held on behalf of investment institutions such as pension funds, mutual funds, insurance funds and funds managed for private individuals (2013 – 72.1%). The majority of funds are managed from the UK, with the USA representing 18.3%.

Register analysis by holder



Register analysis by geography



Dealing in Inchcape shares

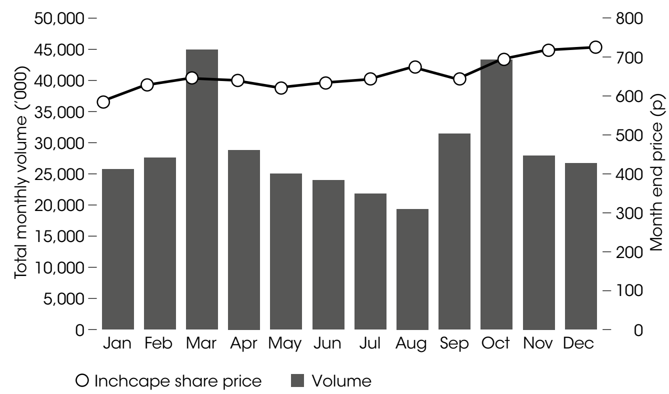
The Company's ordinary shares are listed on the London Stock Exchange. Prices are reported daily in the Financial Times and on our website.

For further information on the Company's shares please visit the shareholder section of our website at www.inchcape.com/investors/shareholdercentre or call Computershare Investor Services on +44 (0) 870 707 1076.

The Company's shares trade within the FTSE 250 index and at the year end it was ranked no. 112 by market capitalisation in the FTSE 350 (2013 –120).

The share price by volume graph shows the movement in the share price, closing at 614.5p as at 31 December 2013.

Share price by volume during 2014



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Auditors
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Chartered Accountants and
Registered Auditors

Share registrars
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Registrar's Department, The Pavilions
Bridgwater Road
Bristol BS99 7NH

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Solicitors
Slaughter and May

Corporate brokers
Deutsche Bank

JP Morgan Cazenove

Inchcape PEPs
Individual Savings Accounts (ISAs) replaced Personal Equity Plans (PEPs) as the vehicle for tax efficient savings. Existing PEPs may be retained. Inchcape PEPs are managed by The Share Centre Ltd, who can be contacted at PO Box 2000, Oxford House, Oxford Road, Aylesbury, Buckinghamshire HP21 8ZB

Tel: +44 (0) 1296 414144

Inchcape ISA
Inchcape has established a Corporate Individual Savings Account (ISA). This is managed by Equiniti Financial Services Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA

Tel: 0870 300 0430

International callers:
Tel: +44 121 441 7560

More information is available at
www.shareview.com

Financial calendar
Annual General Meeting
21 May 2015

Announcement of 2015 Interim Results
30 July 2015

Explore our website for access to our latest Annual Report and more.

The 2014 Online Annual Report includes:
- read about Inchcape's progress in our 'Year in Review'
- a searchable PDF of the Annual Report
- download prior year Annual Reports
- Inchcape videos – watch and learn more about Inchcape and what we do

www.inchcape.com/annualreport

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