FINANCIAL STATEMENTS

OTHER INFORMATION

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INCHCAPE PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

1. OPINION

In our opinion:

- the financial statements of Inchcape plc (the 'Parent Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2023 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and Parent Company statements of financial position;
- the consolidated and Parent Company statements of changes in equity;
- the consolidated statement of cash flows;
- the accounting policies; and
- the related Notes 1 to 33 to the consolidated financial statements and the related notes 1 to 12 to the Parent Company financial statements.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

2. BASIS FOR OPINION

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

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

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

3. SUMMARY OF OUR AUDIT APPROACH

Key audit matters	The key audit matters that we identified in the current year were: • UK used vehicle inventory valuation • The integration of the Derco Group Both key audit matters were newly identified in the year.
Materiality	The materiality that we used for the Group financial statements was £25.0m (2022: £26.8m), which was determined on the basis of profit before tax from continuing operations adjusted for adjusting items as defined in note 2 ("adjusted profit before tax"). This represented 5.0% of adjusted profit before tax from continuing operations.
Scoping	Components in scope for full scope or specified account balance procedures in the current period comprised 86% (2022: 76%) of Group revenue, 87% (2022: 76%) of Group profit before tax from continuing operations and 84% (2022: 80%) of Group net assets.
Significant changes in our approach	Significant changes to our approach include: • Identification of UK used vehicle inventory valuation as a new key audit matter due to price volatility in used vehicle values in the UK market. • Amending the key audit matter surrounding the Derco acquisition in 2022 to focus on the integration of the Derco business. In the prior period this key audit matter focussed on the acquisition of the Derco Group. • Removal of Central America indefinite-life asset impairment and disposal of the Group's operations in Russia as key audit matters. These matters primarily related to the change in scale and scope of the Group's operations in 2022 and the impact that these changes had on performance in the year. • The materiality benchmark was changed from using net assets in the prior year to adjusted profit before tax from continuing operations in the current year. The use of net assets in the prior period was due to the acquisition of the Derco Group on 31 December 2022, which impacted the Group's balance sheet only.

4. CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

- Understanding the Group's process and related controls in the assessment of going concern;
- Assessing the Group's available committed financing facilities including the nature of facilities, repayment terms and covenants;
- Assessing the impact of short-term fluctuations in local market trading conditions, the impact of Electric Vehicle (EV) transition, inflation and political uncertainties on the forecast cashflows;
- Evaluating the reasonableness of assumptions used in the forecasts;
- Assessing the appropriateness of the sensitivities performed by management, including performing additional sensitivities as part of our challenge thereon;
- Performing consistency and accuracy checks over the going concern model including checking the mathematical and clerical accuracy;
- Testing the consistency of the forecast cash flows with the forecasts prepared for the impairment models; and
- Assessing the disclosures relating to going concern in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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

5. KEY AUDIT MATTERS

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

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

5.1. UK used vehicle inventory valuation

Key audit matter description	**Account Balances: Inventory. Refer to the Inventory policy in the Accounting Policies section on page 142 and Note 17 on page 176.** The Group recorded total finished goods and merchandise inventory of £2,594m as at 31 December 2023 (2022: £2,294m) with an associated inventory provision recognised of £99m (2022: £58m). A material proportion of this inventory relates to used vehicles in the Group's UK business. Local market volatility has seen used vehicle residual values fall during 2023 in the UK, predominantly within the electric vehicle category. IAS 2 *Inventories* states inventories should be recognised at the lower of cost and net realisable value. Management estimation is required to determine the appropriate level of provisioning against the valuation of used vehicles, and accordingly we have identified a key audit matter in relation to the judgements applied by management in the valuation of used vehicles within Inchcape's UK business. The provision recognised against the used vehicles is based on the associated ageing and expecting selling price of the inventory.
How the scope of our audit responded to the key audit matter	Our procedures in response to the key audit matter included: • obtaining an understanding of the relevant controls used by the Group in determining the appropriate level of inventory provisioning; • challenging the Group's inventory provision policy with reference to incurred losses experienced, relevant industry knowledge and external forecasts; • performing analytical procedures to assess the period over period movement in inventory provision by brand within the UK business with reference to current market dynamics; • validating the ageing profile of inventory, which is used to determine inventory provisions; • recalculation of the provision in local markets using location-specific external data and industry knowledge; • testing the valuation of inventory with reference to vehicle valuations and post year-end sales; • assessing the appropriateness of the disclosures within Note 17 of the financial statements.
Key observations	Based on our procedures we are satisfied that the valuation of used inventory in the UK is appropriate.

5.2. The integration of the Derco Group

Key audit matter description	**Account Balances: impacting all financial statement accounts. Refer to the Audit Committee report page 85, Adjusting items note 2 on page 150 and Acquisitions and disposals note 28b on page 195** The acquisition and integration of the Derco Group has led to a significant increase in the size and scale of the Group's operations in South America (within the *Americas* operating segment). We identified the integration of Derco as a key audit matter in the current year due to the level of audit effort associated with assessing the consequences on financial statements including: • Adjustments to the opening balance sheet in accordance with IFRS 3 *Business Combinations* including the recording of measurement period fair value adjustments; • Consideration of the balance sheet classification of new supplier financing arrangements (as either trade and other payables or borrowings); • The first-time presentation and consolidation of the Derco performance within the Group financial statements; • Concluding on the identification of cash generating units ("CGUs") within the acquired business for the purposes of undertaking the annual impairment review of the acquired indefinite-life assets; • The reassessment of the Group's operating and reportable segments in accordance with IFRS 8 *Operating Segments*; and • The presentation and reporting of integration costs as adjusting items.
How the scope of our audit responded to the key audit matter	Our procedures in response to the key audit matter included: • obtaining an understanding of relevant controls in the Derco business within key processes including completeness of revenue, valuation of inventory and consolidation in respect of the Group; • validating the completeness and appropriateness of measurement period closeout adjustments posted in 2023 in relation to the acquisition of the Derco businesses; • assessing the classification of supplier financing arrangements through review of agreements with suppliers and providers of finance; • assessing the adjustments recognised on consolidation of the Derco business in the Group financial statements including: IFRS 3 measurement period adjustments, the unwinding of fair value adjustments in the period, and consolidation journals; • assessing the level at which impairment is assessed with reference to IAS 36; • evaluating the determination of operating and reportable segments; • evaluating the appropriateness of items identified as adjusting for the purposes of calculating adjusted performance measures presented as KPIs; and • evaluating the appropriateness of judgements and decisions made by management in making accounting estimates; including performing a retrospective analysis of management judgements and assumptions related to significant accounting estimates reflected in the financial statements of the prior year.
Key observations	We are satisfied with the results of our audit procedures in respect of the integration of the Derco business.

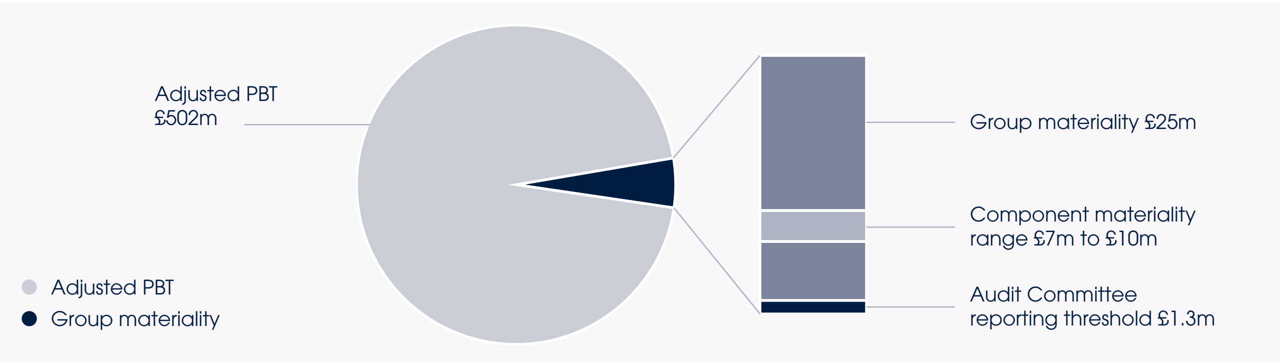
6. OUR APPLICATION OF MATERIALITY

6.1. Materiality

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

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

	Group financial statements	Parent Company financial statements
Materiality	£25.0 million (2022: £26.8 million)	£9.4 million (2022: £11.9 million)
Basis for determining materiality	Materiality was determined on the basis of adjusted profit before tax from continuing operations. This represented 5.0% of adjusted profit before tax from continuing operations (2022: 1.7% of net assets). We have changed the benchmark in the year. In the prior period net assets were used due to the acquisition of the Derco Group on 31 December 2022, which had an impact on the balance sheet only. In the current year the impact of this acquisition is seen in both the balance sheet position and performance of the business and therefore we have concluded a profit-based metric is more appropriate in the current year.	Parent Company materiality equated to 1.0% of net assets (2022: 1.0% of net assets).
Rationale for the benchmark applied	Adjusted profit before tax is one of the key metrics communicated by management in the Group's results announcements and therefore is considered to be an appropriate benchmark. Refer to Note 2 Adjusting Items for further details of adjusting items and management's reconciliation of this alternative performance measure to the Group's statutory measure.	As the Parent Company is non-trading, operates primarily as a holding company for the Group's trading entities, and is not profit orientated, we consider the net asset position to be the most appropriate benchmark to use.



6.2. Performance materiality

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

	Group financial statements	Parent Company financial statements
Performance materiality	65% (2022: 65%) of Group materiality	70% (2022: 70%) of Parent Company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: • our cumulative experience from prior year audits, and management's willingness to correct misstatements identified; • our risk assessment, including our understanding of the entity and its environment; • our risk assessment arising from the first-time consolidation of the income statement of the Derco Group in the Group financial statements; and • our assessment of the Group's and Parent Company's control environment.	In determining performance materiality, we considered the following factors: • our cumulative experience from prior year audits, including the low value of misstatements identified in prior periods and management's willingness to correct misstatements identified; • our risk assessment, including our understanding of the entity, its environment; and • our assessment of the Parent Company's overall control environment.

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £1.3m (2022: £1.3 million, with a lower threshold of £0.9 million used in 2022 for the legacy Inchcape Group), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. AN OVERVIEW OF THE SCOPE OF OUR AUDIT

7.1. Identification and scoping of components

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

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

The components which were subject to full audit procedures were in:

- Australia
- Belgium
- Bolivia
- Chile
- Colombia
- Costa Rica
- Ethiopia
- Greece
- Hong Kong
- Peru
- Poland
- Romania
- Singapore
- United Kingdom

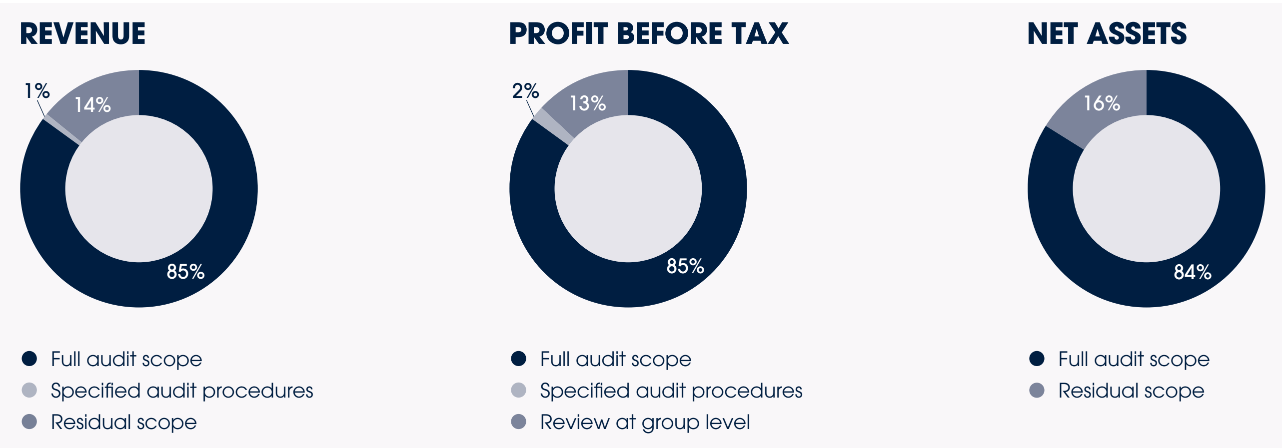
These components were selected due to their significance to the financial statements either due to scale or risk.

To introduce variability and unpredictability into our audit procedures component auditors also performed audits of specific account balances in Barbados and Brunei.

In addition to the work performed at a component level, the Group audit team performed audit procedures on the Parent Company and consolidated financial statements, corporate activities such as treasury and pensions, goodwill and indefinite-life intangible asset impairment, litigation provisions, the Group consolidation, going concern assessment and financial statement disclosures. The Group audit team also performed analytical procedures in respect of components that were not in scope for full audit procedures.

The range of component materialities applied was £7m to £10m (2022: £2 million to £14 million). The components in scope for full or specified balance procedures accounted for:

- 86% (2022: 76%) of the Group revenue;
- 87% (2022: 74%) of Profit before tax; and
- 84% (2022: 80%) of Group net assets.



7.2. Our consideration of the control environment
We have considered the control environment of the Group, which is also discussed within the Audit Committee Report on page 86, and encompasses controls relating to the financial reporting process, preparation of consolidated Group accounts, operational and compliance controls and risk management processes.

We have also considered the key Information Technology (IT) controls in place designed to address the IT risks faced by the Group and how these relate to the entity's financial reporting processes. Management have continued to consolidate and centralise key IT systems and support functions across the Group. We have reflected this in our centralised testing approach of IT controls where practicable.

This year represented the third year of the Group's implementation of the Global Business Services organisation. We considered the ongoing impact of this on our audit, with our Group and component teams assessing the impact on the financial process and control environment.

We have not taken a controls reliance approach across the Group. However, some components have been able to take reliance over specific controls over certain balances by evaluating the operating effectiveness of relevant controls at the component level.

7.3. Our consideration of climate-related risks
The Group is exposed to the impacts of climate change on its business and operations as highlighted in the Task Force on Climate-Related Financial Disclosures (TCFD) report on page 40, viability statement on page 64, the principal risks on page 57, and in Accounting Policies (Key Sources of Estimation Uncertainty) on page 145.

We have obtained management's climate-related risk assessment and held discussions with management to understand the process of identifying and quantifying climate-related risks, the determination of mitigating actions and the impact on the Group's financial statements. We have engaged our climate specialists in our assessment to consider broader industry and market-wide practice.

We completed an independent climate-based risk assessment to consider the potential impact of climate change on the Group's financial statements, incorporating both business specific knowledge and wider industry awareness, including the extent to which climate change considerations have been included in the Group's forecast financial information. We used this to assess the completeness of the Group's identified risks and to develop audit procedures to respond to these risks, in particular as part of our work in relation to impairment and long-term viability, as well as considering climate-related risks throughout our risk assessments on each financial statement account balance.

In considering the disclosures presented as part of the Strategic Report, we engaged our climate specialists to review the TCFD disclosures in the financial statements and recommendations made by both the Task Force and FRC as set out in their thematic reviews. We have also assessed whether these disclosures reflect our understanding of the Group's approach to climate.

7.4. Working with other auditors
We engaged component auditors from Deloitte member firms to perform procedures at the components under our direction and supervision. We issued detailed instructions to the component auditors and held planning meetings, interim update meetings and year end close meetings with each component team.

We have continued our component visits on a risk focused and rotational basis to oversee the work performed by our component auditors. The component audit teams visited in their location in the current period were: Chile, Costa Rica, Hong Kong, Singapore, Belgium and the UK. Teams from Bolivia, Peru and Colombia were met in person at the year.

In conjunction with the on-site visits, frequent calls were held between the Group and component teams throughout the year and remote access to relevant documents was provided. Senior members of the Group audit team were focused on overseeing the role of the component audit teams, so that a consistent audit approach is applied to the operations in the Group's UK and international businesses.

Prior to the commencement of our detailed audit work we held virtual planning meetings with our component teams on a regional basis, led by the Group audit team. The purpose of these planning meetings was to ensure a good level of understanding of the Group's businesses, its core strategy and a discussion of the significant risks and workshops on our planned audit approach.

The audit visits and other communications by the Group audit team were timed to enable us to be involved during the planning and risk assessment process in addition to the execution of detailed audit procedures. During our visits we attended key meetings with component management and auditors, reviewed and challenged component auditor working papers in the underlying audit files and component reporting. In addition, we attended component audit closing calls and other key meetings with management throughout the 2023 audit process.

As the Group has diversified geographically the Group audit team has enhanced the activities performed to direct and supervise component audit teams by:

- identifying components of greater risk and increasing the seniority of the audit team and oversight at the component level correspondingly including having a dedicated senior team member performing oversight of the America's segment;
- holding 'Audit Academy' sessions to refresh component audit teams on key areas of focus and extended component visits by the Group audit team at components where greater risk exists;
- providing additional guidance provided to all component audit teams to identify areas of judgement and improve the quality and consistency of the audit procedures performed; and
- onboarding Spanish-speaking team members to the Group engagement team to perform oversight over component teams based in the America's.

8. OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

10. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

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

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

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

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

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

11.2. Audit response to risks identified

As a result of performing the above, we identified UK used vehicle inventory valuation as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to these key audit matters.

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

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with tax authorities; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

12. OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

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

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

13. CORPORATE GOVERNANCE STATEMENT

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

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

- the Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 118;
- the Directors' explanation as to its assessment of the group's prospects, the period this assessment covers and why the period is appropriate set out on page 64;
- the Directors' statement on fair, balanced and understandable set out on page 89;
- the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 56;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 86; and
- the section describing the work of the audit committee set out on page 82.

14. MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

14.1. Adequacy of explanations received and accounting records

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2. Directors' remuneration

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

We have nothing to report in respect of these matters.

15. OTHER MATTERS WHICH WE ARE REQUIRED TO ADDRESS

15.1. Auditor tenure

Following the recommendation of the audit committee, we were appointed by members on 25 May 2018 to audit the financial statements for the year ending 31 December 2018 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 6 years, covering the years ending 31 December 2018 to 31 December 2023.

15.2. Consistency of the audit report with the additional report to the audit committee

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

16. USE OF OUR REPORT

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

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.15R – DTR 4.1.18R, these financial statements will form part of the Electronic Format Annual Financial Report filed on the National Storage Mechanism of the FCA in accordance with DTR 4.1.15R – DTR 4.1.18R. This auditor's report provides no assurance over whether the Electronic Format Annual Financial Report has been prepared in compliance with DTR 4.1.15R – DTR 4.1.18R.

DAVID GRIFFIN FCA
SENIOR STATUTORY AUDITOR
For and on behalf of Deloitte LLP
Statutory Auditor
London, UK

4 March 2024

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

Continuing operations	Notes	2023 £m	2022 £m
Revenue	1,3	**11,447**	8,133
Cost of sales		**(9,508)**	(6,808)
Gross profit		**1,939**	1,325
Net operating expenses	3	**(1,320)**	(925)
Operating profit		**619**	400
Share of profit after tax of joint ventures and associates	13	**1**	–
Profit before finance and tax		**620**	400
Finance income	6	**52**	21
Finance costs	6	**(259)**	(88)
Profit before tax from continuing operations		**413**	333
Tax	7	**(130)**	(98)
Profit for the year from continuing operations		**283**	235
Loss from discontinued operations	28(c)	**-**	(241)
Total profit/(loss) for the year		**283**	(6)
Profit/(loss) attributable to:			
Owners of the parent		**270**	(11)
Non-controlling interests		**13**	5
		283	(6)
Earnings per share from continuing operations attributable to the owners of the parent	8		
Basic earnings per share (pence)		**65.6p**	61.1p
Diluted earnings per share (pence)		**64.8p**	54.6p
Earnings/(loss) per share attributable to the owners of the parent	8		
Basic earnings/(loss) per share (pence)		**65.6p**	(2.9)p
Diluted earnings/(loss) per share (pence)		**64.8p**	(2.5)p
Alternative performance measures:			
Operating profit from continuing operations		**619**	400
Adjusting items within net operating expenses:	2	**50**	11
Acquisition and integration costs		**50**	42
Disposal of businesses		**-**	(14)
Accelerated amortisation and net impairment reversals		**-**	3
Gain on pension indexation		**-**	(20)
Adjusted operating profit from continuing operations		**669**	411
Share of profit after tax of joint ventures and associates		**1**	–
Adjusted profit before finance costs and tax from continuing operations		**670**	411
Net finance costs		**(207)**	(67)
Adjusting items within net finance costs:	2	**39**	29
Net monetary loss on hyperinflation		**29**	29
Interest on dividend payments to former shareholders of Derco		**10**	–
Adjusted profit before tax from continuing operations		**502**	373
Tax on adjusted profit		**(140)**	(97)
Adjusted profit after tax from continuing operations		**362**	276
Adjusted earnings per share from continuing operations	8		
Basic adjusted earnings per share		**84.8p**	72.0p
Diluted adjusted earnings per share		**83.7p**	64.4p

The notes on pages 137 to 199 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 £m	2022 £m
Profit/(loss) for the year		**283**	(6)
Other comprehensive income/(loss):			
Items that will not be reclassified to the consolidated income statement			
Retirement benefit schemes:			
– net actuarial losses	5	**(20)**	(12)
– deferred tax on actuarial losses	16	**–**	–
		(20)	(12)
Items that may be or have been reclassified subsequently to the consolidated income statement			
Cash flow hedges:			
– net fair value (losses)/gains	25	**(48)**	9
– tax on cash flow hedges[1]	16	**17**	(7)
Investments held at fair value:			
– net fair value losses	14	**(3)**	(2)
Deferred tax on taxation losses	16	**(1)**	–
Foreign currency translation:			
– exchange differences on translation of foreign operations	25	**(133)**	133
– exchange differences on translation of discontinued operations	25,28(b)	**–**	19
– recycling of foreign currency reserve	25	**(1)**	99
Adjustments for hyperinflation	25	**36**	49
		(133)	300
Other comprehensive (loss)/income for the year		**(153)**	288
Total comprehensive income for the year		**130**	282
Total comprehensive income attributable to:			
– Owners of the parent		**120**	271
– Non-controlling interests		**10**	11
		130	282
Total comprehensive income/(loss) arising from:			
– Continuing operations		**130**	405
– Discontinued operations		**–**	(123)

1. Taxation in other comprehensive income in respect of cashflow hedges is comprised of a deferred tax credit of £18m (2022: charge of £9m) offset by a current tax charge of £1m (2022: credit of £2m).

The notes on pages 137 to 199 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Notes	2023 £m	2022 £m
Non-current assets			
Intangible assets	10	**1,271**	1,174
Property, plant and equipment	11	**893**	737
Right-of-use assets	12	**364**	419
Investments in joint ventures and associates	13	**21**	22
Financial assets at fair value through other comprehensive income	14	**1**	3
Derivative financial instruments	23	**1**	17
Trade and other receivables	15	**49**	54
Deferred tax assets	16	**105**	80
Retirement benefit asset	5	**84**	104
		2,789	2,610
Current assets			
Inventories	17	**2,718**	2,376
Trade and other receivables	15	**835**	817
Derivative financial instruments	23	**38**	37
Current tax assets		**56**	41
Cash and cash equivalents	18	**689**	1,064
Assets held for sale	19	**14**	19
		4,350	4,354
Total assets		**7,139**	6,964
Current liabilities			
Trade and other payables	20	**(3,150)**	(2,898)
Derivative financial instruments	23	**(88)**	(39)
Current tax liabilities		**(81)**	(88)
Provisions	21	**(69)**	(57)
Lease liabilities	12	**(81)**	(83)
Borrowings	22	**(652)**	(546)
		(4,121)	(3,711)
Non-current liabilities			
Trade and other payables	20	**(69)**	(60)
Provisions	21	**(39)**	(47)
Derivative financial instruments	23	**(9)**	(1)
Deferred tax liabilities	16	**(267)**	(255)
Lease liabilities	12	**(359)**	(416)
Borrowings	22	**(638)**	(896)
Retirement benefit liability	5	**(17)**	(11)
		(1,398)	(1,686)
Total liabilities		**(5,519)**	(5,397)
Net assets		**1,620**	1,567
Equity			
Share capital	24	**42**	38
Share premium		**147**	147
Capital redemption reserve		**143**	143
Merger reserve	25	**312**	316
Other reserves	25	**(63)**	69
Retained earnings	26	**940**	820
Equity attributable to owners of the parent		**1,521**	1,533
Non-controlling interests		**99**	34
Total equity		**1,620**	1,567

The notes on pages 137 to 199 are an integral part of these consolidated financial statements. The consolidated financial statements on pages 132 to 136 were approved by the Board of Directors on 4 March 2024 and were signed on its behalf by:

DUNCAN TAIT
GROUP CHIEF EXECUTIVE

ADRIAN LEWIS
GROUP CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Share capital £m	Share Premium £m	Capital redemption reserve £m	Merger reserve £m	Other reserves £m	Retained earnings £m	Total equity attributable to owners of the parent £m	Non-controlling interests £m	Total shareholders' equity £m
At 1 January 2022		39	147	142	–	(228)	1,009	1,109	22	1,131
(Loss)/profit for the year		–	–	–	–	–	(11)	(11)	5	(6)
Other comprehensive income/(loss) for the year		–	–	–	–	294	(12)	282	6	288
Total comprehensive income/(loss) for the year		–	–	–	–	294	(23)	271	11	282
Hedging gains and losses transferred to inventory		–	–	–	–	3	–	3	–	3
Written put option		–	–	–	–	–	(13)	(13)	–	(13)
Shares to be issued		–	–	–	316	–	–	316	–	316
Non-controlling interests on acquisition of subsidiaries		–	–	–	–	–	–	–	5	5
Share-based payments, net of tax	4,16	–	–	–	–	–	10	10	–	10
Share buyback programme	24	(1)	–	1	–	–	(70)	(70)	–	(70)
Purchase of own shares by the Inchcape Employee Trust		–	–	–	–	–	(4)	(4)	–	(4)
Dividends:										
– Owners of the parent	9	–	–	–	–	–	(89)	(89)	–	(89)
– Non-controlling interests		–	–	–	–	–	–	–	(4)	(4)
At 1 January 2023		**38**	**147**	**143**	**316**	**69**	**820**	**1,533**	**34**	**1,567**
Profit for the year		**-**	**-**	**-**	**-**	**-**	**270**	**270**	**13**	**283**
Other comprehensive (loss)/income for the year		**-**	**-**	**-**	**-**	**(130)**	**(20)**	**(150)**	**(3)**	**(153)**
Total comprehensive income/(loss) for the year		**-**	**-**	**-**	**-**	**(130)**	**250**	**120**	**10**	**130**
Hedging gains and losses transferred to inventory		**-**	**-**	**-**	**-**	**(2)**	**-**	**(2)**	**-**	**(2)**
Written put option	28(b)	**-**	**-**	**-**	**-**	**-**	**(1)**	**(1)**	**-**	**(1)**
Shares issued	24,25	**4**	**-**	**-**	**(4)**	**-**	**-**	**-**	**-**	**-**
Acquisition of non-controlling interests	28(b)	**-**	**-**	**-**	**-**	**-**	**3**	**3**	**(3)**	**-**
Non-controlling interests on acquisition of subsidiaries	28(a)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**64**	**64**
Share-based payments, net of tax	4,16	**-**	**-**	**-**	**-**	**-**	**15**	**15**	**-**	**15**
Purchase of own shares by the Inchcape Employee Trust		**-**	**-**	**-**	**-**	**-**	**(19)**	**(19)**	**-**	**(19)**
Dividends:										
– Owners of the parent	9	**-**	**-**	**-**	**-**	**-**	**(128)**	**(128)**	**-**	**(128)**
– Non-controlling interests		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(6)**	**(6)**
At 31 December 2023		**42**	**147**	**143**	**312**	**(63)**	**940**	**1,521**	**99**	**1,620**

The notes on pages 137 to 199 are an integral part of these consolidated financial statements. Share-based payments include a net tax credit of £nil (2022: net tax credit of £nil).

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 £m	2022 £m
Cash generated from operating activities			
Cash generated from operations	27(a)	**900**	619
Tax paid		**(156)**	(95)
Interest received		**46**	17
Interest paid		**(197)**	(47)
Net cash generated from operating activities		**593**	494
Cash flows from investing activities			
Acquisition of businesses, net of cash and overdrafts acquired	28(a)	**(137)**	(395)
Net cash inflow/(outflow) from sale of businesses		**1**	(17)
Proceeds from disposal of investments in joint ventures and associates		**2**	–
Purchase of investments in joint ventures and associates		**(3)**	(6)
Purchase of property, plant and equipment		**(88)**	(64)
Purchase of intangible assets		**(5)**	(4)
Proceeds from disposal of property, plant and equipment		**31**	10
Dividends received from joint ventures and associates		**1**	–
Payments made before the commencement date of a lease		**–**	(1)
Receipt from finance sub-lease receivables		**3**	2
Net cash used in investing activities		**(195)**	(475)
Cash flows from financing activities			
Share buyback programme	24(b)	**–**	(70)
Purchase of own shares by the Inchcape Employee Trust		**(19)**	(4)
Cash (outflow)/inflow from acquisition financing bridge facility		**(350)**	600
Cash inflow from revolving credit facility	22	**150**	–
Cash inflow from bond issuance	22	**348**	–
Cash outflow from other borrowings		**(560)**	(4)
Payment of capital element of lease liabilities		**(87)**	(63)
Payments to former shareholders of Derco group		**(267)**	–
Equity dividends paid	9	**(128)**	(89)
Acquisition of non-controlling interests		**(15)**	–
Dividends paid to non-controlling interests		**(6)**	(4)
Net cash (used in)/generated from financing activities		**(934)**	366
Net (decrease)/increase in cash and cash equivalents	27(b)	**(536)**	385
Cash and cash equivalents at beginning of the year		**1,050**	589
Effect of foreign exchange rate changes		**(74)**	76
Cash and cash equivalents at the end of the year		**440**	1,050
Cash and cash equivalents consist of:			
– Cash at bank and cash equivalents	18	**610**	641
– Short-term deposits	18	**79**	423
– Bank overdrafts	22	**(249)**	(14)
		440	1,050

The notes on pages 137 to 199 are an integral part of these consolidated financial statements.

ACCOUNTING POLICIES

GENERAL INFORMATION

Inchcape plc is a public company limited by shares, domiciled and incorporated in the UK, and registered in England and Wales. The address of the registered office is 22a St James's Square, London, SW1Y 5LP. The nature of the Group's operations and principal activities are set out in note 1 and on pages 1 to 64.

The Group consolidated financial statements have been prepared in accordance with UK-adopted International Financial Reporting Standards (IFRS) and 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 financial assets at fair value through other comprehensive income, 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

Based on the Group's cash flow forecasts and projections, the Board is satisfied that the Group will operate within the level of its committed facilities for the foreseeable future. For this reason, the Board continues to adopt the going concern basis in preparing its financial statements. In making this assessment, the Group has considered available liquidity in relation to net debt and committed facilities, the Group's latest forecasts for 2024 and 2025 cash flows, together with adjusted scenarios.

Committed bank facilities and Private Placement borrowings amount to £1,360m, of which £610m was drawn at 31 December 2023. In June 2023, the Group issued a £350m bond offering with a coupon of 6.5%, due to mature in June 2028 and in December 2023, the Group's Revolving Credit Facility was amended, increasing the facility limit to £900m and extending the maturity date to December 2028.

The Private Placement Loan Notes (of which £70m is due to mature in May 2024) and the Term Loan (due to mature in December 2024) are subject to the same interest cover covenant based on an adjusted EBITA measure to interest on consolidated borrowings measured on a trailing 12-month basis at June and December.

The latest Group forecasts for 2024 and 2025 indicate that the Group is expected to be compliant with this covenant throughout the forecast period and have sufficient liquidity to continue operating throughout that period.

A range of sensitivities has been applied to the forecasts to assess the Group's compliance with its covenant requirements over the forecast period. These sensitivities included:

- a 12-month reduction in New and Used revenue from July 2024, resulting from decreasing consumer demand in response to fiscal tightening and resulting economic downturns;
- a reduction in reported GBP earnings from July to December 2024 resulting from the strengthening of sterling relative to other currencies;
- a general liquidity reduction impacting working capital from January 2025;
- with no mitigating actions applied in relation to the sensitivities described above.

In a scenario where all of the above sensitivities occur at the same time, with the interest cover covenant measured on a trailing 12-month basis, the sensitised forecasts indicate that the Group is not expected to breach any covenants and would be compliant with the interest cover requirements throughout the forecast period. Additionally, under these circumstances, the Group expects to have sufficient funds to meet cash flow requirements.

A reverse stress test scenario analysis concluded that a set of circumstances in which the Group would breach its covenant or have insufficient funds to meet cash flow requirements are considered to be remote, relative to the sensitivities referred to above.

Therefore, the Board concluded that the Group will be able to operate within the level of its committed facilities for the foreseeable future. The Directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements for the year ending 31 December 2023.

NEWLY ADOPTED ACCOUNTING STANDARDS

From 1 January 2023, the following standards become effective in the Group's consolidated financial statements:

- IFRS 17 Insurance Contracts;
- Amendments to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 Comparative Information;
- Amendments to IAS 12 relating to Deferred tax related to assets and liabilities arising from a single transaction;
- Amendments to IFRS 4 when applying IFRS 9 Financial Instruments;
- Amendments to IAS 1 Presentation of Financial Instruments, classification of liabilities as current or non-current; and
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates.

The adoption of the standards and interpretations listed above has not led to any material impact on the financial position or performance of the Group.

The Group has not early adopted other standards, amendments to standards or interpretations that have been issued but are not yet effective.

STANDARDS NOT EFFECTIVE AT THE BALANCE SHEET DATE

The following standards were in issue but were not yet 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 2024:

- Amendments to IAS 1: Non-current liabilities with covenants;
- Amendments to IFRS 16: Leases on sale and leaseback;
- Amendments to IAS 7 and IFRS 7: Supplier finance; and
- Amendments due to Finance (No. 2) Act 2023 for Pillar Two income inclusion (IIR).

Management are currently reviewing the new standards to assess the impact that they may have on the Group's reported position and performance. Management do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group.

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 newly acquired 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 is 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.

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.

In accordance with IAS 1 Presentation of Financial Statements, the Group Consolidated Income Statement for the year ended 31 December 2023 has been changed to present the results of the Group on a continuing operations basis, with a single amount reported for the total results for discontinued operations. The total for discontinued operations comprises the post-tax profit or loss of discontinued operations and the post-tax loss on disposal (see note 28).

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 exchange differences arising on long-term foreign currency borrowings that form part of a net investment in a foreign investment, 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 and cash flows of foreign operations are translated into sterling at the average rates of exchange for the period, except for subsidiaries in hyperinflationary economies that are translated at the closing rate of exchange at the end of 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.

PRESENTATION OF COMPARATIVE AMOUNTS

Comparative amounts presented in the consolidated income statement, the consolidated statement of comprehensive income and relevant notes reflect the classification of the Russian business as a discontinued operation in 2022.

DESIGNATION OF ETHIOPIA AS A HYPERINFLATIONARY ECONOMY

The Group financial statements include adjustments for hyperinflation, following the application of IAS 29 Financial Reporting in Hyperinflationary Economies in relation to the Group's operations with a functional currency of Ethiopian Birr.

The Group's consolidated financial statements include the results and financial position of its Ethiopian operations restated to the purchasing power or inflationary measuring unit current at the end of the year, leading to a hyperinflationary loss in respect of monetary items being reported in finance costs, and treated as an adjusting item. The results of the Group's Ethiopian operations have been translated at the closing exchange rate, as required by IAS 21 The Effects of Changes in Foreign Exchange Rates for hyperinflationary foreign operations.

Whilst IAS 29 Financial Reporting in Hyperinflationary Economies is applied in individual financial statements as though the relevant economy was always hyperinflationary, comparative amounts are not restated in consolidated amounts already presented in a stable currency. The resulting difference in the opening Ethiopian net assets has been presented as a translation adjustment in other comprehensive income.

The inflationary factors used by the Group are the official price indices published by the Central Statistical Agency of Ethiopia. Hyperinflationary adjustments have been calculated using the price index prevailing at 31 December 2023, which was a CPI index of 425.1 (31 December 2022: CPI index 328.9). The adjusted results and financial position of Ethiopia were translated at the year-end closing rate before being included in the Group's consolidated financial statements.

CLIMATE CHANGE

In preparing the Group's financial statements consideration has been given to the impact of both physical and transition climate-related risks, as described in the Task Force on Climate-related Financial Disclosures (TCFD) section on page 40. Based on the TCFD recommendations, in 2022, the Group performed an assessment of the five most critical climate related risks and opportunities that were considered to have a potential financial impact on the financial statements.

Climate scenario analysis was used as a tool to identify and assess a potential range of future outcomes, by capturing different assumptions about policies and physical climate conditions. Scenario analysis was applied to the five most material risks and opportunities, being the transition risk of misalignment, increased carbon tax, aftersales revenues, margin pressure risk, and physical risks (due to the direct impacts to property and inventories from extreme weather conditions). There is inherent uncertainty over the assumptions used within these scenarios and how they will impact the Group's operations, cash flows and profit projections.

The policy, technology, and market changes in response to climate change are still developing, and consequently the financial statements cannot capture all possible future outcomes as these are not yet known.

The climate-related estimates and assumptions were applied primarily to going concern, impairment of non-financial assets, property, plant and equipment, indefinite life intangible assets and provisions.

REVENUE AND OTHER INCOME

Revenue is measured at the fair value of consideration receivable, net of any discounts, rebates, trade allowances, incentives, or amounts collected on behalf of third parties. It is recognised to the extent that the transfer of promised goods or services to a customer has been satisfied and the revenue can be reliably measured. Revenue excludes sales-related taxes and intra-group transactions. In practice this means that:

Revenue from sale of goods

Revenue from the sale of goods is recognised when the obligation to transfer the goods to the customer has been satisfied and the revenue can reliably be measured. The obligation to transfer goods to the customer is considered to have been satisfied when the vehicles or parts are invoiced and physically dispatched or collected. Consideration received in advance of transfer of goods is recognised as deferred revenue on the balance sheet and is subsequently recognised as revenue when the transfer of goods occurs.

Revenue from rendering of services

Revenue from the rendering of services to the customer is considered to have been satisfied when the service has been undertaken.

Group acts as an agent

Where the Group acts as an agent on behalf of a principal in relation to finance, insurance, and similar products, the associated commission income is recognised within revenue in the period in which the related finance or insurance product is sold and receipt of payment can be assured.

Sales with a repurchase commitment

Where a vehicle is sold to a customer subject to a repurchase commitment and the possibility of the buyback being exercised by the customer is highly likely, the transaction is recognised as a lease transaction with the Group acting as a lessor. Consequently, such vehicles are recognised within 'property, plant and equipment' in the consolidated statement of financial position at cost and are depreciated to their residual value over the period of the repurchase commitment. The difference between the initial amounts received from the customer and the repurchase commitment is recognised 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 arrangement. The repurchase 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.

Where a vehicle is sold to a customer subject to a repurchase commitment and the possibility of the buyback being exercised by the customer is not highly likely, revenue is recognised in full when the vehicle is sold, less the expected value of the buyback payments to be made which is recorded as a liability in the consolidated statement of financial position. Similarly, an estimate of the value of the vehicles to be returned is deducted from cost of sales and recognised as an asset in the consolidated statement of financial position.

Sale of additional services

Where additional services are included in the sale of a vehicle to a customer as part of the total vehicle package (e.g. extended warranty, free servicing, roadside assistance, fuel coupons etc) and the Group is acting as a principal in the fulfilment of the service, the value of the additional services is separately identified, deducted from consideration receivable, recognised as deferred revenue on the balance sheet and subsequently recognised as revenue when the service is provided, or recognised on an input basis with reference to the amount of time elapsed under the contract to which the service relates. These balances are considered to be contract liabilities. The consideration allocated to additional services is based on the relative stand-alone selling price of the additional services within the contract. The value assigned to the additional service is set equal to the value of the additional service being provided, being the expected cost to the entity plus an appropriate profit margin.

Accrued income

Amounts relating to accrued income are balances primarily due from manufacturers in relation to volume/target related bonuses or commissions or warranty related where the work has been completed prior to being invoiced. Any amount previously recognised as accrued income is reclassified to trade receivables.

Dividend income

Dividend income is recognised when the right to receive payment is established.

COST OF SALES

Cost of sales includes the expense relating to the estimated cost of self-insured product 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.

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. 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.

GOVERNMENT GRANTS AND ASSISTANCE

Grants received from governments are recognised when there is reasonable assurance that the conditions associated with the grants have been complied with and the grants will be received. Grants for the reimbursement of operating expenditure are deducted from the related category of costs in the income statement. Once a government grant is recognised, any related deferred income is treated in accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance.

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 credit 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 INCOME

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.

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.

The accounting standard covering uncertain tax positions, IFRIC 23 Uncertainty over Income Tax Treatments, was adopted by the Group from 1 January 2019. The Group recognises provisions for uncertain tax positions when it is not probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, in its income tax filings. Uncertain tax positions are assessed and measured using management's estimate of the most likely outcome including an assessment of whether uncertain tax positions should be considered separately or as a group. The Group recognises interest on late paid taxes as part of financing costs, and recognises any penalties within income tax expense or other operating expenses depending on whether the penalty is considered an income tax or not.

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.

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.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

ADJUSTING ITEMS

The Group makes certain adjustments to the statutory profit measures in order to derive certain alternative performance measures. Certain items which are material are presented as adjusting items within their relevant consolidated income statement category. The separate reporting of adjusting items helps provide additional useful information regarding the Group's business performance and is used by management to facilitate internal performance analysis.

Management applies an adjusting items policy that is regularly discussed and approved by the Audit Committee. The policy applied in identifying adjusting items is balanced when assessing gains and losses, clearly disclosed, and applied consistently from one year to the next.

Adjusting items are deemed to be those items that, in the judgement of the Group, need to be disclosed separately by virtue of their nature, size or incidence. In determining the facts and circumstances, management considers key factors such as:

- where the same category of items recurs each year and in similar amounts (for example, restructuring costs), consideration is given as to whether such amounts should be included as part of underlying profit;
- where significant items are likely to be finalised over more than one year, the effect of such items is applied uniformly; and
- ensuring the treatment of favourable and unfavourable transactions are treated consistently.

Items that may be considered adjusting in nature could include gains or losses on the disposal of businesses, restructuring of businesses, acquisition and integration costs, asset impairments, recognition of monetary gains or losses on hyperinflation and the tax effects of these items. Any reversal of an amount previously recognised as an adjusting item would also be recognised as an adjusting item in a subsequent period.

BUSINESS COMBINATIONS AND GOODWILL

The acquisition of subsidiaries is accounted for using the acquisition method (at the point the Group gains control over a business as defined by IFRS 3 Business Combinations). The cost of the acquisition is measured as the cash paid and the aggregate of the fair values, at the date of exchange, of other assets transferred, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement at the acquisition date.

Acquisition-related costs are expensed as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognised at their fair value at the acquisition date. The Group recognises any non-controlling interests in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of acquiree's identifiable net assets.

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. Cost comprises the 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 eight years. Amortisation is recognised in the consolidated income statement within 'net operating expenses'. Software customisation and configuration costs relating to software not controlled by the Group are expensed over the period such services are received.

Intangible assets acquired as part of a business combination are capitalised separately from goodwill if the benefit of the intangible asset is obtained through contractual or other legal rights and the fair value can be measured reliably on initial recognition. The principal intangible assets are agreements with manufacturers for the distribution of new vehicles and parts, which represent the estimated value of distribution rights acquired in business combinations. Such agreements have varying terms and periods of renewal and have historically been renewed without substantial cost. The Group therefore expects these agreements to be renewed on a regular basis and accordingly no amortisation is charged on these assets. The Group assesses these distribution rights for impairment on an annual basis.

Other intangible assets acquired in a business combination may include order banks and customer contracts. These intangible assets are amortised on a straight-line basis over their estimated useful life, which is between one and ten years.

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 'leased vehicles, rental machinery and equipment' 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%
Leased vehicles, rental machinery and equipment	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.

LEASES

The Group assesses whether a contract is, or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

THE GROUP AS A LESSEE

Lease liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security, and conditions.

To determine the incremental borrowing rate, the Group:

- uses a build-up approach that starts with a risk-free interest rate by market and currency;
- applies a credit risk, based on yields of comparable entities, to the determined risk-free interest rate by market; and
- where applicable, makes adjustments specific to the lease, e.g. country, currency, security, and term.

Lease liabilities are remeasured when there is a change in future lease payments as a result of an index or rate change, or if there is a change in the estimate of the amount expected to be payable under a residual value guarantee, or if there is a change in the assessment of whether a purchase, lease-term extension or termination option will be exercised. An additional liability is also recognised where there is a potential change in variable payment during the term of the lease and lastly, where new leases have been committed to but not yet commenced. When lease liabilities are remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets comprising mainly land and buildings are measured at cost less accumulated depreciation and impairment losses. The costs include the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date less lease incentives received, any direct costs and an estimate of dismantling costs. The carrying amount is further adjusted for any remeasurement of the lease liability. Depreciation is expensed to the income statement on a straight-line basis over the lease term. The lease term includes the noncancellable period of lease together with any extension or termination options that are reasonably certain to be exercised.

Payments associated with short-term leases and all leases of low-value assets (under £5,000) are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise largely small items of office equipment.

THE GROUP AS A LESSOR

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risk and rewards of ownership to the lessee. All other leases are classified as operating leases. Where the Group is an intermediate lessor, the sublease classification is assessed with reference to the head lease right-of-use asset. Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the lease. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment in the lease. Rental income from operating leases is recognised on a straight-line basis over the lease term.

IMPAIRMENT OF NON-FINANCIAL ASSETS

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. Impairment losses are recognised on goodwill within the cash generating unit.

Non-financial assets, other than goodwill, which have previously been impaired, are reviewed for possible reversal of the impairment at each reporting date. Impairment of inventories are considered separately. Impairment losses are recognised against goodwill within the cash generating units before non-financial assets are impaired.

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. Parts inventory is valued at weighted average cost.

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 to finance costs 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 based on an expected credit loss model under IFRS 9 Financial Instruments. The amount of the provision is the difference between the asset's carrying amount and the expected value of the amounts to be received.

The provision for impairment of receivables is based on lifetime expected credit losses. Lifetime expected credit losses are calculated by assessing historic credit loss experience, adjusted for factors specific to the receivable and company. The amount of the loss is recognised in the consolidated income statement within 'net operating expenses'. When a trade receivable is not collectible, 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.

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 recognised in the consolidated income statement. Administrative scheme expenses associated with the plans are recorded within 'net operating expenses' when incurred, in line with IAS 19 Employee Benefits (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.

Following the scheme merger which is now referred to as the 'Combined section', and sits alongside the Group section, a change was made to the trustees deeds whereby it was stipulated, in the event of a wind-up any pension surplus belonging to the Group section would be returned to the Combined section in the first instance instead of being directly returned to the principal employer. The Group takes the view that any surplus in the Combined section ultimately belongs to the Principal employer, therefore judgement has been taken to recognise the pension surplus for the scheme in full.

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 warranties provided as part of the sale of a vehicle and provide assurance to the customer that the product will work as sold. Provision is made for the expected cost of labour and parts based on historical claims experience and expected future trends.

LEASEHOLD PROPERTY PROVISION
A leasehold property 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, excluding the lease liability already recognised under IFRS 16 Leases. A leasehold property provision is also recognised when there is future obligation relating to the maintenance of leasehold properties. The provision is based on management's best estimate of the obligation which forms part of the Group's unavoidable cost of meeting its obligations under the lease contracts.

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.

RESTRUCTURING PROVISION
A restructuring provision is recognised when a detailed formal plan for the restructuring has been developed and a valid expectation has been raised in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with ongoing activities of the Group.

DISPOSAL GROUP AND ASSETS HELD FOR SALE
Where the Group is committed to a plan to sell and is actively marketing a business and disposal is expected within one year of the date of classification as held for sale, the assets and liabilities of the associated businesses are separately disclosed in the consolidated statement of financial position as a disposal group. Assets and liabilities 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 and liabilities 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 groups of countries and the market channels, Distribution and Retail. These operating segments are then aggregated into reporting segments to combine those with similar characteristics. The accounting policies of the reportable segments are the same as the Group's accounting policies described in this note. Comparative amounts have been reclassified as explained in note 1.

FINANCIAL INSTRUMENTS
The Group classifies its financial assets in the following categories: measured at amortised cost; measured at fair value through profit and loss; and measured at fair value through other comprehensive income. Classification and subsequent remeasurement depends on the Group's business model for managing the financial asset and its cash flow characteristics. Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost.

Measured at amortised cost includes non-derivative financial assets and liabilities with fixed or determinable payments that are not quoted in an active market. Financial assets 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. Financial liabilities are included in current liabilities, except where the maturity date is more than 12 months after the end of the reporting period.

Measured 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.

Measured at fair value through other comprehensive income includes certain financial assets at fair value such as bonds and equity investments. These financial assets are included in current assets, except where the maturity date is more than 12 months after the end of the reporting period. Financial assets at fair value through other comprehensive income 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 cash and cash equivalents included in disposal groups held for sale.

Short-term bank deposits have a maturity of less than three months from the date at which the investment is acquired.

In the consolidated statement of cash flows, cash and cash equivalents comprise cash and cash equivalents, as defined above, net of bank overdrafts.

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 is 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.

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at fair value through other comprehensive income are primarily equity instruments that the Group has elected to recognise the changes in fair value of in other comprehensive income. They are recognised initially at fair value and are re-measured subsequently at fair value with gains and losses arising from changes in fair value recognised directly in equity and presented in the Group statement of comprehensive income. Cumulative gains and losses on equity instruments at fair value through other comprehensive income are not recycled to the Group income statement.

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.

CRITICAL ACCOUNTING JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in accordance with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge, actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. 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:

SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions about the future, and other key sources of estimation uncertainties at the reporting period end that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next period are discussed below:

IMPAIRMENT OF GOODWILL AND INDEFINITE LIFE INTANGIBLE ASSETS

Goodwill and other indefinite life intangible assets are tested at least annually for impairment. When an impairment review is carried out, the recoverable value is determined based on value in use calculations which require the use of estimates, including projected future cash flows (see note 10).

The value in use calculations mainly use cash flow projections based on three-year financial forecasts prepared by management. The key assumptions for these forecasts are those relating to volumes, revenue, gross margins, the level of working capital required to support trading, discount rates, long-term growth rate and capital expenditure. For all CGU groups, cash flows after the three-year period are extrapolated for a further seven years using declining growth rates which reduces the year three growth rate down to the long-term growth rate appropriate for each CGU or CGU group, to better reflect the medium-term growth expectations for those markets. A terminal value calculation is used to estimate the cash flows after year 10 using these long-term growth rates.

The assumptions used in the value in use calculations are based on past experience, recent trading, and forecasts of operational performance in the relevant markets. They also reflect expectations about continuing relationships with key mobility partners and the impact climate change may have on its operations. Whilst at this stage there is significant uncertainty regarding what the long-term impact of climate change initiatives may be on the markets in which we operate, the forecasts reflect our best estimate. Key assumptions and sensitivities are disclosed in note 10.

PENSIONS AND OTHER POST-RETIREMENT BENEFITS – ASSUMPTIONS

Pension and other post-retirement benefit liabilities are determined based on the actuarial assumptions detailed in note 5. A number of these assumptions require estimates to be made, including the rate of inflation and expected mortality rates. These assumptions are subject to a review on an annual basis and are determined in conjunction with an external actuary. The use of different assumptions could have a material effect on the value of the relevant liabilities and could result in a material change to amounts recognised in the income statement over time. Key assumptions and sensitivities for post-employment benefit obligations are disclosed in note 5.

PENSIONS – DISCOUNT RATE

The Group's defined benefit obligations are discounted at a rate set by reference to market yields at the end of the reporting period on high quality corporate bonds. Significant judgement is required when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the issue size of the corporate bonds, quality of the bonds and the identification of outliers which are excluded. Key assumptions and sensitivities for post-employment benefit obligations are disclosed in note 5.

CRITICAL ACCOUNTING JUDGEMENTS

RIGHT-OF-USE ASSETS AND LEASE LIABILITIES – EXTENSION AND TERMINATION OPTIONS

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The Group has several retail, distribution and office property lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. All relevant factors are considered that create an economic incentive for it to exercise either the renewal or termination, including: whether there are significant penalties to terminate (or not extend); whether any leasehold improvements are expected to have a significant remaining value; historical lease durations; the importance of the underlying asset to the Group's operations; and the costs and business disruption required to replace the leased asset.

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. Refer to note 12 for additional disclosures relating to leases.

ADJUSTING ITEMS

The Directors believe that adjusted profit and earnings per share measures provide additional useful information to shareholders on the performance of the business. These measures are consistent with how business performance is measured internally by the Board and Executive Committee. The operating profit before adjusting items and profit before tax and adjusting items measures are not recognised profit measures under IFRS and may not be directly comparable with such profit measures used by other companies. The classification of adjusting items requires significant management judgement after considering the nature and intentions of a transaction. The Group's definitions of adjusting items are outlined within the Group accounting policies and note 2 provides further details on current year adjusting items and their adherence to Group policy.

CLASSIFICATION OF VEHICLE FUNDING ARRANGEMENTS

The Group finances the purchase of vehicles using vehicle funding facilities provided by various lenders including the captive finance companies associated with mobility partners. In assessing whether the liabilities arising under these arrangements should be classified within trade and other payables rather than as an additional component of the Group's net debt within borrowings, the Group considers a number of factors including whether the arrangement is a requirement of the relationship with the mobility company partner, in relation to specific, separately identifiable vehicles held as inventory and whether payment terms are consistent with the normal working capital cycle or until the specific vehicle being funded is sold to the end customer. Each agreement entered into has its own terms and conditions and determining whether a new or renewed arrangement should be classified within trade and other payables requires significant management judgement. See also note 20.

ASSIGNMENT OF AN INDEFINITE USEFUL LIFE TO DISTRIBUTION AGREEMENTS

The Group's principal intangible assets relate to relationships with manufacturers for the distribution of new vehicles and parts. These distribution agreements are assigned an indefinite useful life as though these agreements have limited terms, they have historically been renewed by the Group without substantial cost and the Group's history shows that mobility company partners have not terminated our distribution agreements. Additionally, there are no known changes or events that would impact the vehicle distribution environments in which the Group has such assets recognised. The Group therefore expects these agreements to be renewed indefinitely and accordingly no amortisation is charged on these assets. Refer to note 10 for details of indefinite-life intangible assets.

NOTES TO THE FINANCIAL STATEMENTS

1 SEGMENTAL ANALYSIS

The Group has four reportable segments which have been identified based on the operating segments of the Group that are regularly reviewed by the chief operating decision-maker, which has been determined to be the Executive Committee, in order to assess performance and allocate resources. A reassessment of the Group's operating segments was conducted following the acquisition of the Derco group in 2022. The Group's operating segments are now represented by groups of countries which comprise the UK, Asia, Australasia, Europe, Africa, and the Americas, and the market channels, Distribution and Retail. Operating segments are then aggregated into reporting segments to combine those with similar economic characteristics. The reassessment of the Group's operating segments did not result in a change to the reporting segments.

The Group reports the performance of its reporting segments after the allocation of central costs. These represent costs of Group functions.

The following summary describes the operations of each of the Group's reportable segments:

Distribution	APAC Europe & Africa Americas	Exclusive distribution, sales and marketing activities of New Vehicles and Parts. Sale of New and Used Vehicles together with logistics services where the Group may also be the exclusive distributor, alongside associated Aftersales activities of service, body shop repairs and parts sales.
Retail		Sale of New and Used Vehicles, together with associated Aftersales activities of service, body shop repairs and parts sales in the UK and Europe.

	Distribution					
2023	APAC £m	Europe & Africa £m	Americas £m	Total Distribution £m	Retail £m	Total £m
Revenue						
Total revenue	**2,826**	**2,521**	**3,746**	**9,093**	**2,354**	**11,447**
Results						
Adjusted operating profit	**235**	**132**	**262**	**629**	**40**	**669**
Operating adjusting items						**(50)**
Operating profit from continuing operations						**619**
Share of profit after tax of joint ventures and associates						**1**
Profit before finance and tax						**620**
Finance income						**52**
Finance costs						**(259)**
Profit before tax from continuing operations						**413**
Tax						**(130)**
Profit for the year from continuing operations						**283**

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. Revenue is further analysed as follows:

2023	£m
UK	**2,065**
Chile	**1,773**
Australia	**1,310**
Rest of the world	**6,299**
Group	**11,447**

The Group's non-current assets by location comprise intangible assets, property, plant and equipment, right-of-use assets, investments in joint ventures and associates, and are analysed as follows:

2023	£m
UK	**297**
Rest of the world	**2,252**
Group	**2,549**

1 SEGMENTAL ANALYSIS CONTINUED

2023	APAC £m	Europe & Africa £m	Americas £m	Total Distribution £m	Retail £m	Total £m
	Distribution					
Segment assets and liabilities						
Segment assets	**915**	**748**	**1,454**	**3,117**	**485**	**3,602**
Other current assets						**795**
Other non-current assets						**2,742**
Segment liabilities	**(1,269)**	**(741)**	**(830)**	**(2,840)**	**(495)**	**(3,335)**
Other liabilities						**(2,184)**
Total net assets						**1,620**

Segment assets include net inventory, receivables, and derivative assets. Segment liabilities include payables, provisions, and derivative liabilities.

2023 from continuing operations	APAC £m	Europe & Africa £m	Americas £m	Total Distribution £m	Retail £m	Total £m
	Distribution					
Other segment items						
Capital expenditure:						
– Property, plant and equipment	**27**	**13**	**27**	**67**	**21**	**88**
– Leased vehicles, rental machinery and equipment	**20**	**26**	**15**	**61**	**23**	**84**
– Right-of-use assets	**12**	**7**	**14**	**33**	**3**	**36**
– Intangible assets	**1**	**1**	**2**	**4**	**1**	**5**
Depreciation and impairment:						
– Property, plant and equipment	**11**	**7**	**20**	**38**	**23**	**61**
– Leased vehicles, rental machinery and equipment	**6**	**1**	**13**	**20**	**–**	**20**
– Right-of-use assets	**30**	**8**	**35**	**73**	**8**	**81**
Amortisation of intangible assets	**2**	**1**	**7**	**10**	**1**	**11**
Net provisions charged to the consolidated income statement	**8**	**7**	**31**	**46**	**2**	**48**

Net provisions include inventory, trade receivables impairment and other liability provisions.

1 SEGMENTAL ANALYSIS CONTINUED

2022	Distribution APAC £m	Distribution Europe & Africa £m	Distribution Americas £m	Distribution Total Distribution £m	Retail £m	Total £m
Revenue						
Total revenue	2,341	2,048	1,480	5,869	2,264	8,133
Results						
Adjusted operating profit	163	90	110	363	48	411
Operating adjusting items						(11)
Operating profit from continuing operations						400
Share of profit after tax of joint ventures and associates						–
Profit before finance and tax						400
Finance income						21
Finance costs						(88)
Profit before tax from continuing operations						333
Tax						(98)
Profit for the year from continuing operations						235

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. Revenue is further analysed as follows:

2022	£m
UK	2,029
Australia	1,136
Rest of the world	4,968
Group	8,133

The Group's non-current assets by location comprise intangible assets, property, plant and equipment, right-of-use assets, joint ventures and associates, and are analysed as follows:

2022	£m
UK	299
Rest of the world	2,053
Group	2,352

2022 (Represented)	Distribution APAC £m	Distribution Europe & Africa £m	Distribution Americas[1] £m	Distribution Total Distribution £m	Retail £m	Total £m
Segment assets and liabilities						
Segment assets	620	477	1,799	2,896	440	3,336
Other current assets						917
Other non-current assets						2,711
Segment liabilities	(921)	(483)	(1,199)	(2,603)	(453)	(3,056)
Other liabilities						(2,341)
Total net assets						1,567

Segment assets include net inventory, receivables, and derivative assets. Segment liabilities include payables, provisions, and derivative liabilities.

1. Segment assets and liabilities in the Americas include a reclassification of derivative assets and liabilities.

1 SEGMENTAL ANALYSIS CONTINUED

2022 from continuing operations	Distribution APAC £m	Distribution Europe & Africa £m	Distribution Americas £m	Total Distribution £m	Retail £m	Total £m
Other segment items						
Capital expenditure:						
– Property, plant and equipment	14	13	12	39	22	61
– Leased vehicles, rental machinery and equipment	9	4	–	13	–	13
– Right-of-use assets	10	8	9	27	7	34
– Intangible assets	1	1	1	3	1	4
Depreciation and impairment:						
– Property, plant and equipment	7	7	9	23	1	24
– Leased vehicles, rental machinery and equipment	4	4	–	8	–	8
– Right-of-use assets	30	6	13	49	8	57
Amortisation of intangible assets	8	6	7	21	2	23
Net provisions charged to the consolidated income statement	22	21	10	53	6	59

Net provisions include inventory, trade receivables impairment and other liability provisions.

2 ADJUSTING ITEMS

From continuing operations	**2023 £m**	2022 £m
Other asset impairment reversals (see notes 11 and 12)	**–**	10
Disposal of businesses (see note 28)	**–**	1
Acquisition and integration costs	**(50)**	(42)
Accelerated amortisation (SaaS)	**–**	(13)
Other income	**–**	13
Gain on pension indexation	**–**	20
Total adjusting items in operating profit	**(50)**	(11)
Adjusting items in finance costs:		
Interest on dividend payments to former shareholders of Derco	**(10)**	–
Net monetary loss on hyperinflation	**(29)**	(29)
Total adjusting items before tax	**(89)**	(40)
Tax on adjusting items (see note 7)	**10**	(1)
Total adjusting items	**(79)**	(41)

During the year, the Group incurred costs of £50m (2022: £42m) in relation to acquisition and integration of businesses. Acquisition costs relate to the acquisitions of new businesses and integration costs were incurred primarily in relation to the integration of the Derco business. For more details on acquisitions made during the year, please refer to note 28. These costs have been reported as adjusting items to better reflect the underlying performance of the business.

At 31 December 2022, a liability was acquired, as part of the Derco acquisition, for the payment of a pre-completion dividend to former shareholders. The payment of this dividend was agreed to be made in four tranches, throughout 2023, with interest accruing on the outstanding amounts. At 31 December 2023, all of the tranches have been paid and interest expense of £10m has been recognised within finance costs and reported as an adjusting item.

During 2022, Ethiopia was designated as a hyperinflationary economy as its three-year cumulative inflation rate exceeded 100%. As a result, IAS 29 Financial Reporting for Hyperinflationary Economies became effective for the year ended 31 December 2022. The results and financial position of Ethiopia are therefore restated to include the effect of indexation and the resulting £29m net monetary loss on hyperinflation (2022: £29m net monetary loss) has been recognised within net finance costs and reported as an adjusting item.

In 2022, other asset impairment reversals of £10m primarily related to property, plant & equipment and right-of-use assets in the UK and Australia. These were reported as an adjusting item, consistent with the reporting of the original impairment charge.

2 ADJUSTING ITEMS CONTINUED

In 2021, the Group started to migrate the Group's existing ERP applications to a cloud-based solution. This was a strategic decision to consolidate and upgrade the systems, improve speed and performance, and facilitate centralised support following the transformation of the Information Technology organisational structure. The new solution was determined to be Software as a Service (SaaS) and therefore the existing software assets were no longer treated as an asset under IAS 38 Intangible Assets once the migration to the new solution had occurred. Consequently, the useful life of the existing assets was reassessed and the impact accounted for prospectively as a change in an estimate. This change resulted in a significant increase in the amortisation recognised for software costs and the incremental amortisation of £13m in 2022 was disclosed as an adjusting item.

In the first half of 2022, the Group disposed of its remaining operations in Russia and, at the time, management concluded that the value of the expected proceeds from disposal was £nil. In the second half of 2022, the Group received proceeds of £13m which were reported as other income within continuing operations as the subsequent receipt did not alter the initial (and reassessed) conclusion that no consideration was expected. Given the magnitude and nature of the item, the impact on the income statement was reported as an adjusting item.

With effect from 1 April 2022, the Trustee of the Inchcape Motors Pension Scheme now uses the Consumer Prices Index (CPI) instead of Retail Prices Index (RPI) for those elements of pensions from the Group, Motors and Normand sections that are increased in line with RPI. Management concluded that the change in indexation represented a plan amendment and the impact of the change in benefits payable of £20m was recognised in the income statement as a past service cost. Considering the magnitude and nature of the item, the impact on the income statement was reported as an adjusting item.

3 REVENUE AND EXPENSES

a. Revenue

An analysis of the Group's revenue for the year is as follows:

From continuing operations	**2023 £m**	2022 £m (represented)
Sale of goods	**10,878**	7,687
Provision of services	**569**	446
	11,447	8,133

Sale of goods includes the sale of new and used vehicles and the sale of parts where they are sold directly to the customer. Provision of services includes financial services, as well as labour and parts provided in servicing vehicles.

b. Analysis of net operating expenses

From continuing operations	**Net operating expenses before adjusting items 2023 £m**	**Adjusting items 2023 £m**	**Net operating expenses 2023 £m**	Net operating expenses before adjusting items 2022 £m	Adjusting items 2022 £m	Net operating expenses 2022 £m
Distribution costs	**623**	**-**	**623**	385	–	385
Administrative expenses	**664**	**50**	**714**	512	43	555
Other operating (income)/expenses	**(17)**	**-**	**(17)**	17	(32)	(15)
	1,270	**50**	**1,320**	914	11	925

3 REVENUE AND EXPENSES CONTINUED

c. Profit/(loss) before tax is stated after the following charges/(credits):

From continuing operations	**2023 £m**	2022 £m
Depreciation and impairment of tangible fixed assets:		
– Property, plant and equipment	**61**	24
– Leased vehicles, rental machinery and equipment	**20**	8
– Right-of-use assets	**81**	57
Amortisation of intangible assets	**11**	23
Impairment of trade receivables	**7**	6
Profit on sale of property, plant and equipment and intangibles	**(16)**	(2)

Profit on the sale of property, plant and equipment in 2023 mainly relates to the sale of surplus assets in APAC (2022: profit on sale of property, plant and equipment of surplus assets in APAC).

d. Auditor's remuneration

During the year the Group (including its overseas subsidiaries) obtained the following services from the Group's auditor at costs as detailed below:

	2023 £m	2022 £m
Fees payable to the Company's auditor and its associates for the audit of the parent company and the consolidated financial statements	**3**	3
Fees payable to the Company's auditor and its associates for other services:		
– The audit of the Company's subsidiaries	**5**	5
– Audit related assurance services	**–**	5
– All other services	**–**	1
Total fees payable to the Company's auditor	**8**	14

e. Staff costs

From continuing operations	**2023 £m**	2022 £m
Wages and salaries	**597**	446
Social security costs	**48**	35
Other pension costs (see note 5)	**17**	(5)
Share-based payment charge (see note 4)	**15**	10
	677	486

Other pension costs correspond to the current and past service cost and contributions to the defined contribution schemes (see note 5). In 2022, included in other pension costs is a £20m past service credit as a result of changing the basis of indexation for the Inchcape Motors Pension Scheme from the Retail Prices Index (RPI) to the Consumer Prices Index (CPI).

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 92 to 114 of this document. Information on compensation of key management personnel is set out in note 31b.

f. Average monthly number of employees

	Total	
	2023 Number	2022 Number
APAC	**3,815**	3,402
Europe & Africa	**2,799**	1,566
Americas	**8,549**	3,972
Total Distribution	**15,163**	8,940
Retail	**4,320**	3,662
Central & Digital	**1,379**	896
	20,862	13,498

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 awards granted under share-based payment plans was £15m (2022: £10m), all of which was equity-settled.

The Other Share Plan's 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:

2023	**Weighted average exercise price***	**Performance Share Plan**	**Save As You Earn Plan**	**Other Share Plans**
Outstanding at 1 January	**£4.92**	**5,107,941**	**2,056,778**	**1,370,709**
Granted	**£6.11**	**2,237,809**	**923,833**	**705,070**
Exercised	**£3.81**	**(979,410)**	**(786,587)**	**(353,282)**
Lapsed	**£6.05**	**(869,253)**	**(346,502)**	**(122,661)**
Outstanding at 31 December	**£5.78**	**5,497,087**	**1,847,522**	**1,599,836**
Exercisable at 31 December	**£3.77**	**245,726**	**322,449**	**95,835**

2022	Weighted average exercise price*	Performance Share Plan	Save As You Earn Plan	Other Share Plans
Outstanding at 1 January	£4.53	4,967,050	2,068,892	1,130,883
Granted	£6.00	1,975,716	685,472	766,006
Exercised	£4.62	(473,051)	(435,285)	(198,516)
Lapsed	£5.17	(1,361,774)	(262,301)	(327,664)
Outstanding at 31 December	£4.92	5,107,941	2,056,778	1,370,709
Exercisable at 31 December	£4.59	166,168	45,291	11,895

*The weighted average exercise price excludes nil cost awards made under the Performance Share Plan and Other Share Plans.
The weighted average share price at the date of exercise of options exercised during the year ended 31 December 2023 was £7.76 (2022 – £7.21).

The weighted average remaining contractual life for the awards outstanding at 31 December 2023 is 1.4 years (2022: 1.4 years).

The range of exercise prices for options outstanding at the end of the year was £3.77 to £7.31 (2022: £3.77 to £7.31). See note 24 for further details.

The fair value of options granted under the Save As You Earn Plan and Other Share Plans 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 nil cost awards granted under the Performance Share Plan and Other Share Plans 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 2023 and 31 December 2022:

	Performance Share Plan		Save As You Earn Plan		Other Share Plans	
	2023	2022	**2023**	2022	**2023**	2022
Weighted average share price at grant date	**£7.53**	£6.52	**£7.64**	£7.06	**£7.54**	£6.13
Weighted average exercise price*	**n/a**	n/a	**£6.11**	£6.00	**n/a**	n/a
Vesting period	**3.0 years**	3.0 years	**3.0 years**	3.0 years	**2.3 years**	2.7 years
Expected volatility	**n/a**	n/a	**31.0%**	33.9%	**n/a**	n/a
Expected life of award	**3.0 years**	3.0 years	**3.2 years**	3.2 years	**2.3 years**	2.7 years
Weighted average risk-free rate	**n/a**	n/a	**4.5%**	4.4%	**n/a**	n/a
Expected dividend yield	**n/a**	n/a	**4.3%**	3.5%	**n/a**	n/a
Weighted average fair value per option	**£7.53**	£6.52	**£2.06**	£1.78	**£7.54**	£6.13

* The weighted average exercise price excludes nil cost awards made under the Performance Share Plan and Other Share Plans.

No options were granted under the Executive Share Option Plan in 2023 or 2022.

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 Inchcape Motors Pension Scheme (IMPS) in the UK is the Group's main defined benefit pension scheme. It is comprised of the Group and Combined sections. In the first half of 2022, IMPS completed a partial scheme merger and implemented a change to the indexation of benefits. Following the partial scheme merger, the assets and liabilities of the former Cash+, Motors, and Normand sections were pooled (now referred to as the Combined Section). It is expected that this pooling of risks will reduce volatility.

From 1 April 2022, the Trustee of IMPS uses the Consumer Prices Index (CPI) instead of Retail Prices Index (RPI) for those elements of pensions from the Group, Motors and Normand sections that were historically increased in line with RPI. The change in indexation represented a plan amendment and the impact of the change in benefits payable of £20m was recognised in the income statement as a past service credit in 2022. Considering the magnitude and nature of the item, the impact on the income statement was reported as an adjusting item.

The Group also operates the Inchcape Overseas Pension Scheme which is non-UK registered.

Benefit structure

The Group and Combined sections, which provide benefits linked to the final salary of members, are closed to new members and closed to future benefit accrual. 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 bears risks in relation to its final salary schemes, notably relating to investment performance, interest rates, inflation, and members' life expectancies. There is potential for these risks to harm the funding position of the schemes. If the schemes were to be in deficit, then additional contributions may be required from the Group. A number of exercises have been undertaken to mitigate these key funding risks.

The Combined section also includes a defined benefit cash balance scheme. Cash balance schemes 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 up to 31 December 2020. The Group underwrites the investment and interest rate risk to normal retirement age (65). Inflation and mortality risks associated with benefits are borne solely by the members. Following a consultation process with relevant employees this section closed to future benefit accrual on 31 December 2020. From 1 January 2021, UK employees were offered membership of the Inchcape Retirement Savings Plan, a defined contribution workplace personal pension scheme, which is designed to comply with auto enrolment legislation.

Defined contribution schemes like the Inchcape Retirement Savings Plan, which commenced on 1 January 2021, see members' individual accounts credited with employee and employer contributions which are then invested to provide a pension pot on retirement. The Group does not underwrite investment, or other risks for this plan.

Governance

Our UK schemes are registered with HM Revenue and Customs (HMRC) and comply fully with the regulatory framework published by the UK Pensions Regulator.

IMPS is established under trust law and has a trustee board that runs the scheme in accordance with the Trust Deed and Rules and relevant legislation. The trustee board comprises an independent sole trustee company appointed by the Group. As part of good governance, the Group reviewed the provision of trustee services to IMPS and after a formal tender process it was decided to move to a Sole Trustee model from June 2021. The Trustee is required to act in the best interest of the members and have responsibility for the scheme's governance. The Trustee consults with the Group over decisions relating to matters such as funding and investments.

The Inchcape Retirement Savings Plan has an external pension provider with its own governance committee.

The Group also has some minor unfunded arrangements relating to post-retirement health and medical plans in respect of past employees.

Scheme specific cash obligation/investment detail

Inchcape Motors Pension Scheme

Group and Combined sections (closed sections)

The Group considers two measures of the pension deficit. The accounting position is shown on the Group's balance sheet. The funding position, calculated at the triennial actuarial valuation, is used to agree contributions made to IMPS. The last completed actuarial valuations for the Group and Combined sections were carried out as at 5 April 2022 on a market-related basis.

For the Group and Combined sections, the value of accrued liabilities determined in accordance with the advice of the Scheme Actuary was based on the defined accrued benefit method. The actuarial valuation determined that the duration of the liabilities was approximately 14 years and that an aggregate surplus of £40m existed. As a consequence, the Group and the Trustee agreed that contributions to IMPS would cease with effect from April 2022.

The Group is aware of a case involving Virgin Media Limited and NTL Pension Trustees II Limited relating to the validity of certain historical pension changes which could potentially lead to additional liabilities for some pension schemes and sponsors. The Group notes that the ruling is subject to appeal and is assessing whether there is any potential impact on the Group, although currently no conclusion has been reached and therefore no quantification of any potential impact has been determined.

5 PENSIONS AND OTHER POST-RETIREMENT BENEFITS CONTINUED

Inchcape Overseas Pension Scheme (closed section)
This scheme is managed from Guernsey and is subject to regulations similar to the UK. 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 2021 and based on the defined accrued benefit method. The actuarial valuation determined that the duration of the liabilities was approximately 12 years and that the scheme was approximately 80% funded on a prudent funding basis. To make good the funding deficit of £13m, it has been agreed that deficit contributions of £1.5m p.a. would be paid by means of an annual lump sum, ending with the payment due in July 2028. The first payment at this new level was paid on 1 July 2020. Additional contributions in respect of expenses of £0.2m per annum will also be made.

b. Overseas schemes
There are a number of smaller defined benefit schemes overseas, the significant schemes being the Inchcape Motors Limited Retirement Scheme in Hong Kong and the acquired defined benefit scheme in Indonesia. 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 £15m (2022: £13m). There are no outstanding contributions at 31 December 2023 (2022: 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.

e. Recognition of Pension Surplus 'IFRIC 14'
The Group is not required to recognise any additional liabilities in relation to funding plans, or limit the recognition of any surpluses, as the Group retains an unconditional right to any future economic benefits available by way of future refunds or reduction in contributions.

The principal weighted average assumptions used by the actuaries were:

	United Kingdom		Overseas	
	2023 %	2022 %	**2023 %**	2022 %
Rate of increase in salaries	**n/a**	n/a	**3.4**	3.4
Rate of increase in pensions	**2.6**	2.5	**3.7**	3.6
Discount rate	**4.5**	4.8	**3.1**	1.8
Rate of inflation:				
– Retail price index	**3.2**	3.3	**2.0**	2.4
– Consumer price index	**2.6**	2.6	**n/a**	n/a

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 21.5 years (2022: 22.7 years) for current pensioners and 22.8 years (2022: 24.0 years) for current non pensioners. Most of the overseas schemes only offer a lump sum on retirement and therefore mortality assumptions are not applicable.

5 PENSIONS AND OTHER POST-RETIREMENT BENEFITS CONTINUED

The asset/(liability) recognised in the consolidated statement of financial position is determined as follows:

	United Kingdom		Overseas		Total	
	2023 £m	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m
Present value of funded obligations	**(576)**	(572)	**(31)**	(35)	**(607)**	(607)
Fair value of plan assets	**655**	668	**30**	33	**685**	701
Net surplus/(deficit) in funded obligations	**79**	96	**(1)**	(2)	**78**	94
Present value of unfunded obligations	**–**	–	**(11)**	(1)	**(11)**	(1)
	79	96	**(12)**	(3)	**67**	93
The net pension asset is analysed as follows:						
Schemes in surplus	**84**	104	**–**	–	**84**	104
Schemes in deficit	**(5)**	(8)	**(12)**	(3)	**(17)**	(11)
	79	96	**(12)**	(3)	**67**	93

The amounts recognised in the consolidated income statement are as follows:

	United Kingdom		Overseas		Total	
	2023 £m	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m
Current service cost	**–**	–	**(2)**	(2)	**(2)**	(2)
Past service cost	**–**	20	**–**	–	**–**	20
Scheme expenses	**(1)**	(2)	**–**	–	**(1)**	(2)
Interest expense on plan liabilities	**(27)**	(19)	**(1)**	(1)	**(28)**	(20)
Interest income on plan assets	**31**	22	**1**	1	**32**	23
	3	21	**(2)**	(2)	**1**	19

The amounts recognised in the consolidated statement of comprehensive income are as follows:

	United Kingdom		Overseas		Total	
	2023 £m	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m
Actuarial (losses)/gains on liabilities:						
– Experience (losses)/gains	**(6)**	(20)	**1**	2	**(5)**	(18)
– Changes in demographic assumptions	**22**	–	**–**	–	**22**	–
– Changes in financial assumptions	**(23)**	312	**1**	2	**(22)**	314
Actuarial (losses)/gains on assets:						
– Experience (losses)/gains	**(15)**	(302)	**–**	(6)	**(15)**	(308)
	(22)	(10)	**2**	(2)	**(20)**	(12)

5 PENSIONS AND OTHER POST-RETIREMENT BENEFITS CONTINUED

Analysis of the movement in the net asset/(liability):

	United Kingdom		Overseas		Total	
	2023 £m	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m
At 1 January	**96**	82	**(3)**	–	**93**	82
Business acquisitions (note 28(a))	**–**	–	**(11)**	–	**(11)**	–
Amount recognised in the consolidated income statement	**3**	21	**(2)**	(2)	**1**	19
Contributions by employer	**2**	3	**1**	1	**3**	4
Actuarial (losses)/gains recognised in the year	**(22)**	(10)	**2**	(2)	**(20)**	(12)
Effect of foreign exchange rates	**–**	–	**1**	–	**1**	–
At 31 December	**79**	96	**(12)**	(3)	**67**	93

Changes in the present value of the defined benefit obligation are as follows:

	United Kingdom		Overseas		Total	
	2023 £m	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m
At 1 January	**(572)**	(898)	**(36)**	(38)	**(608)**	(936)
Business acquisitions (note 28(a))	**–**	–	**(11)**	–	**(11)**	–
Current service cost	**–**	–	**(2)**	(2)	**(2)**	(2)
Past service cost	**–**	20	**–**	–	**–**	20
Interest expense on plan liabilities	**(27)**	(19)	**(1)**	(1)	**(28)**	(20)
Actuarial (losses)/gains:						
– Experience (losses)/gains	**(6)**	(20)	**1**	2	**(5)**	(18)
– Changes in demographic assumptions	**22**	–	**–**	–	**22**	–
– Changes in financial assumptions	**(23)**	312	**1**	2	**(22)**	314
Benefits paid	**30**	33	**3**	5	**33**	38
Effect of foreign exchange rate changes	**–**	–	**3**	(4)	**3**	(4)
At 31 December	**(576)**	(572)	**(42)**	(36)	**(618)**	(608)

Changes in the fair value of the defined benefit asset are as follows:

	United Kingdom		Overseas		Total	
	2023 £m	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m
At 1 January	**668**	980	**33**	38	**701**	1,018
Interest income on plan assets	**31**	22	**1**	1	**32**	23
Scheme expenses	**(1)**	(2)	**–**	–	**(1)**	(2)
Actuarial (losses)/gains:						
– Experience (losses)/gains	**(15)**	(302)	**–**	(6)	**(15)**	(308)
Contributions by employer	**2**	3	**1**	1	**3**	4
Benefits paid	**(30)**	(33)	**(3)**	(5)	**(33)**	(38)
Effect of foreign exchange rate changes	**–**	–	**(2)**	4	**(2)**	4
At 31 December	**655**	668	**30**	33	**685**	701

5 PENSIONS AND OTHER POST-RETIREMENT BENEFITS CONTINUED

At the end of the reporting period, the percentages of the plan assets by category were as follows:

	United Kingdom		Overseas		Total	
	2023	2022 (represented)	**2023**	2022	**2023**	2022 (represented)
Equities	**5.2%**	5.1%	**50.0%**	50.2%	**7.2%**	7.2%
Bonds	**32.1%**	6.6%	**43.3%**	42.6%	**32.6%**	8.3%
Liability driven investment	**55.6%**	75.0%	**-**	–	**53.1%**	71.4%
Long lease property	**7.1%**	12.1%	**-**	–	**6.9%**	11.5%
Other	**-**	1.2%	**6.7%**	7.2%	**0.2%**	1.6%
	100%	100%	**100%**	100%	**100%**	100%

The majority of investments shown as equities and bonds are held through funds where the underlying investments of the fund are quoted. Liability driven investment is a strategy commonly used by defined benefit pension schemes to reduce interest rate and inflation risk. It includes government bonds, derivative instruments, and cash. Virtually all the equities and bonds held within the investment funds have prices in active markets. Derivatives, property, and liability driven investment can be classified as level 2 instruments.

The schemes had no directly held employer related investment during the reporting period. The schemes' investment managers may potentially hold a small investment in Inchcape plc either through index weightings or stock selection (less than 0.5% of their respective fund values).

The following disclosures relate to the Group's defined benefit plans only.

f. 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 assets as defensive assets (liability driven investment solutions, absolute return bonds and annuity policies) 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 and the funding positions improve, the Trustees reduce investment risk by increasing the allocation to defensive assets, which are designed to better match scheme liabilities. The investment strategies have been reviewed by the Trustees to address the long-term objective of the schemes.

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. The Group's investment strategy across the schemes is to mitigate inflation risk through holding inflation-linked assets.

Life expectancy

Where relevant, 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.

g. 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	
	2023 £m	2022 £m
Discount rate -1%	**+75**	+81
Discount rate +1%	**-61**	-66
CPI Inflation -0.25%	**-9**	-9
CPI Inflation +0.25%	**+9**	+10
Life expectancy +1 year	**+23**	+25

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 changes in assumptions by reference to recent trends and experiences.

5 PENSIONS AND OTHER POST-RETIREMENT BENEFITS CONTINUED

h. Expected future cash flows

The Group paid approximately £2m (2022: £2m) to its UK defined benefit plans in 2023 under the prevailing Schedules of Contributions (following the 5 April 2022 actuarial valuations for the Group and Combined sections of the Inchcape Motors Pension Scheme and 31 March 2021 valuation for the Inchcape Overseas Pension Scheme).

From 1 January 2021 (following the closure of the defined benefit cash balance scheme to future benefit accrual on 31 December 2020) the Group pays ongoing employer pension contributions into the Inchcape Retirement Savings Plan (a defined contribution plan).

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 13 years for the UK schemes.

6 NET FINANCE COSTS

From continuing operations	**2023 £m**	2022 £m
Interest expense on bank and other borrowings	**124**	27
Finance costs on lease liabilities (note 12(b))	**22**	10
Stock holding interest (note 20)	**50**	19
Net monetary loss on hyperinflation	**29**	29
Interest on deferred dividend payment	**10**	–
Other finance costs	**24**	3
Finance costs	**259**	88
Bank and other interest income	**(47)**	(17)
Net interest income on post-retirement plan assets and liabilities	**(4)**	(3)
Other finance income	**(1)**	(1)
Finance income	**(52)**	(21)
Net finance costs	**207**	67
Analysed as:		
Net finance costs excluding adjusting finance costs	**168**	38
Finance costs reported as adjusting items	**39**	29
Net finance costs	**207**	67

Other finance costs include fees, commissions and foreign exchange gains and losses.

Since 2022, in accordance with IAS 29 Financial Reporting in Hyperinflationary Economies, the results and financial position of the Group's operations in Ethiopia have been restated to the purchasing power or inflationary measuring unit current at the end of the reporting period. Therefore, finance costs include the loss on hyperinflation in respect of monetary items, which is also treated as an adjusting item.

7 TAX

This note only provides information about corporate income taxes under IFRS. The Group operates in over 40 markets and territories across the world. The Group pays and collects many different taxes in addition to corporate income taxes including: payroll taxes, value added and sales taxes, property taxes, product-specific taxes, and environmental taxes. Such taxes borne by the Group are included in profit before tax.

From continuing operations	**2023 £m**	2022 £m
Current tax:		
– Overseas tax	**146**	111
Adjustments to prior year liabilities:		
– Overseas tax	**(6)**	(6)
Current tax	**140**	105
Deferred tax (note 16):		
Origination and reversal of temporary differences	**(10)**	(7)
Deferred tax	**(10)**	(7)
Total tax charge	**130**	98
The total tax charge is analysed as follows:		
– Tax charge on adjusted profit before tax	**140**	97
– Tax (credit)/charge on adjusting items	**(10)**	1
Total tax charge	**130**	98

Details of the adjusting items for the year can be found in note 2. Not all of the adjusting items will be taxable or deductible for tax purposes. Therefore, the tax charge on adjusting items represents the total of the current and deferred tax on only those elements that are assessed as taxable or deductible.

a. Factors affecting the tax expense for the year

The effective tax rate for the year is 31.5% (2022: 29.4%). The effective tax rate on adjusted profit before tax is 27.9% (2022: 26.0%). The weighted average tax rate is 22.4% (2022: 22.7%). The weighted average tax rate comprises the average statutory rates across the Group, weighted in proportion to accounting profits and losses before tax. The table below explains the differences between the expected tax charge at the weighted average tax rate and the Group's total tax charge.

From continuing operations	**2023 £m**	2022 £m
Profit before tax	**413**	333
Profit before tax multiplied by the weighted average tax rate of 22.4% (2022: 22.7%)	**93**	75
– Permanent differences	**4**	10
– Non-taxable income	**(4)**	(4)
– Prior year items	**(4)**	(1)
– Derecognition/(recognition) of deferred tax assets	**27**	(2)
– Overseas tax audits and settlements	**1**	2
– Taxes on undistributed earnings	**2**	2
– Acquisition of businesses	**2**	4
– Adjustments for hyperinflation	**9**	12
Total tax charge	**130**	98

The major component of recognition and derecognition of deferred tax assets in the table above is the non-recognition of deferred tax assets associated with tax losses and UK corporate interest restrictions arising in the current year.

b. Factors affecting the tax expense of future years

The Group's future tax charge, and effective tax rate, could be affected by several factors including; the resolution of audits and disputes, changes in tax laws or tax rates, repatriation of cash from overseas markets to the UK, the ability to utilise brought forward losses, the impact of UK corporate interest restrictions and business acquisitions and disposals. In addition, a change in profit mix between low and high taxed jurisdictions will impact the Group's future tax charge.

The utilisation of brought forward tax losses or reactivation of previously disallowed interest deductions under the UK corporate interest restriction regulations and the recognition of deferred tax assets associated with them may also give rise to tax charges or credits. The recognition of deferred tax assets, particularly in respect of tax losses, is based upon an assessment of whether it is probable that there will be sufficient and suitable taxable profits in the relevant legal entity or tax group against which to utilise the assets in the future. Judgement is required when determining probable future taxable profits. In the event that actual taxable profits are different to those forecast, the Group's future tax expense and effective tax rate could be affected. Information about the Group's tax losses and deferred tax assets can be found in note 16.

7 TAX CONTINUED

The Group is within the scope of the OECD Pillar Two model rules, the relevant legislation has been enacted in the United Kingdom, the jurisdiction in which Inchcape plc is incorporated, and is effective from 1 January 2024. Since the Pillar Two legislation was not effective at the reporting date, the Group has no related current tax liability. Under the legislation, the Group is liable to pay a top-up tax for the difference between its Pillar Two effective tax rate per jurisdiction and the 15% minimum rate. The Group expects to be subject to the top-up tax in relation to its operations in several countries and the average effective tax rate (before considering Pillar Two) of those operations expected to be in scope is:

	£m
Accounting profit for the year ending 31 December 2023	**43**
Tax charge for year ending 31 December 2023	**3**
2023 Average effective tax rate	**6%**

The Group is in the process of assessing its exposure to the Pillar Two legislation and is implementing processes to comply with the regulations. Although the average effective tax rate disclosed above is below 15%, the Group might not be exposed to paying Pillar Two income taxes in relation to these jurisdictions. This is due to the impact of specific adjustments envisaged in the Pillar Two legislation which give rise to different effective tax rates compared to those calculated in accordance with IAS 12. Due to the complexities in applying the legislation, the quantitative impact of the legislation is not yet reasonably estimable. Therefore, even for those jurisdictions with an accounting effective tax rate above 15%, there may still be Pillar Two tax implications.

The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

The Group has published its approach to tax on www.inchcape.com covering its tax strategy and governance framework in accordance with Schedule 19 Finance Act 2016.

8 EARNINGS PER SHARE

	2023 £m	2022 £m
Profit/(loss) for the year	**283**	(6)
Non-controlling interests	**(13)**	(5)
Basic earnings	**270**	(11)
Loss for the year from discontinued operations	**–**	241
Basic earnings from continuing operations attributable to owners of the parent	**270**	230
Adjusting items	**79**	41
Adjusted earnings from continuing operations	**349**	271
Basic earnings/(loss) per share:		
Basic earnings per share from continuing operations	**65.6p**	61.1p
Basic loss per share from discontinued operations	**–**	(64.0)p
Total basic earnings/(loss) per share	**65.6p**	(2.9)p
Diluted earnings/(loss) per share:		
Diluted earnings per share from continuing operations	**64.8p**	54.6p
Diluted loss per share from discontinued operations	**–**	(57.1)p
Total diluted earnings/(loss) per share	**64.8p**	(2.5)p
Adjusted earnings per share from continuing operations:		
Basic Adjusted earnings per share from continuing operations	**84.8p**	72.0p
Diluted Adjusted earnings per share from continuing operations	**83.7p**	64.4p

	2023 number	2022 number
Weighted average number of fully paid ordinary shares in issue during the year	**412,689,716**	377,146,960
Weighted average number of fully paid ordinary shares in issue during the year:		
– Held by the Inchcape Employee Trust	**(1,131,983)**	(749,751)
Weighted average number of fully paid ordinary shares for the purposes of basic EPS	**411,557,733**	376,397,209
Dilutive effect of potential ordinary shares	**5,408,280**	44,733,701
Adjusted weighted average number of fully paid ordinary shares in issue during the year for the purposes of diluted EPS	**416,966,013**	421,130,910

8 EARNINGS PER SHARE CONTINUED

Basic earnings/(loss) per share is calculated by dividing the Basic earnings/(loss) 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 buyback programme.

Diluted earnings/(loss) per share is calculated on the same basis as Basic earnings/(loss) 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. In 2022, dilutive potential ordinary shares also include the shares to be issued in connection with the acquisition of the Derco group (see notes 24 and 28).

Basic Adjusted earnings (which excludes adjusting items) is adopted to assist the reader in providing an additional performance measure of the Group. Basic 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 and repurchased as part of the share buyback programme.

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. Information presented for diluted and diluted adjusted earnings per ordinary share uses the weighted average number of shares as adjusted for potentially dilutive ordinary shares as the denominator.

9 DIVIDENDS

The following dividends were paid by the Group:

	2023 £m	2022 £m
Interim dividend for the six months ended 30 June 2023 of 9.6p per share (30 June 2022: 7.5p per share)	**40**	28
Final dividend for the year ended 31 December 2022 of 21.3p per share (31 December 2021: 16.1p per share)	**88**	61
	128	89

A final proposed dividend for the year ended 31 December 2023 of 24.3p per share is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability as at 31 December 2023. The Group has sufficient distributable reserves to pay dividends to its ultimate shareholders. Distributable reserves are calculated on an individual legal entity basis and the ultimate parent company, Inchcape plc, currently has adequate levels of realised profits within its retained earnings to support dividend payments. At 31 December 2023, Inchcape plc's company-only distributable reserves were £276m. On an annual basis, the distributable reserve levels of the Group's subsidiary undertakings are reviewed and dividends paid up to Inchcape plc where it is appropriate to do so.

STRATEGIC REPORT GOVERNANCE FINANCIAL STATEMENTS

10 INTANGIBLE ASSETS

Cost	Goodwill £m	Indefinite-life intangible assets[1] £m	Computer software & Other[2] £m	Total £m
At 1 January 2022	552	257	217	1,026
Businesses acquired	140	593	26	759
Business sold	(84)	–	(29)	(113)
Additions	–	–	4	4
Disposals	–	–	(1)	(1)
Retirements	–	–	(95)	(95)
Effect of foreign exchange rate changes	40	28	10	78
At 1 January 2023	**648**	**878**	**132**	**1,658**
Businesses acquired (see note 28(a))	**39**	**113**	**-**	**152**
Period adjustments (see note 28(b))	**5**	**-**	**-**	**5**
Additions	**-**	**-**	**5**	**5**
Effect of foreign exchange rate changes	**(15)**	**(43)**	**(3)**	**(61)**
At 31 December 2023	**677**	**948**	**134**	**1,759**
Accumulated amortisation and impairment				
At 1 January 2022	(436)	(18)	(178)	(632)
Amortisation charge for the year	–	–	(23)	(23)
Business sold	84	–	28	112
Disposals	–	–	1	1
Retirements	–	–	95	95
Effect of foreign exchange rate changes	(26)	(2)	(9)	(37)
At 1 January 2023	**(378)**	**(20)**	**(86)**	**(484)**
Amortisation charge for the year (note 3)	**-**	**-**	**(11)**	**(11)**
Effect of foreign exchange rate changes	**3**	**1**	**3**	**7**
At 31 December 2023	**(375)**	**(19)**	**(94)**	**(488)**
Net book value at 31 December 2023	**302**	**929**	**40**	**1,271**
Net book value at 31 December 2022	270	858	46	1,174

1. Indefinite-life intangible assets comprise distribution agreements and acquired brands for which there is no foreseeable limit to the period over which they are expected to generate net cash inflows.
2. Included in computer software and other is acquired customer relationships.

There were no impairment charges or reversals during the year (2022: £nil). At 31 December 2023, computer software under development was £4m (2022: £6m).

Goodwill and indefinite-life intangible assets

Goodwill acquired in a business combination has been 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. Following the acquisition of the Derco group in December 2022, the Group's operating segments were reassessed (see note 1). The CGUs for goodwill testing are now structured around the revised operating segments, Asia, Australasia, Europe, Africa, Americas, and the UK, which represent the CGU groups that are expected to benefit from the synergies of the business combination in which the goodwill arose and which represent the lowest level at which information about goodwill is available and monitored for internal management purposes.

Indefinite-life intangible assets, principally distribution agreements acquired in a business combination, are also allocated to the CGU groups that are expected to benefit from the cash flows associated with the relevant agreements.

10 INTANGIBLE ASSETS CONTINUED

The carrying amount of goodwill and indefinite-life intangible assets has been allocated to CGU groups within the following reporting segments:

Goodwill	**2023 £m**	2022 £m
Americas	**207**	212
Asia	**79**	48
Other	**16**	10
	302	270

Indefinite-life intangible assets	**2023 £m**	2022 £m
Europe	**28**	29
Americas – Derco	**506**	536
Americas – Other	**281**	293
APAC	**114**	–
	929	858

In accordance with the Group's accounting policies, goodwill and other indefinite-life intangible assets are tested at least annually for impairment and whenever events or circumstances indicate that the carrying amount may not be recoverable. Impairment tests were performed for all CGU groups during the year ended 31 December 2023. The recoverable amount of the CGU groups acquired in the current period were determined based on fair value less cost of disposal.

The recoverable amounts of all CGU groups were determined based on the higher of the fair value less costs to sell and value in use calculations. The recoverable amount is determined firstly through value in use calculations. Where this is insufficient to cover the carrying value of the relevant asset being tested, fair value less costs to sell is also determined.

Site-based assets (property, plant and equipment and right-of-use assets) are first tested for impairment individually before being included in the aforementioned impairment tests as a component of the carrying value of a CGU group. If the carrying amount of a CGU group exceeds its recoverable amount, an impairment loss is recognised and allocated between the assets of the CGU group to reduce the carrying amount. This allocation is initially applied to the carrying amount of any goodwill allocated to the CGU group. If a further impairment charge still remains, then this is allocated to other assets in the CGU group on a pro-rata basis.

The value in use calculations mainly use cash flow projections based on three-year financial projections prepared by management. The key assumptions for these projections are those relating to volumes, revenue, gross margins, overheads, the level of working capital required to support trading and capital expenditure.

Forecast revenue is based on past experience and expectations for near-term growth in the relevant markets. Key assumptions used to determine revenue are expectations of market size, represented by Total Industry Volume (TIV) and Units in Operation (UIO), estimates of product availability from mobility partners and market share, based on external sources where appropriate. Operating profits are forecast based on historical experience of gross and operating margins, adjusted for the impact of changes to product mix and cost-saving initiatives that had been implemented at the reporting date. Cash flows are forecast based on operating profit adjusted for the level of working capital required to support trading and capital expenditure. The assumptions used in the value in use calculations are based on past experience, recent trading, and forecasts of operational performance in the relevant markets including expectations about continuing relationships with key mobility partners.

10 INTANGIBLE ASSETS CONTINUED

The impact of climate change and EV penetration has been considered by management in forecasting the future cashflows. The Group scenario analysis performed as part of the Task Force Climate-Related Financial Disclosures (TCFD) report identified five prioritised risks and opportunities in a 1.5°C and a 4°C scenario and factored into the impairment assessment where reasonably quantifiable. Further details on the climate change risks and opportunities can be found on pages 40 to 53.

For all CGU groups, cash flows after the three-year period are extrapolated for a further seven years using declining growth rates which reduces the year three growth rate down to the long-term growth rate appropriate for each CGU group, to better reflect the medium-term growth expectations for those markets. A terminal value calculation is used to estimate the cash flows after year 10 using these long-term growth rates.

Cash flows are discounted back to present value using a discount rate specific to each CGU group. The discount rates used are calculated using the capital asset pricing model to derive a cost of equity which is then weighted with an estimated cost of debt and lease liabilities based on an optimal market gearing structure. The Group uses several inputs to calculate a range for each discount rate from which an absolute measure is determined for use in the value in use calculations. Key inputs include benchmark risk-free rates, inflation differentials, equity risk premium, country risk premium and a risk adjustment (beta) calculated by reference to comparable companies with similar retail and distribution operations. The Group applies post-tax discount rates to post-tax cash flows as the valuation calculated using this method closely approximates to applying pre-tax discount rates to pre-tax cash flows.

Key assumptions used

Pre-tax discount rates and long-term discount rates used in the value in use calculations for each of the Group's significant CGU groups are shown below:

Goodwill:

2023[1]	**Americas**	**Asia**
Pre-tax discount rate (%)	**12.6**	**9.3**
Long-term growth rate (%)	**2.8**	**2.2**

1. Based on the revised CGUs for goodwill testing.

2022[2]	Baltics	Americas – Daimler	Americas – Hino/ Subaru/JLR/ Volvo/Porsche	Central America – Suzuki
Pre-tax discount rate (%)	8.1	15.8	12.2	14.1
Long-term growth rate (%)	1.9	3.2	2.9	2.6

2. Based on the CGUs presented in the 2022 Annual Report and Accounts.

Indefinite-life intangible assets:

2023	**Americas – Hino**	**Central America – Suzuki**	**Derco**
Pre-tax discount rate (%)	**14.3**	**12.6**	**12.5**
Long-term growth rate (%)	**2.7**	**2.9**	**2.9**

2022	Americas – Hino	Central America – Suzuki	Derco
Pre-tax discount rate (%)	13.4	14.1	–
Long-term growth rate (%)	3.1	2.6	–

10 INTANGIBLE ASSETS CONTINUED

Central America – Suzuki

As at 31 December 2023, the Central America – Suzuki distribution agreement had a carrying value of £70m (2022: £74m). The recoverable amount of the Central America – Suzuki CGU group was £170m. The recoverable value of the CGU group was determined based on value in use calculations, consistent with the approach used as at 31 December 2022. Cash flows were discounted back to present value using a pre-tax discount rate of 12.6% (2022: 14.1%).

The cash flows used within the impairment models are based on assumptions which are sources of estimation uncertainty and small movements in these assumptions could lead to a further impairment. Management have performed sensitivity analysis on the key assumptions in the indefinite-life intangible asset impairment model for Central America – Suzuki using reasonably possible changes in these key assumptions. The sensitivities have been selected based on the inherent business volatility and the metrics that closely align to the consequences of climate change risks and opportunities detailed on pages 40 to 53.

	Increase/(decrease) in assumption	Decrease in value in use £m	Increase in value in use £m
Revenue CAGR (%)	**(1.0%)/1.0%**	**(16)**	**18**
Average gross margin (%)	**(0.5%)/0.5%**	**(9)**	**9**
Pre-tax discount rate (%)	**1.0%/(1.0%)**	**(19)**	**25**
Long-term growth rate (%)	**(0.5%)/0.5%**	**(6)**	**7**

Other CGUs

As at 31 December 2023, the Americas – Hino distribution agreement had a carrying value of £41m (2022: £44m). The Group's value in use calculations are sensitive to a change in the key assumptions used. However, with the exception of the Group's Hino business in South America, a reasonably possible change, based on historical experience, in a key assumption will not cause a material impairment of indefinite-life intangible assets. The value in use calculations for the Hino distribution agreement in South America currently exceed the carrying value by 24%. A 1.4% increase in the discount rate, a 3.1% reduction in the long-term growth rate, or an 18% reduction in volumes in the forecast period, while holding all other assumptions constant, would eliminate this headroom.

11 PROPERTY, PLANT AND EQUIPMENT

Cost	Land and buildings £m	Plant, machinery and equipment £m	Subtotal £m	Leased vehicles, rental machinery and equipment £m	Total £m
At 1 January 2022	675	254	929	22	951
Opening balance hyperinflation adjustment	20	14	34	–	34
Businesses acquired	83	34	117	60	177
Businesses sold	(63)	(43)	(106)	–	(106)
Additions	17	47	64	13	77
Disposals	(9)	(25)	(34)	–	(34)
Transferred from/(to) inventory	–	–	–	(10)	(10)
Retirement of fully depreciated assets	–	(3)	(3)	–	(3)
Transferred from/(to) assets held for sale	(19)	(3)	(22)	–	(22)
Effect of foreign exchange rate changes	41	24	65	3	68
At 1 January 2023	**745**	**299**	**1,044**	**88**	**1,132**
Opening balance hyperinflation adjustment	**9**	**9**	**18**	**–**	**18**
Businesses acquired (see note 28(a))	**79**	**16**	**95**	**3**	**98**
Additions	**45**	**43**	**88**	**84**	**172**
Disposals	**(10)**	**(8)**	**(18)**	**–**	**(18)**
Transferred from/(to) inventory	**–**	**(1)**	**(1)**	**(21)**	**(22)**
Other[1]	**4**	**(1)**	**3**	**1**	**4**
Transferred from/(to) assets held for sale	**(6)**	**(1)**	**(7)**	**–**	**(7)**
Effect of foreign exchange rate changes	**(24)**	**(12)**	**(36)**	**(4)**	**(40)**
At 31 December 2023	**842**	**344**	**1,186**	**151**	**1,337**
Accumulated depreciation and impairment					
At 1 January 2022	(204)	(192)	(396)	(7)	(403)
Opening balance hyperinflation adjustment	(3)	(8)	(11)	–	(11)
Businesses sold	29	12	41	–	41
Depreciation charge for the year	(14)	(20)	(34)	(8)	(42)
Impairment reversal for the year	8	1	9	–	9
Disposals	2	25	27	–	27
Transferred to/(from) inventory	–	–	–	4	4
Retirement of fully depreciated assets	–	3	3	–	3
Transferred to/(from) assets held for sale	6	1	7	–	7
Effect of foreign exchange rate changes	(15)	(13)	(28)	(2)	(30)
At 1 January 2023	**(191)**	**(191)**	**(382)**	**(13)**	**(395)**
Opening balance hyperinflation adjustment	**(1)**	**(4)**	**(5)**	**–**	**(5)**
Depreciation charge for the year	**(22)**	**(28)**	**(50)**	**(20)**	**(70)**
Impairment charge for the year	**(9)**	**(2)**	**(11)**	**–**	**(11)**
Disposals	**6**	**6**	**12**	**–**	**12**
Transferred to/(from) inventory	**–**	**1**	**1**	**10**	**11**
Other[1]	**(4)**	**1**	**(3)**	**(1)**	**(4)**
Transferred to/(from) assets held for sale	**2**	**1**	**3**	**–**	**3**
Effect of foreign exchange rate changes	**5**	**9**	**14**	**1**	**15**
At 31 December 2023	**(214)**	**(207)**	**(421)**	**(23)**	**(444)**
Net book value at 31 December 2023	**628**	**137**	**765**	**128**	**893**
Net book value at 31 December 2022	554	107	662	75	737

1. This represents a correction of a historic adjustment to cost and accumulated depreciation on acquired property, plant, machinery and equipment. It has no net impact on net book value at any balance sheet date presented.

11 PROPERTY, PLANT AND EQUIPMENT CONTINUED

Where a vehicle is sold to a customer subject to a repurchase commitment and the possibility of the buyback being exercised by the customer is highly likely, the transaction is recognised as a lease transaction with the Group acting as a lessor. Consequently, such vehicles are included in 'leased vehicles, rental machinery and equipment' in the table above.

The book value of land and buildings is analysed between:

	2023 £m	2022 £m
Freehold	**469**	392
Leasehold with over fifty years unexpired	**58**	61
Short leasehold	**87**	96
Assets under construction	**14**	5
	628	554

At 31 December 2023, land and buildings include properties with a net book value of £4m (2022: £5m) that are let to third parties on a short-term basis.

Property, plant, machinery and equipment includes assets under construction with a net book value of £14m (2022: £5m).

Impairment of computer software, property, plant and equipment and right-of-use assets

Computer software, property, plant and equipment and right-of-use 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 the higher of value in use calculations, which require estimates to be made of future cash flows, or fair value less costs of disposal. Impairment triggers were identified in a limited number of markets and tests for impairment were carried out, where appropriate. As part of the assessment, the Group also assessed whether there was any indication that previously recognised impairment losses for an asset no longer exist or may have decreased which would result in an impairment reversal being recognised.

The approach to test computer software, property, plant and equipment and right-of-use assets for impairment was consistent with the approach used to test goodwill and other indefinite-life intangible assets. The value in use calculations use cash flow projections based on five-year financial forecasts prepared by management. The key assumptions for these forecasts are those relating to volumes, revenue, gross margins, overheads, the level of working capital required to support trading and capital expenditure. Where the value in use calculations did not support the carrying value of an asset, an estimate for fair value less costs of disposal was determined by obtaining property valuations for the relevant locations.

The results of the testing indicated that net impairment charges amounting to £11m were required against site and other assets in the UK, including £9m in relation to assets damaged due to fire and floods (2022: £7m net impairment reversals in the UK and Australia). See note 15 for details of related insurance receivables.

	2023 £m	2022 £m
Property, plant and equipment	**11**	(9)
Right-of-use assets	**–**	2
At 31 December	**11**	(7)

The presence of potential physical risks arising from climate change to the Group's key operational sites in the short to medium term has been reviewed and no assets have been impaired as a result of this exercise.

12 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group leases various retail dealerships, distribution, and office properties, primarily in the UK, Australia, Hong Kong, and South America. Rental contracts are typically made for fixed periods of 2 to 25 years and may have extension options as described in the accounting policies note. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

a. Amounts recognised on the consolidated statement of financial position

Cost	Land and buildings £m	Other £m	Total £m
At 1 January 2022	596	3	599
Opening balance hyperinflation adjustment	1	–	1
Businesses acquired	149	–	149
Business sold	(25)	–	(25)
Additions	33	1	34
Derecognition	(22)	(1)	(23)
Remeasurement	25	–	25
Effect of foreign exchange rate changes	43	–	43
At 1 January 2023	**800**	**3**	**803**
Opening balance hyperinflation adjustment	**1**	**-**	**1**
Businesses acquired (see note 28(a))	**11**	**-**	**11**
Period adjustments (see note 28(b))	**(7)**	**-**	**(7)**
Additions	**35**	**1**	**36**
Derecognition	**(38)**	**(1)**	**(39)**
Remeasurement	**7**	**-**	**7**
Reclassified to assets held for sale	**(2)**	**-**	**(2)**
Effect of foreign exchange rate changes	**(32)**	**-**	**(32)**
At 31 December 2023	**775**	**3**	**778**
Accumulated depreciation and impairment			
At 1 January 2022	(336)	(1)	(337)
Business sold	13	–	13
Depreciation charge for the year	(55)	(1)	(56)
Derecognition	22	1	23
Impairment charge for the year	(2)	–	(2)
Effect of foreign exchange rate changes	(25)	–	(25)
At 1 January 2023	**(383)**	**(1)**	**(384)**
Depreciation charge for the year	**(80)**	**(1)**	**(81)**
Derecognition	**33**	**1**	**34**
Remeasurement	**3**	**-**	**3**
Effect of foreign exchange rate changes	**14**	**-**	**14**
At 31 December 2023	**(413)**	**(1)**	**(414)**
Net book value at 31 December 2023	**362**	**2**	**364**
Net book value at 31 December 2022	417	2	419

12 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES CONTINUED

Asset impairment charges amount to £nil (2022: impairment charge of £2m). Further details on the impairment of right-of-use assets are disclosed in note 11.

Remeasurements of £9m were made to leases during the year, primarily in the UK, South America, and APAC, due to either a change in the lease term or a change in an index or rate applicable to the underlying lease (2022: £25m, primarily in the UK and APAC). Lease liabilities are also remeasured if there is a change in the assessment of whether a purchase, lease-term extension or termination option will be exercised, exposure to potential variable lease payments during the life of the lease together with any additional liability being present as a result of entering new lease commitments which have not commenced as at the balance sheet date.

	2023 £m	2022 £m
Lease liabilities		
Current	**81**	83
Non-current	**359**	416
At 31 December	**440**	499

b. Amounts recognised in the consolidated income statement

	2023 £m	2022 £m
Depreciation of right-of-use assets	**81**	56
Impairment charge for right-of-use assets	**–**	2
Finance costs on lease liabilities (included in finance costs)	**22**	10
Lease rentals – short-term leases	**7**	6
Lease rentals – variable lease payments	**1**	2
Sub-lease finance income (included in other finance income)	**(1)**	(1)
Sub-lease income from right-of-use assets	**(2)**	(2)

c. Amounts recognised in the consolidated statement of cash flows

	2023 £m	2022 £m
Lease interest paid	**21**	10
Payment of capital element of lease liabilities	**87**	63

13 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

Details of the interests held by the Group in joint ventures and associates can be found in note 12 to the Inchcape plc Company financial statements on pages 212 to 220.

Amounts recognised in the statement of financial position in respect of joint ventures and associates are as follows:

	2023 £m	2022 £m
At 1 January	**22**	5
Businesses acquired (see note 28)	**–**	11
Additions	**3**	5
Share of profit after tax of joint ventures and associates	**1**	–
Return of investment following liquidation of joint venture	**(2)**	–
Share of other comprehensive income of joint ventures and associates	**–**	1
Dividends received	**(1)**	–
Effect of foreign exchange rate changes	**(2)**	–
At 31 December	**21**	22

13 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES CONTINUED

Net assets of joint ventures and associates:

	2023 £m	2022 £m represented
Cash and cash equivalents	**14**	12
Other current assets	**41**	43
Non-current assets	**222**	129
Total assets	**277**	185
Current financial liabilities	**(46)**	(28)
Other current liabilities	**(5)**	(8)
Non-current financial liabilities	**(184)**	(106)
Total liabilities	**(235)**	(141)
Net assets	**42**	44

Results of joint ventures and associates:

	2023 £m	2022 £m
Revenue	**61**	–
Depreciation and amortisation	**(1)**	–
Interest expense	**(6)**	–
Other expenses	**(51)**	(2)
Profit/(loss) before tax	**3**	(2)
Tax	**(1)**	1
Profit/(loss) after tax of joint ventures and associates	**2**	(1)

Summarised financial information of joint ventures and associates:

	2023 £m	2022 £m
Opening net assets at 1 January	**44**	10
Profit/(loss) for the year	**2**	(1)
Businesses acquired	**–**	22
Additions	**5**	12
Return of investment following liquidation of joint venture	**(4)**	–
Other comprehensive (expense)/income for the year	**(1)**	1
Effect of foreign exchange rates	**(4)**	–
Closing net assets at 31 December	**42**	44
Carrying value of interest in joint ventures and associates	**21**	22

During the year, the Group invested £3m in Inchcape Financial Services Australia Pty Ltd, a captive finance company, and liquidated its share in the joint venture in Tefin SA in Greece.

As at 31 December 2023, no guarantees were provided in respect of joint ventures and associates' borrowings (2022: £nil).

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2023 £m	2022 £m
At 1 January	**3**	5
Net fair value losses recognised in other comprehensive income	**(2)**	(2)
Effect of foreign exchange rate changes	**–**	–
At 31 December	**1**	3

Analysed as:

	2023 £m	2022 £m
Current	**–**	–
Non-current	**1**	3
	1	3

Assets held are analysed as follows:

	2023 £m	2022 £m
Equity securities	**1**	3
Other	**–**	–
	1	3

Financial assets held at fair value through other comprehensive income relate to a 15% equity interest in Hino Motors Manufacturing Company SAS.

15 TRADE AND OTHER RECEIVABLES

	Current		Non-current	
	2023 £m	2022 £m	**2023 £m**	2022 £m
Trade receivables	**455**	443	**17**	14
Less: allowance for expected credit losses	**(17)**	(17)	**–**	–
Net trade receivables	**438**	426	**17**	14
Prepayments	**148**	205	**10**	8
Accrued income	**36**	20	**1**	1
Other taxation and social security	**84**	97	**–**	–
Other receivables	**129**	69	**21**	31
	835	817	**49**	54

Other receivables include buyback and indemnity assets, interest, sublease and sundry receivables, which include amounts receivable from insurance companies in respect of insurance claims, and rental and utilities deposits. A net insurance receivable of £15m is included in other receivables in relation to the fire and floods in the UK (see note 11). The breakdown of other receivables is as follows:

	Current		Non-current	
	2023 £m	2022 £m	**2023 £m**	2022 £m
Buyback assets	**2**	12	**7**	8
Indemnity assets	**16**	9	**–**	–
Interest receivable	**2**	1	**–**	–
Sublease receivables	**3**	2	**7**	14
Other	**106**	45	**7**	9
	129	69	**21**	31

Trade receivables representing amounts due from customers, including finance houses, mobility company partners, third-party dealers, and insurance companies are split by reporting segment as follows:

	2023 £m	2022 £m
APAC	**21**	84
Europe & Africa	**203**	110
Americas	**211**	225
Retail	**37**	38
	472	457
Less: allowance for expected credit losses	**(17)**	(17)
	455	440

At 31 December, the analysis of trade receivables is as follows:

2023	**Total £m**	**Current £m**	**0 – 30 days £m**	**30 – 90 days £m**	**> 90 days £m**
Gross trade receivables	**472**	**250**	**105**	**66**	**51**
Expected credit loss allowance	**(17)**	**(4)**	**–**	**–**	**(13)**
Net carrying amount	**455**	**246**	**105**	**66**	**38**

2022	Total £m	Current £m	0 – 30 days £m	30 – 90 days £m	> 90 days £m
Gross trade receivables	457	254	110	53	40
Expected credit loss allowance	(17)	(2)	(1)	(1)	(13)
Net carrying amount	440	252	109	52	27

15 TRADE AND OTHER RECEIVABLES CONTINUED

Movements in the allowance for expected credit losses were as follows:

	2023 £m	2022 £m
At 1 January	**(17)**	(12)
Charge for the year	**(9)**	(6)
Amounts written off	**3**	1
Business sold	**–**	1
Unused amounts reversed	**6**	–
Effect of foreign exchange rate changes	**–**	(1)
At 31 December	**(17)**	(17)

The expected credit loss for accrued income and other receivables is not significant.

Trade receivables are non-interest bearing and are generally on credit terms of 30 to 60 days. Trade receivables are only written off where there is no reasonable expectation of recovery.

The 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 and the default loss percentage incurred by the Group has customarily been low even if there have been significant changes in economic conditions experienced in markets in which the Group operates. Trade receivables include amounts due from a number of finance houses in respect of vehicles sold to customers on finance.

As a consequence, the risk associated with trade receivable balances past due but not impaired is not expected to be significant and as such does not contribute to a significant allowance for expected credit losses of receivables being recognised.

The allowance for expected credit losses for trade receivables and accrued income is based on an expected credit loss model that calculates the expected loss applicable to the receivable balance over its lifetime. For the Group, the simplified approach under IFRS 9 Financial Instruments is applied to all trade receivables and accrued income. Under this approach, the provision required against receivables is calculated by considering the cash shortfall that would be incurred in various default scenarios for prescribed future periods. Default rates are calculated initially by considering historical loss experience and applied to trade receivables within a provision matrix. The matrix approach allows application of different default rates to different groups of customers with similar characteristics. These groups will be determined by a number of factors including: the nature of the customer, the payment method selected and, where relevant, the sector in which they operate. The characteristics used to determine the groupings of receivables are the factors that have the greatest impact on the likelihood of default. The rate of default increases once the balance is 30 days past due and subsequently in 30-day increments.

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.

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	Indefinite-life intangible assets £m	Leases £m	Total £m
At 1 January 2022	(24)	1	5	18	19	26	(62)	16	(1)
Adjustments for hyperinflation	–	–	–	–	(4)	–	–	–	(4)
(Charged)/credited to the consolidated income statement (continuing operations)	(4)	–	1	–	(4)	12	–	2	7
(Charged)/credited to the consolidated income statement (discontinued operations)	–	–	–	–	–	1	–	–	1
Credited/(charged) to equity and other comprehensive income	–	(9)	–	–	–	–	–	–	(9)
Businesses acquired	–	–	–	2	(20)	9	(157)	(1)	(167)
Business disposed	–	–	–	(1)	–	2	–	–	1
Effect of foreign exchange rate changes	–	–	–	1	–	3	(7)	–	(3)
At 1 January 2023	**(28)**	**(8)**	**6**	**20**	**(9)**	**53**	**(226)**	**17**	**(175)**
(Charged)/credited to the consolidated income statement (continuing operations)	**-**	**2**	**1**	**2**	**(7)**	**15**	**(1)**	**(2)**	**10**
Credited/(charged) to equity and other comprehensive income	**-**	**18**	**-**	**(1)**	**(5)**	**3**	**-**	**-**	**15**
Businesses acquired (note 28(a))	**2**	**-**	**-**	**-**	**(16)**	**14**	**(29)**	**-**	**(29)**
Period adjustments (note 28(b))	**-**	**-**	**-**	**-**	**-**	**2**	**-**	**-**	**2**
Effect of foreign exchange rate changes	**-**	**-**	**-**	**1**	**1**	**(3)**	**16**	**-**	**15**
At 31 December 2023	**(26)**	**12**	**7**	**22**	**(36)**	**84**	**(240)**	**15**	**(162)**

Analysed as:

	2023 £m	2022 £m
Deferred tax assets	**105**	80
Deferred tax liabilities	**(267)**	(255)
	(162)	(175)

Measured at relevant local statutory rates, the Group has an unrecognised deferred tax asset of £59m (2022: £45m) relating to tax relief on trading losses. The unrecognised asset represents £229m (2022: £174m) of losses which exist within legal entities where forecast taxable profits are not probable in the foreseeable future. Unrecognised tax losses totalling £8m (2022: £7m) will expire within five years and £4m (2022: £4m) will expire in more than five years.

The Group has unrecognised deferred tax assets of £45m (2022: £44m) relating to capital losses. The asset represents £179m (2022: £177m) of losses at the standard local rate. The territory holding the losses is primarily the UK.

The Group has unrecognised deferred tax assets of £28m (2022: £20m) relating to other deductible temporary differences, including £23m (2022: £9m) of disallowed interest under the UK corporate interest restriction regulations. The deferred tax asset on tax trading losses of £22m (2022: £20m) relates to territories and entities where future taxable profits are considered probable.

The net deferred tax asset relating to the UK group of companies remains unrecognised as at 31 December 2023. Therefore, no deferred tax charges or credits are recorded in the consolidated income statement or consolidated statement of other comprehensive income in relation to temporary differences arising in the period for these companies (2022: no deferred tax charges or credits recorded in relation to temporary differences).

16 DEFERRED TAX CONTINUED

The net deferred tax asset on provisions and other timing differences is principally made up of a deferred tax liability on non-qualifying property £7m (2022: £10m) offset by deferred tax assets on trade related accounting provisions and other items in the Group's operating companies £91m (2022: £63m).

The deferred tax liability of £240m (2022: £226m) on indefinite life intangible assets, comprising distribution agreements and acquired brands, has been recorded as a result of the business acquisitions in the current and prior periods (see note 28).

Relevant tax laws largely exempt receipt of dividends from tax. A tax liability is more likely to arise in respect of withholding taxes levied by overseas jurisdictions. No deferred tax liability has been recognised in respect of £304m (2022: £188m) of post-acquisition unremitted earnings of subsidiaries because the Group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the next 12 months. Deferred tax is provided when there is an intention to distribute earnings and a tax liability arises. It is not practicable to estimate the amount of unrecognised deferred tax liabilities in respect of these unremitted earnings.

17 INVENTORIES

	2023 £m	2022 £m
Raw materials and work in progress	**124**	82
Finished goods and merchandise	**2,594**	2,294
	2,718	2,376

Vehicles held on consignment which are in substance assets of the Group amount to £65m (2022: £60m). 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 a period of up to six months from delivery or the date of sale.

An amount of £99m (2022: £58m) 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 £9,565m (2022: £6,846m). The net write-down of inventory to net realisable value recognised as an expense during the year was £31m (2022: expense of £2m). All of these items have been included within 'cost of sales' in the consolidated income statement.

18 CASH AND CASH EQUIVALENTS

	2023 £m	2022 £m
Cash at bank	**610**	641
Short-term deposits	**79**	423
	689	1,064

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 SONIA or the local equivalent). At 31 December 2023, the weighted average floating rate was 3.6% (2022: 3.0%).

£95m (2022: £91m) of cash and cash equivalents is held in Ethiopia where prior approval is required to transfer funds abroad and currency may not be available locally to effect such transfers.

At 31 December 2023, short-term deposits have a weighted average period to maturity of 24 days (2022: 5 days).

19 ASSETS HELD FOR SALE

	2023 £m	2022 £m
Assets classified as held for sale	**14**	19

Assets held for sale relate to surplus properties in the United Kingdom which are actively marketed with a view to sale.

20 TRADE AND OTHER PAYABLES

	Current		Non-current	
	2023 £m	2022 £m	**2023 £m**	2022 £m
Trade payables	**358**	418	**–**	–
Payments received on account	**120**	105	**8**	1
Vehicle funding agreements	**1,877**	1,423	**–**	–
Other taxation and social security payable	**97**	66	**–**	–
Accruals	**467**	396	**1**	2
Deferred income	**144**	156	**53**	35
Other payables	**87**	334	**7**	22
	3,150	2,898	**69**	60

In 2022, other payables included a dividend liability of £207m due to the former owners of the Derco group which represented the amount due in respect of a pre-completion dividend that remained unpaid at the balance sheet date and was paid in four instalments during 2023. Other payables also included a liability of £60m which represented a contractual liability to minority shareholders in Derco group companies that was settled in early January 2023.

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 are uncommitted facilities, have a maturity of 180 days or less and the Group repays the amounts outstanding either in line with the normal working capital cycle or on the earlier of the sale of the vehicles that have been funded under the facilities or the stated maturity date, depending on the facility. Some arrangements may also provide the lender with a security interest in the inventory until the amount drawn under the arrangement has been repaid. Related cash flows are reported within cash flows from operating activities within the consolidated statement of cash flows.

Vehicle funding facilities are subject to SONIA-based (or similar) interest rates. The interest incurred under these arrangements is included within finance costs and classified as stock holding interest (see note 6). At 31 December 2023, amounts outstanding under vehicle funding facilities and on which interest was payable were subject to a weighted average interest rate of 4.7% (2022: 3.7%).

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.

Included within deferred income are the following balances:

	2023 £m	2022 £m
Extended warranties	**42**	45
Service packages	**78**	58
Other services	**77**	88
	197	191

Revenue recognised in 2023 that was included in deferred revenue at the beginning of the year was £124m (2022: £77m).

Extended warranties
Certain Group companies provide extended warranties to customers over and above those provided by the manufacturer and act as the principal in the supply of the warranty service. The periods covered are up to six years and/or specific mileage limits. A proportion of revenue is allocated to the extended warranty obligation and deferred to the balance sheet. The revenue is subsequently recognised over time along with the costs incurred in fulfilling any warranty obligations.

Service packages
Certain Group companies provide service packages to customers as part of the total vehicle package. Where the Group acts as principal, the value of the additional services is separately identified, deducted from revenue, and recognised as deferred income on the balance sheet. It is subsequently recognised as revenue when the service is provided or the package expires.

Other services
Certain Group companies provide other services as part of the total vehicle package (e.g. roadside assistance, fuel coupons etc). Where the Group acts as principal, the value of the additional services is separately identified, deducted from revenue, and recognised as deferred income on the balance sheet. It is subsequently recognised as revenue over the period to which the service relates.

21 PROVISIONS

	Product warranty £m	Leasehold £m	Litigation £m	Other £m	Total £m
At 1 January 2023	**51**	**9**	**6**	**38**	**104**
Businesses acquired (see note 28(a))	**4**	**-**	**-**	**1**	**5**
Period adjustments (see note 28(b))	**-**	**-**	**-**	**4**	**4**
Charged to the consolidated income statement	**6**	**1**	**1**	**16**	**24**
Released to the consolidated income statement	**(2)**	**(1)**	**(2)**	**(5)**	**(10)**
Utilised during the year	**(6)**	**(1)**	**(2)**	**(6)**	**(15)**
Effect of foreign exchange rate changes	**(3)**	**-**	**-**	**(1)**	**(4)**
At 31 December 2023	**50**	**8**	**3**	**47**	**108**

Inflation and expected future movements in prices have been considered in calculating provisions where relevant.

Analysed as:

	2023 £m	2022 £m
Current	**69**	57
Non-current	**39**	47
	108	104

Product warranty
Certain Group companies provide assurance warranties as part of the sale of a vehicle. These are not separable products. The warranty periods covered are up to five 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.

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, Australia, and Hong Kong. Provision has been made to the extent of the estimated future net cost, excluding the lease liability recognised under IFRS 16 Leases. This includes taking into account existing subtenant arrangements. The category also includes the future obligation relating to dilapidations of certain premises. 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 claims that have been brought against various Group companies. The claims are generally expected to be concluded within the next three years.

Other
This category principally includes provisions relating to uncertain non-income taxes. It also includes provisions relating to restructuring activities of £2m (2022: £3m). Acquisition and disposal related provisions amount to £5m (2022: £6m), of which there is an offsetting indemnity asset recognised in trade and other receivables. Other provisions also includes long-service provisions of £8m. These provisions are expected to be utilised within three years except for those relating to long-service provisions.

Climate change
The Group has reviewed its provisions and concluded that no adjustments need to be made for climate change risks, nor that any new provisions need to be recognised for climate-related matters.

22 BORROWINGS

2023	Floating rate £m	Floating rate Weighted average effective interest rate %	Fixed rate £m	Fixed rate Weighted average effective interest rate %	Total interest bearing £m	2023 Total £m
Current						
Bank overdrafts	**249**	**5.9%**	**–**	**–**	**249**	**249**
Bank loans	**298**	**6.2%**	**35**	**7.8%**	**333**	**333**
Private Placement	**–**	**–**	**70**	**3.0%**	**70**	**70**
	547	**6.1%**	**105**	**4.6%**	**652**	**652**
Non-current						
Bank loans	**150**	**5.5%**	**348**	**6.5%**	**498**	**498**
Private Placement	**–**	**–**	**140**	**3.0%**	**140**	**140**
	150	**5.5%**	**488**	**5.5%**	**638**	**638**
Total borrowings	**697**	**5.9%**	**593**	**5.4%**	**1,290**	**1,290**

Bank overdrafts include £245m (2022: £14m) held in cash pooling arrangements which have not been offset in the consolidated statement of financial position (see note 23(b)).

2022	Floating rate £m	Floating rate Weighted average effective interest rate %	Fixed rate £m	Fixed rate Weighted average effective interest rate %	Total interest bearing £m	2022 Total £m
Current						
Bank overdrafts	14	3.8%	–	–	14	14
Bank loans	63	6.1%	469	8.9%	532	532
	77	5.6%	469	8.9%	546	546
Non-current						
Bank loans	625	4.0%	61	13.0%	686	686
Private Placement	–	–	210	3.0%	210	210
	625	4.0%	271	5.2%	896	896
Total borrowings	702	4.2%	740	7.5%	1,442	1,442

Interest payments on floating rate financial liabilities are determined by reference to short-term benchmark rates applicable in the relevant currency or market (primarily SONIA or the local equivalent).

As at 31 December 2023, the funding structure of the Group was comprised of a committed syndicated revolving credit facility of £900m (2022: £700m), sterling Private Placement Loan Notes totalling £210m (2022: £210m), a five-year bond of £350m, at a fixed coupon of 6.5%, replacing the bridge facility of £350m (2022: £350m), a term facility of £250m (2022: £250m) and debt acquired from acquisitions (including prior year acquisitions) of £80m (2022: £617m). As at 31 December 2023, £150m of the syndicated revolving credit facility was drawn (2022: undrawn).

In June 2023, the Group successfully issued a £350m public bond, with 6.5% coupon and a five-year maturity. The proceeds from the bond were used to re-finance the bridge facility put in place to fund the acquisition of Derco, the initial term for which was due to expire at the end of 2023. The £350m public bond is held at amortised cost and had a fair value of £365m as at 31 December 2023 based on observable market data.

In December 2023, the Group's syndicated revolving credit facility was amended, increasing the facility to £900m and extending the maturity to December 2028.

In July 2022, the Group entered into a facilities agreement with two banks comprising a £350m bridge facility and a £250m term loan facility. The bridge facility had an initial term of 12 months commencing from 29 December 2022, but the term was extendable at the Group's option by up to 12 months. The term loan had a term of two years commencing from 29 December 2022. The term and bridge facilities were fully drawn as at 31 December 2022 and were disclosed as non-current borrowings.

The Group's bank loans are not secured by any term deposits placed under a standby letter of credit and related facility arrangements (2022: £nil secured). The Group's bank overdrafts are secured by related offsetting cash balances held under pooling arrangements. The Group's remaining borrowings are unsecured.

22 BORROWINGS CONTINUED

In December 2016, the Group concluded a Private Placement transaction raising £210m to refinance existing US dollar Private Placement borrowings which matured in May 2017. The amounts drawn under these facilities are as follows:

Maturity date	May 2024	May 2027	May 2027	May 2029
Amount drawn	£70m	£30m	£70m	£40m
Fixed rate coupon	2.85%	3.02%	3.12%	3.10%

The £210m sterling Private Placement loan notes are held at amortised cost. They have a fair value of £201m (2022: £205m) calculated from discounted cash flow techniques obtained using discount rates from observable market data, which is a level 2 valuation technique. The fair values of the Group's other borrowings are not considered to be materially different from their book value.

The table below sets out the maturity profile of the Group's existing borrowings that are exposed to interest rate risk.

2023	**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							
Bank Overdrafts	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Bank loans	**35**	**–**	**–**	**–**	**348**	**–**	**383**
Private Placement	**70**	**–**	**–**	**100**	**–**	**40**	**210**
	105	**–**	**–**	**100**	**348**	**40**	**593**
Floating rate							
Bank overdrafts	**249**	**–**	**–**	**–**	**–**	**–**	**249**
Bank loans	**298**	**–**	**–**	**–**	**150**	**–**	**448**
	547	**–**	**–**	**–**	**150**	**–**	**697**

2022	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							
Bank loans	469	59	–	–	1	1	530
Private Placement	–	70	–	–	100	40	210
	469	129	–	–	101	41	740
Floating rate							
Bank overdrafts	14	–	–	–	–	–	14
Bank loans	63	625	–	–	–	–	688
	77	625	–	–	–	–	702

23 FINANCIAL INSTRUMENTS

The Group's financial liabilities, other than derivatives, comprise borrowings, trade and other payables and lease liabilities. 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 include forward and swap currency contracts. 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. Cash flow hedge ineffectiveness can arise from changes to the timing and amounts of forecasted cashflows of hedged items. Fair value hedge ineffectiveness can arise from different yield curves linked to the hedged item and hedging instrument as well as changes to the counterparties credit risk.

The main risks arising from the Group's financial instruments are interest rate risk, currency risk, credit risk and liquidity risk.

The Group does not hedge for inflation risk and has not hedged for cross-currency interest rates risk in recent years.

a. Classification of financial instruments

2023	**Measured at amortised cost £m**	**Measured at fair value through other comprehensive income £m**	**Measured at fair value through profit or loss £m**	**Total £m**
Financial assets				
Financial assets at fair value through other comprehensive income	**-**	**1**	**-**	**1**
Trade and other receivables	**613**	**-**	**-**	**613**
Derivative financial instruments	**-**	**4**	**35**	**39**
Cash and cash equivalents	**689**	**-**	**-**	**689**
Total financial assets	**1,302**	**5**	**35**	**1,342**
Financial liabilities				
Trade and other payables	**(2,754)**	**-**	**-**	**(2,754)**
Derivative financial instruments	**-**	**(58)**	**(39)**	**(97)**
Lease liabilities	**(440)**	**-**	**-**	**(440)**
Borrowings	**(1,290)**	**-**	**-**	**(1,290)**
Total financial liabilities	**(4,484)**	**(58)**	**(39)**	**(4,581)**
	(3,182)	**(53)**	**(4)**	**(3,239)**

2022	Measured at amortised cost £m	Measured at fair value through other comprehensive income £m	Measured at fair value through profit or loss £m	Total £m
Financial assets				
Financial assets at fair value through other comprehensive income	–	3	–	3
Trade and other receivables	521	–	–	521
Derivative financial instruments	–	24	30	54
Cash and cash equivalents	1,064	–	–	1,064
Total financial assets	1,585	27	30	1,642
Financial liabilities				
Trade and other payables	(2,581)	–	–	(2,581)
Derivative financial instruments	–	(15)	(25)	(40)
Lease liabilities	(499)	–	–	(499)
Borrowings	(1,442)	–	–	(1,442)
Total financial liabilities	(4,522)	(15)	(25)	(4,562)
	(2,937)	12	5	(2,920)

23 FINANCIAL INSTRUMENTS CONTINUED

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 £m	Gross amounts of financial liabilities set off in the statement of financial position £m	Net amounts of financial assets presented in the statement of financial position £m	Related amounts not set off in the statement of financial position: Financial instruments £m	Related amounts not set off in the statement of financial position: Cash collateral received £m	Net amount £m
As at 31 December 2023						
Derivative financial assets	**39**	**–**	**39**	**(24)**	**–**	**15**
Cash and cash equivalents	**689**	**–**	**689**	**(245)**	**–**	**444**
	728	**–**	**728**	**(269)**	**–**	**459**
As at 31 December 2022						
Derivative financial assets	54	–	54	(19)	–	35
Cash and cash equivalents	1,064	–	1,064	(14)	–	1,050
	1,118	–	1,118	(33)	–	1,085

	Gross amounts of financial liabilities £m	Gross amounts of financial assets set off in the statement of financial position £m	Net amounts of financial liabilities presented in the statement of financial position £m	Related amounts not set off in the statement of financial position: Financial instruments £m	Related amounts not set off in the statement of financial position: Cash collateral paid £m	Net amount £m
As at 31 December 2023						
Derivative financial liabilities	**(97)**	**–**	**(97)**	**24**	**–**	**(73)**
Bank overdrafts	**(249)**	**–**	**(249)**	**245**	**–**	**(4)**
	(346)	**–**	**(346)**	**269**	**–**	**(77)**
As at 31 December 2022						
Derivative financial liabilities	(40)	–	(40)	19	–	(21)
Bank overdrafts	(14)	–	(14)	14	–	–
	(54)	–	(54)	33	–	(21)

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 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 Financial Instruments: Disclosures, 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 designated as net investment hedges from movements in the US dollar to sterling exchange rate are recorded directly in equity;
- changes in the carrying value of financial instruments not in hedging relationships only affect the consolidated income statement; and
- 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.

23 FINANCIAL INSTRUMENTS CONTINUED

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.

Instruments approved for the purpose of hedging interest rate risk 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 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, based on recent experience, in interest rates on bank borrowings, supplier-related finance and cash balances as at 31 December 2023, with all other variables held constant.

	Increase in basis points	Effect on profit before tax £m
2023		
Sterling	**100**	**(11)**
Euro	**100**	**(2)**
Chilean peso	**250**	**(2)**
Australian dollar	**100**	**1**
US dollar	**100**	**(3)**
2022		
Sterling	100	(10)
Euro	100	–
Chilean peso	250	(3)
Australian dollar	100	1
US dollar	100	1

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 in that unit's reporting 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 Australia which purchases vehicles in Japanese yen and our South and Central American businesses which purchase vehicles in Japanese yen and US dollars.

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 initially recognised in the consolidated statement of comprehensive income to the extent it is effective. 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. Under IFRS 9 Financial Instruments, hedges are documented and tested for the hedge effectiveness on an ongoing basis.

23 FINANCIAL INSTRUMENTS CONTINUED

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
2023		
Yen	**+10%**	**3**
Yen	**-10%**	**3**
2022		
Yen	+10%	3
Yen	-10%	4

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 derivative assets, cash at bank and short-term deposits by credit exposure:

	2023			2022		
Credit rating of counterparty	**Derivative assets £m**	**Cash at bank £m**	**Short-term deposits £m**	Derivative assets £m	Cash at bank £m	Short-term deposits £m
AA-	**1**	**198**	**-**	12	343	–
A+	**8**	**33**	**-**	2	56	40
A	**7**	**170**	**-**	11	33	102
A-	**9**	**21**	**-**	15	83	134
BBB+	**8**	**35**	**-**	6	11	–
BBB	**2**	**6**	**-**	1	8	–
BBB-	**-**	**5**	**1**	1	6	73
BB+	**-**	**3**	**-**	2	–	–
BB-	**-**	**14**	**-**	–	14	–
No rating*	**4**	**125**	**78**	4	87	74
	39	**610**	**79**	54	641	423

* Counterparties in certain markets in which the Group operates do not have a credit rating.

For those counterparties which do not have a credit rating, where possible the Group works with partner banks with a local presence to provide additional assurance. Additionally, the Group proactively repatriates cash through cash-pooling arrangements, loans between Group companies and dividends as well as regularly monitoring the spread of counterparties in-country, notably in Ethiopia.

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, receivables and other financial assets is represented by their carrying amount.

Total cash at bank of £610m (2022: £641m) 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.

23 FINANCIAL INSTRUMENTS CONTINUED

g. Liquidity risk

Prudent liquidity risk management includes 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.

The table below summarises the maturity profile of the Group's financial assets and liabilities at 31 December 2023 based on contractual expected undiscounted cash flows:

2023	**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	**689**	**–**	**–**	**–**	**689**
Trade and other receivables	**428**	**156**	**25**	**4**	**613**
Financial assets at fair value through other comprehensive income	**–**	**–**	**–**	**1**	**1**
Derivative financial instruments	**2,720**	**1,288**	**264**	**–**	**4,272**
	3,837	**1,444**	**289**	**5**	**5,575**
Financial liabilities					
Interest bearing loans and borrowings	**(444)**	**(398)**	**(545)**	**(41)**	**(1,428)**
Lease liabilities	**(27)**	**(74)**	**(253)**	**(205)**	**(559)**
Trade and other payables	**(2,178)**	**(565)**	**(10)**	**(2)**	**(2,755)**
Derivative financial instruments	**(2,739)**	**(1,347)**	**(285)**	**–**	**(4,371)**
	(5,388)	**(2,384)**	**(1,093)**	**(248)**	**(9,113)**
Net outflows	**(1,551)**	**(940)**	**(804)**	**(243)**	**(3,538)**

2022	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	1,059	5	–	–	1,064
Trade and other receivables	444	43	28	6	521
Financial assets at fair value through other comprehensive income	–	–	–	3	3
Derivative financial instruments	1,216	912	352	–	2,480
	2,719	960	380	9	4,068
Financial liabilities					
Interest bearing loans and borrowings	(172)	(448)	(912)	(43)	(1,575)
Lease liabilities	(23)	(67)	(246)	(214)	(550)
Trade and other payables	(1,992)	(562)	(27)	–	(2,581)
Derivative financial instruments	(1,211)	(941)	(349)	–	(2,501)
	(3,398)	(2,018)	(1,534)	(257)	(7,207)
Net outflows	(679)	(1,058)	(1,154)	(248)	(3,139)

23 FINANCIAL INSTRUMENTS CONTINUED

h. Fair value measurement

In accordance with IFRS 13 Fair Value Measurement, 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:

	2023				2022			
	Level 1 £m	**Level 2 £m**	**Level 3 £m**	**Total £m**	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets								
Derivatives used for hedging	**-**	**39**	**-**	**39**	–	54	–	54
Financial assets at fair value through other comprehensive income	**-**	**-**	**1**	**1**	1	–	2	3
	-	**39**	**1**	**40**	1	54	2	57
Liabilities								
Derivatives used for hedging	**-**	**(97)**	**-**	**(97)**	–	(40)	–	(40)

Level 1 represents the fair value of financial instruments that are traded in active markets and is based on quoted markets price 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.

Level 3 primarily represents the Group's equity interest in Hino Motors Manufacturing Company SAS (see note 14). Fair value is based on discounted free cash flows, using the projection of annual income and expenses mainly based on historical financial figures.

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 2023.

The Group's derivative financial instruments comprise the following:

	Assets		Liabilities	
	2023 £m	2022 £m	**2023 £m**	2022 £m
Cross currency interest rate swaps	**-**	4	**-**	–
Forward foreign exchange contracts	**39**	50	**(97)**	(40)
	39	54	**(97)**	(40)

23 FINANCIAL INSTRUMENTS CONTINUED

The ineffective portion recognised in the consolidated income statement that arises from fair value hedges amounts to £nil (2022: £nil). The ineffective portion recognised in the consolidated income statement that arises from cash flow hedges amounts to £nil (2022: £nil).

Derivative financial instruments

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 12 months (2022: 12 months) of the end of the reporting period.

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 2023 are expected to be released to the consolidated income statement within 12 months of the end of the reporting period (2022: 12 months).

The below table illustrates the effects of hedge accounting on the consolidated statement of financial position and consolidated income statement through detailing separately by risk category and each type of hedge the details of the associated hedging instrument and hedged item.

2023	**Current**	**Current**	**Non-current**
Hedging risk strategy	**Cash flow hedges**	**Fair value hedges**	**Cash flow hedges**
Notional/currency legs (£m)	**2,422**	**1,585**	**264**
Carrying amount net liabilities (£m)	**(39)**	**(10)**	**(9)**
Maturity date	**to Dec 2024**	**to Dec 2024**	**to Mar 2026**
Hedge ratio	**1:1**	**1:1**	**1:1**
Description of hedged item	**Highly probable FX exposures**	**FX exposure on balance sheet**	**Highly probable FX exposures**
Change in fair value of outstanding hedging instruments since 1 January (£m)	**(22)**	**(26)**	**(25)**
Change in fair value of hedging item used to determine hedge effectiveness (£m)	**22**	**26**	**25**
Weighted average hedge rate of outstanding deals (AUD/JPY)	**89.06**	**n/a**	**-**
Amounts recognised within net finance costs (£m)	**-**	**(26)**	**-**
Cash flow hedge reserve (net of tax) at 31 December (£m)	**34**	**-**	**-**

2022	Current	Current	Non-current
Hedging risk strategy	Cash flow hedges	Fair value hedges	Cash flow hedges
Notional/currency legs (£m)	1,347*	781*	352*
Carrying amount net (liabilities)/assets (£m)	(17)	16	16
Maturity date	to Dec 2023	to Dec 2023	to Mar 2026
Hedge ratio	1:1	1:1	1:1
Description of hedged item	Highly probable FX exposures	FX exposure on balance sheet	Highly probable FX exposures
Change in fair value of outstanding hedging instruments since 1 January (£m)	(20)[2]	26	13[2]
Change in fair value of hedging item used to determine hedge effectiveness (£m)	20	(26)	(13)
Weighted average hedge rate of outstanding deals (AUD/JPY)	85.67[1]	n/a	90.20
Amounts recognised within net finance costs (£m)	–	26	–
Cash flow hedge reserve (net of tax) at 31 December (£m)	3	–	–

* represented
1. Outstanding deals predominantly relate to our business in Australia which purchases vehicles in Japanese yen.
2. Includes hedging derivatives for both actual and highly probable forecasted purchases. The movement presented in other comprehensive income only covers hedging derivatives relating to highly probable forecasted purchases.

As at 31 December 2023, the accumulated balance of the cash flow hedge reserve was a loss of £34m (2022: loss of £3m). The above changes in fair value of hedging instruments will include hedge positions taken up for future foreign currency exposures and will also include amounts that would have been reclassified from the hedge reserve to the balance sheet as at 31 December 2023.

23 FINANCIAL INSTRUMENTS CONTINUED

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 Group uses return on capital employed (ROCE) as a measure of its ability to drive better returns on the capital invested in the Group's operations. See alternative performance measures on page 200.

	2023	2022
Adjusted return on capital employed	**26.2%**	40.6%

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 adjusted net debt to EBITDA and the ratio of net debt to market capitalisation. The leverage tests are measured excluding the impact of IFRS 16 Leases.

	2023	2022
Adjusted EBITA interest cover (times)*	**7.9**	459.3
Adjusted net debt to EBITDA (times)**	**0.8**	n/a
Net debt/market capitalisation (percentage)***	**35.2%**	28.6%

* Calculated as Adjusted EBITA/interest on consolidated borrowings.
** Calculated as adjusted net debt/adjusted earnings before interest, tax, depreciation, and amortisation.
*** Calculated as net debt/market capitalisation as at 31 December.

Net debt as at 31 December 2022 included debt used to acquire the Derco group together with acquired debt. As the acquisition completed on 31 December 2022 and did not contribute to EBITDA in the year, then the ratio was reported as not applicable.

24 SHARE CAPITAL

a. Allotted, and fully paid share capital

	2023 Number	2022 Number	**2023 £m**	2022 £m
Issued and fully paid ordinary shares (nominal value of 10.0p each)				
At 1 January	**374,494,030**	383,851,938	**38**	39
Shares issued	**38,513,102**		**4**	–
Cancelled under share buyback	**–**	(9,357,908)	**–**	(1)
At 31 December	**413,007,132**	374,494,030	**42**	38

The Company's ordinary shares are fully paid and no further contribution of capital may be required by the Company from the shareholders.

b. Share buyback programme

In 2023, no shares were repurchased under the Company's share buyback programme. In 2022, 9,357,908 shares were purchased on the London Stock Exchange at a cost of £70m and were cancelled, with none held within treasury shares at the end of the reporting period. An amount of £1m, equivalent to the nominal value of the cancelled shares, was transferred to the capital redemption reserve. Costs of £1m associated with the transfer to the Company of the repurchased shares and their subsequent cancellation were charged to the retained earnings reserve.

c. Substantial shareholdings

Details of substantial interests in the Company's issued ordinary share capital received by the Company at 4 March 2024 under the provisions of the Companies Act 2006 have been disclosed in the significant shareholdings section of the Corporate Governance Report.

24 SHARE CAPITAL CONTINUED

d. Share options

At 31 December 2023, 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 SAYE Share Option Scheme – approved		
322,449	1 May 2024	3.77
165,261	1 May 2025	7.31
501,444	1 May 2026	6.00
858,368	1 May 2027	6.11

Included within the retained earnings reserve are 1,008,058 ordinary shares (2022: 344,009 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 2023 was £7m (2022: £3m). The market value of these shares at both 31 December 2023 and 4 March 2024 was £7m (31 December 2022 and 22 March 2023: £3m).

e. Issue of Derco shares

On 4 January 2023, 38,513,102 ordinary shares of 10p each in the capital of the Company were issued in connection with the acquisition of the Derco group. As at 31 December 2022, the acquisition had completed and, as at that date, the shares that were issued on 4 January 2023 represented a liability to issue a fixed number of shares in exchange for fixed financial assets. As such, they were accounted for as an equity instrument.

25 OTHER RESERVES

	Merger reserve £m	Fair value through OCI reserve £m	Translation reserve £m	Hedging reserve £m	Total other reserves £m
At 1 January 2022	–	–	(221)	(6)	(227)
Comprehensive income/(loss)					
Cash flow hedges:					
– net fair value gains	–	–	–	7	7
– tax on cash flow hedges	–	–	–	(7)	(7)
Investments held at fair value:					
– net fair value losses	–	(2)	–	–	(2)
Exchange differences on translation of foreign operations	–	–	131	–	131
Exchange differences on translation of discontinued operations	–	–	19	–	19
Recycling of foreign currency reserve	–	–	99	–	99
Adjustments in respect of hyperinflation	–	–	46	–	46
Other changes in equity					
Shares to be issued	316	–	–	–	316
Cash flow hedges reclassified and reported in inventories	–	–	–	3	3
At 1 January 2023	**316**	**(2)**	**74**	**(3)**	**385**
Comprehensive income/(loss)					
Cash flow hedges:					
– net fair value losses	**-**	**-**	**-**	**(45)**	**(45)**
– tax on cash flow hedges	**-**	**-**	**-**	**17**	**17**
Investments held at fair value:					
– net fair value losses	**-**	**(3)**	**-**	**-**	**(3)**
Deferred tax on taxation losses	**-**	**-**	**-**	**(1)**	**(1)**
Exchange differences on translation of foreign operations	**-**	**-**	**(131)**	**-**	**(131)**
Recycling of foreign currency reserve	**-**	**-**	**(1)**	**-**	**(1)**
Adjustments in respect of hyperinflation	**-**	**-**	**34**	**-**	**34**
Other changes in equity					
Shares issued	**(4)**	**-**	**-**	**-**	**(4)**
Cash flow hedges reclassified and reported in inventories	**-**	**-**	**-**	**(2)**	**(2)**
At 31 December 2023	**312**	**(5)**	**(24)**	**(34)**	**249**

Fair value through OCI reserve

For investments in equity instruments that are measured at fair value through other comprehensive income, changes in fair value are recognised through other comprehensive income. Fair value movements are never recycled to the income statement, even if the underlying asset is sold, impaired or otherwise derecognised.

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. The effect of foreign exchange rate changes includes a gain of £1m (2022: loss of £99m) on the sale and liquidation of overseas subsidiaries that has been reclassified to the consolidated income statement in accordance with IAS 21 The Effects of Changes in Foreign Exchange Rates. The adjustments in respect of hyperinflation relate to the application of IAS 29 Financial Reporting in Hyperinflationary Economies to the Group's operations in Ethiopia. The indexation impact to opening share capital and retained earnings of £34m (2022: £46m) has been included in translation reserves above.

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.

25 OTHER RESERVES CONTINUED

Merger reserve

As at 31 December 2022, the acquisition of the Derco group had completed and, as at that date, the consideration shares that were issued on 4 January 2023 represented a liability to issue a fixed number of shares in exchange for fixed financial assets. As such, these were accounted for as an equity instrument and recognised in merger reserves (see also note 24). On 4 January 2023, 38,513,102 ordinary shares of 10p each in the capital of the Company were issued in connection with the acquisition of the Derco group.

26 RETAINED EARNINGS

	2023 £m	2022 £m
At 1 January	**820**	1,009
Comprehensive income/(loss)		
– Profit/(loss) for the year	**270**	(11)
– Actuarial losses on defined pension benefits (see note 5)	**(20)**	(12)
Total comprehensive income/(loss) attributable to owners of the parent	**250**	(23)
Other changes in equity		
Written put option	**(1)**	(13)
Acquisition of non-controlling interests	**3**	–
Share-based payments, net of tax	**15**	10
Share buyback programme	**-**	(70)
Purchase of own shares by Inchcape Employee Trust	**(19)**	(4)
Dividends paid (see note 9)	**(128)**	(89)
At 31 December	**940**	820

27 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

a. Reconciliation of cash generated from operations

	2023 £m	2022 £m
Cash flows from operating activities		
Operating profit – continuing operations	**619**	400
Operating profit – discontinued operations	**-**	21
Adjusting items (see note 2)	**50**	11
Amortisation of intangible assets (including non-adjusting impairment charges)	**11**	10
Depreciation of property, plant and equipment (including non-adjusting impairment charges)	**61**	32
Depreciation of right-of-use assets (including non-adjusting impairment charges)	**81**	58
Profit on disposal of property, plant and equipment and intangibles	**(16)**	(2)
Gain on disposal of right-of-use assets	**-**	(1)
Gain on disposal of businesses	**-**	(3)
Share-based payments charge	**15**	10
Increase in inventories	**(251)**	(396)
Increase in trade and other receivables	**(9)**	(141)
Increase in trade and other payables	**415**	618
(Decrease)/increase in provisions	**(1)**	30
Pension contributions more than pension charge for the year	**(1)**	(2)
Increase in leased vehicles, rental machinery and equipment	**(18)**	–
Payments in respect of operating adjusting items	**(57)**	(28)
Other non-cash items	**1**	2
Cash generated from operations	**900**	619

27 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS CONTINUED

b. Net debt reconciliation

	Liabilities from financing activities			Assets	
	Borrowings £m	Leases £m	Sub-total £m	Cash/bank overdrafts £m	Total net debt £m
Net funds at 1 January 2022	(210)	(324)	(534)	589	55
Cash flows	(596)	64	(532)	797	265
Acquisitions	(622)	(174)	(796)	(395)	(1,191)
Disposals	–	13	13	(17)	(4)
New lease liabilities	–	(58)	(58)	–	(58)
Foreign exchange adjustments	–	(20)	(20)	76	56
Net debt at 1 January 2023	**(1,428)**	**(499)**	**(1,927)**	**1,050**	**(877)**
Cash flows	**412**	**87**	**499**	**(400)**	**99**
Acquisitions (see note 28(a))	**(23)**	**(11)**	**(34)**	**(146)**	**(180)**
Period adjustments (see note 28(b))	**(7)**	**(1)**	**(8)**	**9**	**1**
Disposals	**-**	**-**	**-**	**1**	**1**
New lease liabilities	**-**	**(37)**	**(37)**	**-**	**(37)**
Foreign exchange adjustments	**11**	**21**	**32**	**(74)**	**(42)**
Other non-cash movements	**(6)**	**-**	**(6)**	**-**	**(6)**
Net debt at 31 December 2023	**(1,041)**	**(440)**	**(1,481)**	**440**	**(1,041)**

Net funds/(debt) is analysed as follows:

	2023 £m	2022 £m
Cash and cash equivalents as per the statement of financial position	**689**	1,064
Borrowings – disclosed as current liabilities	**(652)**	(546)
Add back: amounts treated as debt financing	**403**	532
Cash and cash equivalents as per the statement of cash flows	**440**	1,050
Debt financing		
Amounts to be treated as debt financing	**(403)**	(532)
Borrowings – disclosed as non-current liabilities	**(638)**	(896)
Lease liabilities	**(440)**	(499)
Debt financing	**(1,481)**	(1,927)
Net debt	**(1,041)**	(877)
Add back: lease liabilities	**440**	499
Adjusted net debt	**(601)**	(378)

28 ACQUISITIONS AND DISPOSALS

a. 2023 Acquisitions

CATS

On 2 August 2023, the Group acquired 60% of the share capital of the CATS Group of Companies (CATS) for cash consideration of £54m. The deal expands the Group's global distribution footprint as it enters the Philippines, further building on its well-established presence in the APAC region. It also strengthens the Group's geographic reach and partnerships with Mercedes-Benz, Chrysler, Jeep, Dodge, Jaguar and Land Rover, and broaden its relationships, adding RAM to its list of mobility partners. Non-controlling interests of £30m have been recognised, calculated as the proportionate share of acquired net identifiable assets. Provisional goodwill of £12m arose on the acquisition and is not expected to be deductible for tax purposes.

A distribution agreement intangible asset of £77m has been recorded, valued using the multi period excess earnings (MEEM) approach.

Mercedes-Benz Indonesia

On 29 September 2023, the Group acquired 70% of the share capital of Mercedes-Benz's Indonesian distribution business for cash consideration of £86m. Deferred consideration represents payments to be made to the seller on settlement of certain acquired receivables. The deal expands the Group's existing footprint in Indonesia and, like the CATS acquisition, continues to build its presence in the APAC region. It also strengthens the Group's relationship with Mercedes-Benz. Land and buildings of £78m were acquired as part of the business combination, for which value was included in the agreed purchase price. Non-controlling interests of £34m have been recognised, calculated as the proportionate share of acquired net identifiable assets. Provisional goodwill of £17m arose on the acquisition and is not expected to be deductible for tax purposes.

A distribution agreement intangible asset of £29m has been recognised, valued using the multi period excess earnings (MEEM) approach.

28 ACQUISITIONS AND DISPOSALS CONTINUED

Other acquisitions

On 2 August 2023 the Group acquired the SAIC Maxus distribution business in New Zealand for cash consideration of £29m. Provisional goodwill of £6m arose on the acquisition. The Group also acquired certain assets and liabilities and the ongoing operations of Auto Insure Ptd. Ltd. in the period for cash consideration of £4m to expand its aftersales capacity in Singapore.

	CATS £m	Mercedes-Benz Indonesia £m	Other £m	Total £m
Assets and liabilities acquired, at provisional values[1]				
Non-current assets				
Intangible assets	**77**	**29**	**7**	**113**
Property, plant and equipment	**2**	**91**	**5**	**98**
Right-of-use assets	**7**	**-**	**4**	**11**
Deferred tax assets	**-**	**7**	**-**	**7**
Current assets				
Inventories	**42**	**97**	**17**	**156**
Trade and other receivables	**8**	**27**	**1**	**36**
Current tax assets	**-**	**7**	**-**	**7**
Cash and cash equivalents	**15**	**12**	**-**	**27**
Current liabilities				
Trade and other payables	**(52)**	**(105)**	**(5)**	**(162)**
Provisions	**-**	**(4)**	**(1)**	**(5)**
Borrowings	**-**	**(23)**	**-**	**(23)**
Non-current liabilities				
Deferred tax liabilities	**(19)**	**(16)**	**(1)**	**(36)**
Lease liabilities	**(7)**	**-**	**(4)**	**(11)**
Retirement benefit liability	**(1)**	**(10)**	**-**	**(11)**
Net identifiable assets acquired	**72**	**112**	**23**	**207**
Less: Non-controlling interests	**(30)**	**(34)**	**-**	**(64)**
Goodwill	**12**	**17**	**10**	**39**
Net assets acquired	**54**	**95**	**33**	**182**
Consideration comprises:				
Deferred consideration	**-**	**9**	**-**	**9**
Cash consideration	**54**	**86**	**33**	**173**
Total consideration	**54**	**95**	**33**	**182**

1. The fair values of assets and liabilities acquired, as stated above, are provisional values.

The gross contractual amount receivable for trade receivables was £26m and the best estimate at the acquisition date of the contractual cash flows not expected to be collected was £2m.

28 ACQUISITIONS AND DISPOSALS CONTINUED

Acquisition and integration costs of £50m were recognised in net operating expenses in the period, relating to current and prior year acquisitions (see note 2).

Cash outflow to acquire businesses, net of cash and overdrafts acquired	2023 £m	2022 £m
Current year acquisitions		
CATS	**39**	–
Mercedes-Benz Indonesia	**74**	–
Other	**33**	–
Prior year acquisitions including deferred and contingent payments		
Derco	**(9)**	312
Ditec	**–**	8
ITC Group	**–**	57
Other	**–**	18
Net cash outflow	**137**	395

b. 2022 Acquisitions

Acquisition of the Derco Group

On 31 December 2022, the Group acquired 100% of the share capital of Dercorp CL and merged a subsidiary company with Dercorp Ex (together with Dercorp CL, "Derco"). Derco is a multi-brand automotive distributor, and was the largest independent distributor by volume in Latin America, with a strong track record of profitable growth. Derco has significant presence across four attractive markets of Bolivia, Chile, Colombia, and Peru, and with long-standing partnerships with global mobility partners such as Suzuki, Mazda, Chevrolet, Changan, JAC, Renault, Great Wall, and Haval. The transaction was accounted for as a business combination and significantly expanded the Group's position in highly attractive and fast growth markets within Latin America and is expected to deliver significant value creation through enhanced growth prospects and the delivery of meaningful recurring synergies.

Goodwill of £136m arose on the acquisition and is attributable to the anticipated future cash flows of the acquired business and synergies expected to arise following integration with the Group's existing businesses in South America. Specifically, the goodwill represents the premium paid to expand the Group's presence in this important market and to create a scale Distribution platform across South America with attractive growth prospects. This provides a platform to deliver growth and improved returns far quicker than would have been achievable through organic expansion. None of the goodwill is expected to be deductible for tax purposes.

Intangible assets (not including goodwill) with fair values of £559m were recognised at the date of acquisition, including distribution agreements (£517m), brands (£19m) and customer relationships (£13m). The distribution agreement and customer relationship intangible assets were valued using the multi period excess earnings (MEEM) approach, while the brands were valued using the relief from royalty approach.

The consideration to acquire the share capital, initially valued at £723m, was satisfied by the issue of 38.5m new shares in the Inchcape group and by £407m in cash. Final consideration was reduced by £9m after the conclusion of the completion accounts process. The fair value of the shares issued was based on the Inchcape plc closing share price at 30 December 2022 of 820p per share. Given completion occurred on a non-business day, the shares were not registered until 4 January 2023 and so the amounts relating to shares to be issued were classified within other reserves in the consolidated statement of financial position at 31 December 2022. The issuing of shares qualified for merger relief.

The cash consideration for the acquisition was partly financed through the draw down, in December 2022, of a £350m bridge facility and a £250m term loan facility.

Acquisition-related costs of £34m incurred in connection with the acquisition of Derco were recorded within net operating expenses, and recognised as adjusting items in the consolidated income statement in the year ended 31 December 2022.

28 ACQUISITIONS AND DISPOSALS CONTINUED

The accounting standards allow a period of up to a year to finalise the accounting for an acquisition. Details of the fair values of the identifiable assets and liabilities, after adjustments made within the period, are set out below:

	2022 £m	Period Adjustments[1] £m	2023 £m
Assets and liabilities acquired, at provisional values			
Non-current assets			
Intangible assets	559	**–**	**559**
Property, plant and equipment	161	**–**	**161**
Right-of-use assets	124	**(7)**	**117**
Investments in joint ventures and associates	11	**–**	**11**
Trade and other receivables	3	**–**	**3**
Deferred tax assets	10	**1**	**11**
Current assets			
Inventories	796	**4**	**800**
Trade and other receivables	316	**–**	**316**
Derivative financial instruments	5	**–**	**5**
Current tax assets	34	**(9)**	**25**
Cash and cash equivalents	95	**–**	**95**
Current liabilities			
Trade and other payables	(563)	**–**	**(563)**
Current tax liabilities	(21)	**7**	**(14)**
Provisions	(6)	**–**	**(6)**
Lease liabilities	(19)	**–**	**(19)**
Borrowings	(532)	**–**	**(532)**
Non-current liabilities			
Provisions	(4)	**(4)**	**(8)**
Deferred tax liabilities	(174)	**2**	**(172)**
Lease liabilities	(118)	**(1)**	**(119)**
Borrowings	(85)	**(7)**	**(92)**
Net identifiable assets	592	**(14)**	**578**
Goodwill	131	**5**	**136**
Net assets acquired	723	**(9)**	**714**
Consideration comprises:			
Shares issued	316	**–**	**316**
Cash consideration	407	**(9)**	**398**
Total consideration	723	**(9)**	**714**

1. Due to the period adjustments not being material, the prior year statement of financial position has not been restated.

Cash outflow to acquire businesses, net of cash and overdrafts acquired	2023 £m	2022 £m
Cash consideration	**(9)**	407
Less: Cash acquired	**–**	(95)
Net cash (inflow)/outflow	**(9)**	312

28 ACQUISITIONS AND DISPOSALS CONTINUED

Other acquisitions

On 28 March 2022, to expand its distribution footprint in the Americas, the Group acquired 70% of Comercializadora Ditec Automoviles S.A., acquiring the distribution rights to Porsche, Volvo, and Jaguar Land Rover in Chile, for total consideration of £15m. Distribution agreements with a fair value of £28m were recognised. Goodwill of £3m arose on the acquisition. None of the goodwill is expected to be deductible for tax purposes. In September 2023 the Group finalised the purchase of the remaining 30% stake in Ditec. This stake was previously subject to a written put option, resulting in a liability on the Group's statement of financial position, which has now been extinguished.

On 29 April 2022, the Group acquired the entire share capital of ITC Group, a distributor of Suzuki, Mercedes-Benz, Subaru, and Chrysler brands in the Caribbean, from the Simpson Group. The total cash consideration paid was £61m. Distribution agreements with a fair value of £29m were recognised. Goodwill of £nil arose on the acquisition. These businesses were acquired to further expand the Group's footprint with both existing and new mobility company partners and using our distribution business as a platform to capture more of a vehicle's lifecycle value.

During 2022, the Group also acquired businesses in Guam and the UK. The total cost of these acquisitions was £18m and goodwill of £7m was recognised.

c. 2022 Disposals and discontinued operations

In the first half of 2022, the Group agreed the sale of its remaining retail operations in Russia to management. The business represented the Group's remaining operation in Russia following the disposal of its St Petersburg business during 2021. The Russian operation was reported in the prior period as a discontinued operation. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

The price agreed for the sale of the Russian business was €76m (c£63m), to be satisfied over a period of five years in annual instalments. Significant uncertainty exists with regards to the amount that will ultimately be recoverable given the precarious outlook for the Russian economy and the uncertainty regarding the continued supply of vehicles and parts by the mobility partners. In estimating the amount to be recognised at the time of the disposal, management developed a number of scenarios for the possible performance of the business. Probabilities were applied to these scenarios which indicated that some of the receivable would be received over time. However, given the difficulties in remitting the proceeds and uncertainty over whether this would change in the future, management concluded that the disposal proceeds should be recognised at £nil.

In the second half of 2022, the Group received the first annual instalment from the sale of the Russian business of €15m (£12.8m). This was recorded as other income within the operating profit from continuing operations and was reported as an adjusting item. Management have subsequently reassessed the amount at which the remaining receivable should be recorded as at 31 December 2023. The outlook for the Russian economy remains precarious and there is continued uncertainty with regards to the supply of vehicle and parts and the ability of the purchaser to remit the instalments. Management therefore concluded that the value of the remaining instalments should be recognised at £nil at 31 December 2023.

Financial performance and cash flow information

The financial performance and cash flow information presented below is for the five months ended 31 May 2022.

	2022 £m
Revenue	237
Expenses	(216)
Operating profit	21
Finance (costs)/income	(1)
Profit before tax	20
Tax	(5)
Profit after tax of discontinued operation	15
Loss on disposal	(256)
(Loss)/profit from discontinued operation	(241)
Exchange differences on translation of discontinued operation	118
Other comprehensive (loss)/income from discontinued operation	(123)

28 ACQUISITIONS AND DISPOSALS CONTINUED

	2022 £m
Net cash inflow from operating activities	21
Net cash outflow from investing activities	(2)
Net cash outflow from financing activities	(2)
Net increase in cash generated from discontinued operation	17

	Russia £m	UK Retail £m	Total £m
Disposal proceeds, net of disposal costs	(3)	6	3
Net assets disposed of	(155)	(3)	(158)
(Loss)/gain on disposal before reclassification of foreign currency translation reserve	(158)	3	(155)
Recycling of foreign currency translation reserve	(99)	–	(99)
(Loss)/gain on disposal	(257)	3	(254)

	Russia £m	UK Retail £m	Total £m
Consideration received, net of disposal costs paid	10	6	16
Cash & cash equivalents disposed of	(33)	–	(33)
Net cash (outflow)/inflow on disposal of business	(23)	6	(17)

During 2022, the Group also disposed of a retail site in the UK for £6m and received £0.2m of deferred proceeds from sites disposed of in 2021. None of these disposals were material enough to be shown as discontinued operations on the face of the consolidated income statement as they did not represent a major line of business or geographical area of operations.

29 GUARANTEES AND CONTINGENCIES

	2023 £m	2022 £m
Guarantees	**73**	121
Letters of credit	**24**	21
Contingent liabilities	**9**	11
	106	153

Letters of credit act as a guarantee, from one of the Group's banking relationships to another bank, for payments made by the Group to a specified third party. 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 HMRC in the Franked Investment Income Group Litigation Order (FII GLO). As at 31 December 2023, there were 17 corporate groups in the FII GLO. The action concerns the treatment for UK corporation tax purposes of profits earned overseas and distributed to the UK. The Supreme Court returned the test case to the High Court to establish when the claimant in the test case could have reasonably discovered its mistake about the UK tax treatment of such profits. The case was heard by the High Court in November 2023 and the judgement was handed down on 5 February 2024. The High Court held that claims for a refund of the unlawfully paid tax must have been issued before 6 June 2006. Inchcape issued a claim on 25 November 2003 and so the application of the High Court's judgement means that its claim was filed in time. However, it is expected that HMRC will appeal against the High Court's judgement. In view of the likelihood of an appeal and the significant uncertainty about the eventual outcome of the appeals process, Inchcape has not recognised any amount in respect of its claim to a refund of this tax.

FCA review of Motor Finance commission

Prior to 2021 the Group, along with other automotive dealers, brokered financing for UK customers under which the Group received a variable level of commission from lenders. Following recent decisions by the Financial Ombudsman relating to complaints raised by consumers regarding such commission arrangements, the Financial Conduct Authority (FCA) has initiated a review into motor finance commission arrangements and sales across several lending firms. If the FCA finds that there has been widespread misconduct, and that consumers have lost out, it will identify how best to ensure that such consumers are appropriately compensated. The FCA's review is due to conclude later this year. Given the inherent uncertainties regarding the outcome of the review and, if applicable, the nature, scope, timing of and responsibility for any compensation arrangements, it is not practicable to estimate the timing and extent, if any, of the potential financial impact on the Group.

30 COMMITMENTS

a. Capital commitments

Contracts placed for future capital expenditure at the balance sheet date but not yet incurred are as follows:

	2023 £m	2022 £m
Property, plant and equipment	**19**	3

b. Lease commitments

Operating lease commitments – Group as lessee

Future minimum lease payments for short-term leases under non-cancellable operating leases are as follows:

	2023 £m	2022 £m
Within one year	**3**	4

Operating leases – 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:

	2023 £m	2022 £m
Within one year	**4**	4
Between one and five years	**5**	4
Total	**9**	8

Sub-lease receivables – Group as lessor

The Group has entered into sub-leases for a number of properties and other assets. As the lease term represents a major proportion of the underlying asset's useful life, the associated right-of-use asset has been derecognised and replaced with a sub-lease receivable. Future minimum lease payments receivable under sub-leases, together with the present value of the net minimum lease payments receivable (included within trade and other receivables), are as follows:

	2023 £m	2022 £m
Minimum lease payments receivable:		
– Within one year	**3**	2
– Between one and five years	**5**	7
– After five years	**2**	10
Total minimum lease payments receivable	**10**	19
Less: Unearned finance income	**–**	(4)
Present value of sub-lease receivables	**10**	15

c. Repurchase commitments

The Group has entered into agreements with certain customers to repurchase vehicles for a specified value at a predetermined date as follows:

	2023 £m	2022 £m
Vehicles subject to repurchase commitments	**151**	98

Repurchase commitments represent the total repurchase liability on all vehicles where the Group has a repurchase commitment. These commitments are largely expected to be settled over the next three years. £42m (2022: £20m) of the above repurchase commitments are included within 'trade and other payables' in the consolidated statement of financial position.

31 RELATED PARTY DISCLOSURES

a. 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	
	2023 £m	2022 £m	**2023 £m**	2022 £m (represented)
Other income paid to related parties	**(1)**	(1)	**–**	–
Lease payments made to related parties	**(7)**	–	**(46)[1]**	(53)[1]
Other income received from joint ventures	**18**	–	**2**	2

1. Amounts outstanding in respect of lease payments to related parties include all undiscounted future payment commitments.

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 (2022: £nil).

In 2023, £217m was paid to the former shareholders of the Derco group (see note 20) in respect of deferred dividends and related interest.

b. Compensation of key management personnel

The remuneration of the Board of Directors and the Executive Committee was as follows:

	2023 £m	2022 £m
Wages and salaries	**9**	9
Share-based payments	**6**	4
	15	13

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		Closing rates*	
	2023	2022	**2023**	2022
Australian dollar	**1.88**	1.78	**1.87**	1.77
Chilean peso	**1,044.74**	1,073.09	**1,130.41**	1,028.42
Ethiopian birr[1]	**71.84**	64.72	**71.84**	64.72
Euro	**1.15**	1.17	**1.15**	1.13
Hong Kong dollar	**9.75**	9.70	**9.98**	9.44
Russian rouble[2]	**n/a**	106.85	**n/a**	78.92
Singapore dollar	**1.67**	1.71	**1.68**	1.62
US dollar	**1.25**	1.24	**1.28**	1.21

* At 31 December.

1. In 2023, the results for Ethiopia are translated at the closing rate as required by IAS 21 The Effects of Changes in Foreign Exchange Rates for hyperinflationary foreign operations.
2. Average rates for the Russian rouble represent the average rates for the 5-month period ending 31 May 2022, and the closing rates for the Russian rouble are as at the date of disposal of Russian operations.

33 EVENTS AFTER THE REPORTING PERIOD

On 29 January 2024, following approaches from a number of interested parties, the Group announced that it was reviewing strategic options for the UK Retail business, which could potentially include a sale. At the reporting date, the strategic review was in initial stages and as there is no certainty that a transaction would result, the Group has concluded that the UK Retail business did not meet the criteria to be classified as an asset held for sale as at 31 December 2023.

ALTERNATIVE PERFORMANCE MEASURES

ALTERNATIVE PERFORMANCE MEASURES (APMs)

The Group assesses its performance using a variety of alternative performance measures which are not defined under International Financial Reporting Standards. These provide insight into how the Board and Executive Committee monitor the Group's strategic and financial performance, and provide useful information on the trends, performance, and position of the Group.

The Group's income statement and segmental analysis identify separately adjusted measures and adjusting items. These adjusted measures reflect adjustments to IFRS measures. The Directors consider these adjusted measures to be an informative additional measure of the ongoing trading performance of the Group. Adjusted results are stated before adjusting items and on a continuing operations basis.

Adjusting items can include gains or losses on the disposal of businesses, restructuring of businesses, acquisition costs, asset impairments and the tax effects of these items. Adjusting items excluded from adjusted results can evolve from one financial period to the next depending on the nature of adjusting items or one-off activities.

Constant currency

Some comparative performance measures are translated at constant exchange rates, called 'constant currency' measures. This restates the prior period results at a common exchange rate to the current period and therefore excludes the impact of changes in exchange rates used for translation.

Performance measure	Definition	Why we measure it
Adjusted gross profit	Gross profit before adjusting items. Refer to the consolidated income statement.	A key metric of the direct profit contribution from the Group's revenue streams (e.g. Vehicles and Aftersales).
Adjusted operating profit	Operating profit before adjusting items. Refer to the consolidated income statement.	A key metric of the Group's business performance.
Operating margin	Adjusted operating profit divided by revenue.	A key metric of operational efficiency, ensuring that we are leveraging global scale to translate sales growth into profit.
Adjusted profit before tax	Represents the profit made after operating and interest expense excluding the impact of adjusting items and before tax is charged. Refer to consolidated income statement.	A key driver of delivering sustainable and growing earnings to shareholders.
Adjusted earnings before interest, tax, depreciation and amortisation	Represents the earnings before interest expense, taxation, depreciation and amortisation expenses, and excluding the impact of adjusting items.	One of the key measures used in monitoring the Group's leverage and capital allocation. Refer to note 23.
Adjusting items	Items that are charged or credited in the consolidated income statement which are material and non-recurring in nature. Refer to note 2.	The separate reporting of adjusting items helps provide additional useful information regarding the Group's business performance and is consistent with the way that financial performance is measured by the Board and the Executive Committee.
Adjusted earnings per share	Represents earnings per share excluding the impact of adjusting items. Refer to note 8.	A measure useful to shareholders and investors to understand the earnings attributable to shareholders without the impact of adjusting items.
Net capital expenditure	Cash outflows from the purchase of property, plant and equipment and intangible assets less the proceeds from the disposal of property, plant and equipment and intangible assets.	A measure of the net amount invested in operational facilities in the period.
Free cash flow	Net cash flows from operating activities, before adjusting cash flows, less normalised net capital expenditure and dividends paid to non-controlling interests.	A key driver of the Group's ability to 'Invest to Accelerate Growth' and to make distributions to shareholders.
Return on capital employed (ROCE)	Operating profit (before adjusting items) divided by the average of opening and closing capital employed, where capital employed is defined as net assets add net debt/less net funds.	ROCE is a measure of the Group's ability to drive better returns for investors on the capital we invest.
Adjusted return on capital employed (ROCE)*	Operating profit (before adjusting items) divided by the average of opening and closing capital employed, where capital employed is defined as net assets add net debt/less net funds, less the capital employed of Derco, which was acquired on the last day of 2022 and therefore did not contribute to operating profit during the year.	Adjusted ROCE is a measure of the Group's underlying ability to drive better returns for investors on the capital we invest.
Net (debt)/funds	Cash and cash equivalents less borrowings and lease liabilities adjusted for the fair value of derivatives that hedge interest rate or currency risk on borrowings. Refer to note 27.	A measure of the Group's net indebtedness that provides an indicator of the overall balance sheet strength.

Performance measure	Definition	Why we measure it
Adjusted (net debt)/net cash	Cash and cash equivalents less borrowings adjusted for the fair value of derivatives that hedge interest rate or currency risk on borrowings and before the incremental impact of IFRS 16 lease liabilities. Refer to note 27.	A measure of the Group's net indebtedness that provides an indicator of the overall balance sheet strength and is widely used by external parties.
Constant currency % change	Presentation of reported results compared to prior period translated using constant rates of exchange.	A measure of business performance which excludes the impact of changes in exchange rates used for translation.
Organic growth	Organic growth is defined as sales growth in operations that have been open for at least a year at constant foreign exchange rate.	A measure of underlying business performance which excludes the impact of acquisition and disposals in the period.

* Adjusted ROCE is only relevant for 2022.

APM – Adjusted profit before tax (from continuing operations)	2023 £m	2022 £m
Gross Profit	**1,939**	1,325
Less: Segment operating expenses	**(1,270)**	(914)
Adjusted Operating Profit	**669**	411
Less: Adjusting items in net operating expenses	**(50)**	(11)
Operating Profit	**619**	400
Less: Net finance costs and JV profits	**(206)**	(67)
Profit Before Tax	**413**	333
Add back: Adjusting Items in net operating expenses	**50**	11
Add back: Adjusting items in net finance costs	**39**	29
Adjusted profit before tax	**502**	373

APM – Free cash flow (from continuing operations)	2023 £m	2023 £m	2022 £m	2022 £m
Net cash generated from operating activities		**593**		494
Add back: Payments in respect of adjusting items		**57**		28
Net cash generated from operating activities, before adjusting items		**650**		522
Purchase of property, plant and equipment	**(88)**		(64)	
Purchase of intangible assets	**(5)**		(4)	
Proceeds from disposal of property, plant and equipment	**31**		10	
Net capital expenditure		**(62)**		(58)
Net payment in relation to leases		**(84)**		(63)
Dividends paid to non-controlling interests		**(6)**		(4)
Free cash flow		**498**		397
Less: Free cash flow from discontinued operations		**–**		(17)
Free cash flow from continuing operations		**498**		380

APM – Return on capital employed (from continuing operations)	**2023 £m**	2022 £m
Operating profit	**619**	400
Adjusting items in net operating expenses	**50**	11
Adjusted operating profit	**669**	411
Net assets	**1,620**	1,567
Add net debt	**1,041**	877
Capital employed	**2,661**	2,444
Effect of averaging	**(108)**	(741)
Average capital employed	**2,553**	1,703
Return on capital employed	**26.2%**	24.1%
APM – Adjusted return on capital employed (from continuing operations)		
Capital employed – continuing operations	**2,661**	2,444
Less: Derco capital employed	**n/a***	(1,383)
Adjusted capital employed – continuing operations	**2,661**	1,061
Effect of averaging	**(108)**	(49)
Average adjusted capital employed	**2,553**	1,012
Adjusted return on capital employed	**26.2%**	40.6%

* Capital employed for Derco was removed from prior year as the acquisition completed at the end of 2022, hence the ratio was adjusted for this.

APM – Adjusted net debt	**2023 £m**	2022 £m
Net debt	**(1,041)**	(877)
Add back: lease liabilities	**440**	499
Adjusted net debt	**(601)**	(378)

APM – Adjusted earnings per share (from continuing operations)	**2023 £m**	2022 £m
Operating profit	**619**	400
Add: adjusting items in net operating expenses	**50**	11
Adjusted operating profit	**669**	411
Share of profit after tax of joint ventures and associates	**1**	–
Adjusted profit before finance and tax	**670**	411
Net finance costs	**(207)**	(67)
Add: adjusting items in net finance costs	**39**	29
Adjusted profit before tax	**502**	373
Tax on adjusted profit	**(140)**	(97)
Adjusted profit after tax	**362**	276
Less: non-controlling interests	**(13)**	(5)
Adjusted earnings	**349**	271
Weighted average number of shares (m)	**412**	376
Dilutive effect (m)	**5**	45
Basic adjusted earnings per share	**84.8p**	72.0p
Diluted adjusted earnings per share	**83.7p**	64.4p

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	**2023 £m**	2022 £m	2021 £m	2020 £m	2019 £m
Revenue	**11,447**	8,133	6,901	6,838	9,380
Adjusted operating profit	**669**	411	281	164	373
Operating adjusting items	**(50)**	(11)	(100)	(257)	76
Operating profit/(loss)	**619**	400	181	(93)	449
Share of profit after tax of joint ventures and associates	**1**	–	–	–	–
Profit/(loss) before finance and tax	**620**	400	181	(93)	449
Net finance costs before adjusting items	**(168)**	(38)	(32)	(37)	(47)
Adjusting finance costs	**(39)**	(29)	–	–	–
Profit/(loss) before tax	**413**	333	149	(130)	402
Tax on profit before adjusting items	**(140)**	(97)	(63)	(33)	(76)
Tax on adjusting items	**10**	(1)	(2)	24	3
Profit/(loss) after tax	**283**	235	84	(139)	329
(Loss)/profit from discontinued operations	**-**	(241)	38	–	–
Non-controlling interests	**(13)**	(5)	(5)	(3)	(6)
Profit/(loss) for the year attributable to owners of the parent	**270**	(11)	117	(142)	323
Basic:					
– Profit/(loss) for the year attributable to owners of the parent	**270**	(11)	117	(130)	402
– Earnings/(loss) per share (pence)	**65.6p**	(2.9)p	30.0p	(36.0)p	79.0p
Adjusted (before adjusting items):					
– Adjusted profit from continuing operations	**349**	271	181	128	326
– Adjusted earnings per share (pence)	**84.8p**	72.0p	46.3p	23.1p	59.9p
Dividends per share – interim paid and final proposed (pence)	**33.9p**	28.8p	22.5p	6.9p	26.8p
Consolidated statement of financial position					
Non-current assets	**2,799**	2,610	1,464	1,480	1,773
Other assets less (liabilities) excluding net (debt)/funds	**(138)**	(166)	(388)	(352)	(224)
Capital employed	**2,661**	2,444	1,076	1,128	1,549
Net (debt)/funds	**(1,041)**	(877)	55	(67)	(250)
Net assets	**1,620**	1,567	1,131	1,061	1,299
Equity attributable to owners of the parent	**1,521**	1,533	1,109	1,042	1,279
Non-controlling interests	**99**	34	22	19	20
Total equity	**1,620**	1,567	1,131	1,061	1,299

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Notes	2023 £m	2022 £m
Non-current assets			
Investment in subsidiaries	3	**2,586**	2,347
Deferred tax assets	8	**10**	10
Trade and other receivables	4	**140**	210
		2,736	2,567
Current assets			
Current tax assets		**17**	10
Trade and other receivables	4	**81**	7
Cash and cash equivalents	5	**1**	4
		99	21
Total assets		**2,835**	2,588
Current liabilities			
Trade and other payables	6	**(22)**	(52)
Borrowings	7	**(320)**	–
		(342)	(52)
Non-current liabilities			
Trade and other payables	6	**(1,085)**	(562)
Borrowings	7	**(488)**	(810)
		(1,573)	(1,372)
Total liabilities		**(1,915)**	(1,424)
Net assets		**920**	1,164
Equity			
Share capital	10	**42**	38
Share premium		**147**	147
Capital redemption reserve		**143**	143
Merger reserve		**312**	316
Retained earnings		**276**	520
Total shareholders' funds		**920**	1,164

The Company reported a loss for the financial year ended 31 December 2023 of £112m (2022: profit of £365m). The financial statements on pages 204 to 220 were approved by the Board of Directors on 4 March 2024 and were signed on its behalf by:

DUNCAN TAIT
GROUP CHIEF EXECUTIVE

ADRIAN LEWIS
GROUP CHIEF FINANCIAL OFFICER

Registered Number: 609782

Inchcape plc

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Share capital £m	Share premium £m	Capital redemption reserve £m	Merger reserve £m	Retained earnings £m	Total £m
At 1 January 2022		39	147	142	–	308	636
Profit for the year		–	–	–	–	365	365
Total comprehensive income for the year		–	–	–	–	365	365
Dividends	11	–	–	–	–	(89)	(89)
Share buyback programme	10	(1)	–	1	–	(70)	(70)
Net purchase of own shares by the Inchcape Employee Trust		–	–	–	–	(4)	(4)
Share-based payments, net of tax		–	–	–	–	10	10
Shares to be issued		–	–	–	316	–	316
At 1 January 2023		**38**	**147**	**143**	**316**	**520**	**1,164**
Loss for the year		**-**	**-**	**-**	**-**	**(112)**	**(112)**
Total comprehensive expense for the year		**-**	**-**	**-**	**-**	**(112)**	**(112)**
Dividends	11	**-**	**-**	**-**	**-**	**(128)**	**(128)**
Net purchase of own shares by the Inchcape Employee Trust		**-**	**-**	**-**	**-**	**(19)**	**(19)**
Share-based payments, net of tax		**-**	**-**	**-**	**-**	**15**	**15**
Shares issued		**4**	**-**	**-**	**(4)**	**-**	**-**
At 31 December 2023		**42**	**147**	**143**	**312**	**276**	**920**

Share-based payments include a net tax charge of £nil (2022: £nil).

ACCOUNTING POLICIES

GENERAL INFORMATION

These financial statements are prepared for Inchcape plc (the Company) for the year ended 31 December 2023. The Company is the ultimate parent entity of the Inchcape Group (the Group) and acts as the holding company of the Group. The parent company financial statements present information about the Company as a separate entity and not about the Group.

BASIS OF PREPARATION

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

The financial statements are prepared under the historical cost convention in accordance with the Companies Act 2006. As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented for the Company.

The Company does not have any critical accounting judgements. The valuation of the Company's investments is a key source of estimation uncertainty. The Company's net assets were lower than its market capitalisation on 31 December 2023 and the estimates of the recoverable amounts of the individual investments were in excess of their carrying values. As a result, no impairment has been reflected. Other sources of estimation uncertainty most applicable to the Company do not give rise to a significant risk of material adjustment to the carrying value of the Company's assets and liabilities.

The Directors of Inchcape plc manage the Group's risks at a group level rather than an individual business unit or company level. Further information on these risks and uncertainties, in the context of the Group as a whole, are included within the Group disclosures on pages 59 to 66.

In preparing these financial statements, the Company applies the recognition, measurement, and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006, but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure has been taken:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise price of share options, and how the fair value of goods and services received was determined);
- IFRS 7, 'Financial Instruments: Disclosures';
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  - paragraph 73(e) of IAS 16, 'Property, plant and equipment';
  - paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period);
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows),
  - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
  - 16 (statement of compliance with all IFRS),
  - 38A (requirement for minimum of two primary statements, including cash flow statements),
  - 38B-D (additional comparative information),
  - 40A-D (requirements for a third statement of financial position),
  - 111 (cash flow statement information), and
  - 134–136 (capital management disclosures)
- IAS 7, 'Statement of cash flows';
- Paragraph 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation); and
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

GOING CONCERN

Having assessed the principal risks and the other matters discussed in connection with the viability statement, the Directors have considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements, as described in the Directors' Report of the consolidated Group Financial Statements.

FOREIGN CURRENCIES

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 in foreign currencies are translated into sterling at closing rates of exchange and differences are taken to the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

FINANCE COSTS

Finance costs consist of interest payable on the Private Placement borrowing. Costs are recognised as an expense, calculated using the effective interest rate method, in the period in which they are incurred.

INVESTMENTS

Investments in subsidiaries are stated at cost, less provisions for impairment.

IMPAIRMENT

The Company's accounting policies in respect of impairment of property, plant and equipment, intangible assets and financial assets are consistent with those of the Group. The carrying values of investments in subsidiary undertakings are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The Company's impairment policies in relation to financial assets are consistent with those of the Group, with additional consideration given to amounts owed by Group undertakings. Any provision for impairment of receivables is based on lifetime expected credit losses. Lifetime expected credit losses are calculated by assessing historical credit loss experience, adjusted for factors specific to the receivable and company.

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 between five and eight years. Software customisation and configuration costs relating to software not controlled by the Group are expensed over the period such services are received.

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 provided on a straight-line basis to allocate the cost of the asset over its estimated useful life, which in the case of computer hardware is five years.

DEFERRED TAX

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 financial statements.

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, except where the Company 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 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.

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 income statement (together with a corresponding credit 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 Company revises its estimates of the number of awards that are expected to vest. The impact of any revision is recognised in the 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 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 issue of shares by the Company to employees of its subsidiaries represents additional capital contributions. When these costs are recharged to the subsidiary undertaking, the investment balance is reduced accordingly.

FINANCIAL INSTRUMENTS

The Company's policies on the recognition, measurement, and presentation of financial instruments under IFRS 7 are the same as those set out in the Group's accounting policies on pages 137 to 146.

FINANCIAL GUARANTEES

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its Group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

NOTES TO THE FINANCIAL STATEMENTS

1 AUDITOR'S REMUNERATION

The Company incurred £0.1m (2022: £0.1m) in relation to UK statutory audit fees for the year ended 31 December 2023.

2 DIRECTORS' REMUNERATION

	2023 £m	2022 £m
Wages and salaries	**3**	3
Social security costs	**1**	1
	4	4

Further information on Executive Directors' emoluments and interests is given in the Directors' Report on Remuneration which can be found on pages 96 to 116.

3 INVESTMENT IN SUBSIDIARIES

	2023 £m	2022 £m
Cost		
At 1 January	**2,402**	1,696
Additions	**239**	782
Dissolution	**–**	(76)
At 31 December	**2,641**	2,402
Provisions		
At 1 January	**(55)**	(131)
Dissolution	**–**	76
At 31 December	**(55)**	(55)
Net book value	**2,586**	2,347

The Directors believe that the carrying value of the individual investments is supported by their underlying net assets.

During 2023, the Company increased its investment in Inchcape International Holdings Limited and St James's Insurance Limited.

Inchcape Finance (Ireland) Limited, a subsidiary of the Company, was dissolved on 10 January 2022. During 2022, as part of the acquisition of the Derco group, the Company increased its investment in Inchcape International Holdings Limited and Indigo Chile Holdings SpA.

4 TRADE AND OTHER RECEIVABLES

	2023 £m	2022 £m
Amounts due within one year		
Amounts owed by Group undertakings	**79**	4
Other debtors	**2**	3
	81	7
Amounts due after more than one year		
Amounts owed by Group undertakings	**140**	210
	140	210

Amounts owed by Group undertakings that are due within one year consist of current account balances that are interest free and repayable on demand, as well as intercompany loans that bear interest at rates linked to source currency base rates.

Amounts owed by Group undertakings that are due after more than one year bear interest at rates linked to source currency base rates.

5 CASH AND CASH EQUIVALENTS

	2023 £m	2022 £m
Cash and cash equivalents	**1**	4

6 TRADE AND OTHER PAYABLES

	2023 £m	2022 £m
Amounts due within one year		
Amounts owed to Group undertakings	**14**	47
Other creditors	**8**	5
	22	52

	2023 £m	2022 £m
Amounts due after more than one year		
Amounts owed to Group undertakings	**1,085**	562
	1,085	562

Current amounts owed to Group undertakings are interest free and repayable on demand. Non-current amounts are repayable between one and five years and bear interest at rates linked to source currency base rates.

7 BORROWINGS

	2023 £m	2022 £m
Amounts due within one year		
Private placement	**70**	–
Borrowings	**250**	–
	320	–
Amounts due after more than one year		
Private placement	**140**	210
Borrowings	**348**	600
	488	810

In December 2016, the Group concluded a Private Placement transaction raising £210m to refinance existing US dollar Private Placement borrowings which matured in May 2017. The amounts drawn under these facilities are as follows:

Maturity date	May 2024	May 2027	May 2027	May 2029
Amount drawn	£70m	£30m	£70m	£40m
Fixed rate coupon	2.85%	3.02%	3.12%	3.10%

In July 2022, the Group entered into a facilities agreement with two banks comprising a £350m bridge facility and a £250m term loan facility. The bridge facility had an initial term of 12 months commencing from the 29 December 2022, but the term was extendable at Inchcape's option by up to 12 months. The term loan had a term of two years commencing from 29 December 2022. The term and bridge facilities were fully drawn as at 31 December 2022 and were disclosed as non-current borrowings.

In June 2023, the Group successfully issued a £350m public bond, with 6.5% coupon and a five-year maturity. The proceeds from the bond were used to re-finance the bridge facility put in place to fund the acquisition of Derco, the initial term for which was due to expire at the end of 2023. The £350m public bond is held at amortised cost and had a fair value of £365m as at 31 December 2023 based on observable market data.

8 DEFERRED TAX

Net deferred tax asset/(liabilities)	Tax losses £m
At 1 January 2022	**9**
Credited to the income statement	**1**
At 1 January 2023	**10**
Credited to the income statement	**-**
At 31 December 2023	**10**

Deferred tax assets recognised are supported by those future taxable profits of the UK tax group, headed by the Company, which are associated with the reversal of taxable temporary differences.

9 GUARANTEES

The Company is party to composite cross guarantees between banks and its subsidiaries. The Company's exposure under these guarantees at 31 December 2023 was £1m (2022: £4m), equal to the carrying value of its cash and cash equivalents at the end of the period (see note 5). In addition, the Company has given performance guarantees in the normal course of business in respect of the obligations of Group undertakings amounting to £170m (2022: £147m).

10 SHARE CAPITAL

a. Allotted, called up and fully paid up

	2023 Number	2022 Number	**2023 £m**	2022 £m
Issued and fully paid ordinary shares (nominal value of 10.0p each)				
At 1 January	**374,494,030**	383,851,938	**38**	39
Shares Issued	**38,513,102**	–	**4**	
Cancelled under share buyback	**-**	(9,357,908)	**-**	(1)
At 31 December	**413,007,132**	374,494,030	**42**	38

b. Share buyback programme

In 2023, no shares were repurchased under the Company's share buyback programme. In 2022, 9,357,908 shares were purchased on the London Stock Exchange at a cost of £70m and were cancelled, with none held within treasury shares at the end of the reporting period. An amount of £1m, equivalent to the nominal value of the cancelled shares, was transferred to the capital redemption reserve. Costs of £1m associated with the transfer to the Company of the repurchased shares and their subsequent cancellation were charged to the retained earnings reserve.

c. Substantial shareholdings

Details of substantial interests in the Company's issued ordinary share capital received by the Company at 4 March 2024 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 2023, 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 SAYE Share Option Scheme – approved		
322,449	1 May 2024	3.77
165,261	1 May 2025	7.31
501,444	1 May 2026	6.00
858,368	1 May 2027	6.11

Included within the retained earnings reserve are 1,008,058 ordinary shares (2022: 344,009 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 2023 was £7m (2022: £3m). The market value of these shares at both 31 December 2023 and 4 March 2024 was £7m (31 December 2022 and 22 March 2023: £3m).

e. Issue of Derco shares

On 4 January 2023, 38,513,102 ordinary shares of 10p each in the capital of the Company were issued in connection with the acquisition of the Derco group. As at 31 December 2022, the acquisition had completed and, as at that date, the shares that were issued on 4 January 2023 represented a liability to issue a fixed number of shares in exchange for fixed financial assets. As such, they were accounted for as an equity instrument.

f. Share-based remuneration

During the year, Inchcape plc had two employees, the Group Chief Executive, and the Group Chief Financial Officer.

The terms and conditions of the Company's share-based payment plans are detailed in the Directors' Report on Remuneration.

The charge arising from share-based transactions during the year was £2m (2022: charge of £1m), all of which is equity-settled.

The weighted average exercise price of shares exercised during the period was £7.61 (2022: £nil).

The weighted average remaining contractual life for the share options outstanding at 31 December 2023 is 1.4 years (2022: 1.3 years) and the weighted average exercise price for options outstanding at the end of the year was £5.17 (2022: £4.79).

11 DIVIDENDS

The following dividends were paid by the Company:

	2023 £m	2022 £m
Interim dividend for the six months ended 30 June 2023 of 9.6p per share		
(30 June 2022: 7.5p per share)	**40**	28
Final dividend for the year ended 31 December 2022 of 21.3p per share		
(31 December 2021: 16.1p per share)	**88**	61
	128	89

A final proposed dividend for the year ended 31 December 2023 of 24.3p per share is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability as at 31 December 2023.

12 RELATED UNDERTAKINGS

In accordance with Section 409 of the Companies Act 2006 a full list of subsidiaries, associates, and joint ventures as at 31 December 2023 is shown below:

Subsidiaries

Name and registered address		Percentage owned
Argentina		
Torre Catalinas Plaza, Av. Eduardo Madero 900 Piso 17, Buenos Aires		
Distribuidora Automotriz Argentina S.A.		100%
Inchcape Argentina S.A.		100%
Australia		
Level 2, 4 Burbank Place, Baulkham Hills, NSW 2153		
AutoNexus Pty Ltd		100%
Bespoke Automotive Australia Pty Ltd		100%
Inchcape Australia Ltd	(i)	100%
Trivett Automotive Retail Pty Ltd		100%
Inchcape European Automotive Pty Ltd	(ii)	100%
SMLB Pty Ltd		100%
Subaru (Aust) Pty Ltd		90%
TCH Unit Trust		100%
Trivett Automotive Group Pty Ltd		100%
Trivett Bespoke Automotive Pty Ltd		100%
Trivett Classic Garage Pty Ltd		100%
Trivett Classic Holdings Pty Ltd	(iii)	100%
Trivett Classic Pty Ltd	(iv)	100%
Trivett Motorcycles Pty Ltd (dissolved June 2023)		100%
Trivett Pty Ltd		100%
Trivett Tyres Pty Ltd		100%
Inchcape Finance Australia Pty Limited		100%
Inchcape Corporate Services Australia Pty Limited		100%
PartsLane Pty Limited		100%
Barbados		
International Trading Centre, Warrens, St. Michael, Barbados, BB22026		
Inchcape Caribbean Inc		100%
Inchcape (Barbados) Inc		100%
Belgium		
Leuvensesteenweg 369, 1932 Sint-Stevens-Woluwe		
Autoproducts NV		100%
Car Security NV		100%
Toyota Belgium NV/SA		100%
Boulevard Industriel 198, 1070 Anderlecht		
Garage Francorchamps SA		100%
Inchcape Retail Belgium		100%
Bolivia		
Avenue Cristobal de Mendoza No. 164 UV:14 Mzno:5 Bldg. Imcruz, Santa Cruz		
Imcruz Comercial S.A.		100%
Corporación de Inversiones Imcruz Corp. S.A.		100%
Inversiones Piraí S.R.L.		100%
Imcruz Corredores de Seguros S.R.L.		100%

12 RELATED UNDERTAKINGS CONTINUED

Name and registered address	Percentage owned
Brunei	
KM3.6, Jalan Gadong, Bandar Seri Begawan	
Champion Motors (Brunei) Sdn Bhd	70%
NBT (Brunei) Sdn Bhd	70%
NBT Services Sdn Bhd	70%
Bulgaria	
163 Tsarigradsko Shosse Str, Sofia	
Inchcape Brokerage Bulgaria EOOD	100%
TM Auto EOOD	100%
Toyota Balkans EOOD	100%
Cayman Islands	
c/o JTC (Cayman) Limited P.O. Box 30745, 94 Solaris Avenue, 2nd Floor, Camana Bay, Grand Cayman, KY1-1203	
Interamericana Trading Corp.	100%
Chile	
Av. La Dehesa 265, Ciudad Santiago comuna Lo Barnechea Región Metropolitana	
Universal Motors SpA	100%
Williamson Balfour Motors S.A.	100%
Williamson Balfour S.A.	100%
Inchcape Digital Delivery Centre Santiago SpA	100%
Ruta 5 Norte #19100 Ciudad Santiago comuna Lampa Región Metropolitana	
Hino Chile S.A.	100%
Inchcape Camiones y Buses Chile S.A.	100%
Avda. Las Condes 11774, Vitacura, Santiago	
Inchcape Latam Internacional S.A.	100%
Inchcape Automotriz Chile S.A.	100%
Indigo Chile Holdings SpA	100%
Av. Vitacura #5410, Vitacura, Santiago	
Inchcape Commercial Chile S.A.	100%
Av. Raul Labbe #12981, comuna Lo Barnechea Región Metropolitana	
Comercializadora Ditec Automoviles S.A.	100%
Comercial Automoviles Raul Labbe S.A.	100%
Alonso de Córdova 4125, office 403, Vitacura, Santiago	
Dercorp CL SpA	100%
Av. Americo Vespucio 1842, Quilicura, Santiago	
Promac SpA	100%
Importadora y Distribuidora Alameda SpA	100%
Dercomaq SpA	100%
Comesa S.A.	100%
Inversiones Derco Internacional SpA	100%
Derco Inversiones SpA	100%
Dercolatina SpA	100%

12 RELATED UNDERTAKINGS CONTINUED

Name and registered address	Percentage owned
Chile continued	
Sociedad Corredora de Seguros Derco SpA	100%
Derco Chile Repuestos SpA	100%
Dercocenter SpA	100%
Derco SpA	100%
Sociedad Inmobiliaria SCR SpA	100%
Servicios Operacionales Comerciales y Administrativos SpA	100%
Sociedad Comercializadora de Repuestos SpA	100%
Colombia	
Calle 99 N° 69c – 41 Bogotá	
Inchcape Digital Delivery Centre Colombia S.A.S	100%
Matrase S.A.S	100%
Inchcape Colombia S.A.S	100%
Inmobiliaria Inchcape Colombia S.A.S	100%
BravoAuto S.A.S	100%
Vuelta Grande a 150 metros de la Glorieta de Siberia via Cota-Chia CLIS BG34	
Distribuidora Hino de Colombia S.A.S.	100%
Chía, Cundinamarca, Colombia	
Derco Colombia S.A.S.	100%
Derco Agencia de Seguros LTDA	100%
Cook Islands	
First Floor, BCI House, Avarua, Rarotonga	
IB Enterprises Ltd	100%
Costa Rica	
La Uruca, de la Pozuelo 200 metros oeste, frente al Hospital Mexico	
Arienda Express S.A.	100%
Inchcape Protection Express Sociedad Agencia de Seguros S.A.	100%
Vehiculos de Trabajo S.A.	100%
Vistas de Guanacaste Orquideas S.A.	100%
Djibouti	
Route de Venise – Djibouti Free Zone – PO Box 2645	
Red Sea Automotive FZCO	100%
Inchcape Djibouti Automotive Sarl	98%
Ecuador	
Av. 10 de Agosto N36-226 y Naciones Unidas, Quito, 170507	
Autolider Ecuador S.A.S	100%
El Salvador	
Boulevard Luis Poma y Calle Llama del Bosque Pte. #1, Urb. Madreselva, Antiguo Cuscatlán, La Libertad	
Inchcape El Salvador, S.A. de C.V.	100%
Estonia	
Läike tee 38, Peetri küla, Rae vald, Harjumaa 75312	
Inchcape Motors Estonia OÜ	100%

12 RELATED UNDERTAKINGS CONTINUED

Name and registered address	Percentage owned
Ethiopia	
Bole Sub City, Kebele 03, H.Nr. 2441, Addis Ababa	
The Motor & Engineering Company Of Ethiopia (Moenco) S.C.	94%
Finland	
Ansatie 6 a C, 01740 Vantaa, Kotipaikka, Helsinki	
Inchcape Motors Finland Oy	100%
Inchcape JLR Finland Oy	70%
Greece	
48 Ethnikis Antistaseos Street, Halandri 15231	
British Providence SA	100%
Eurolease Fleet Services SA	100%
Toyota Hellas SA	100%
Polis Inchcape Athens SA	100%
Guam	
443 South Marine Corps Drive, Tamuning, Guam 96913	
Atkins Kroll Inc	100%
197 Ypao Road, Tamuning , Guam 96913	
Morrico Holdings, Inc	100%
Morrico Equipment LLC	100%
Guatemala	
20 Calle 10–91, Zona 10, Guatemala, Guatemala	
Inchcape Guatemala S.A.	100%
Honduras	
Penthouse Edificio Torre Mayab, Colonia Loas del Mayab, Avenida Republica de Costa Rica, Tegucigalpa	
Inchcape Honduras S.A.	100%
Hong Kong	
11/F, Tower B, Manulife Financial Centre, 223–231 Wai Yip Street, Kwun Tong, Kowloon, HK	100%
British Motors Ltd	100%
Crown Motors Ltd	100%
Future Motors Ltd	100%
Inchcape Finance (HK) Ltd	100%
Inchcape Hong Kong Ltd	100%
Inchcape Mobility Limited	100%
Inchcape Motor Services Ltd	100%
Mega EV Ltd	100%
Nova Motors Ltd	100%
Indonesia	
Indomobil Tower, 19th Floor, Jl. Mt Haryono no 11, Bidara Cina, Jakarta, Timur	
PT JLM Auto Indonesia	60%

12 RELATED UNDERTAKINGS CONTINUED

Name and registered address		Percentage owned
Indonesia continued		
Sequis Tower, 7th Floor, Jl. Jendral Sudirman Kav. 71, South Jakarta 12190		
PT Inchcape Automotive Indonesia		100%
PT Inchcape Indomobil Distribution Indonesia		70%
PT Inchcape Indomobil Energi Baru		70%
Wanaherang, Gunung Putri, Bogor, West Java		
PT Inchcape Indomobil Manufacturing Indonesia		70%
Ivory Coast		
01 BP 3893, Abidjan O1		
Distribution Services Cote d'Ivoire SA		100%
Toyota Services Afrique SA		100%
Kenya		
LR 1870/X/126, Ground Floor, Oracle Towers, Waiyaki Way, P.O. Box 2231-00606, Nairobi		
Inchcape Kenya Ltd		100%
Latvia		
4a Skanstes Street, Riga, LV-1013		
Inchcape Insurance Services SIA		100%
Inchcape Motors Latvia SIA		100%
Inchcape JLR Baltics SIA		70%
Lithuania		
Laisves av. 137, Vilnius, LT-06118		
UAB Autovista		67%
UAB Inchcape Motors		67%
Ozo str. 10A, Vilnius, LT-08200		
UAB Krasta Auto		100%
Macau		
Avenida do Coronel Mesquita, No 48-48D, Edf. Industrial Man Kei R/C, Macau		
Future Motors (Macao) Ltd		100%
Yat Fung Motors Ltd		100%
Netherlands		
Gustav Mahlerlaan 1212, 1081 LA Amsterdam, the Netherlands		
Inchcape International Group BV	(i)	100%
New Zealand		
Bell Gully, Level 22, Vero Centre, 48 Shortland Street, Auckland, 1010, New Zealand		
Inchcape Motors New Zealand Ltd		100%
Inchcape Automotive Distribution (NZ) Ltd		100%
Inchcape Automotive Retail (NZ) Ltd		100%
Inchcape New Zealand Ltd		100%
North Macedonia		
21 8th September Boulevard, 1000 Skopje		
Toyota Auto Center DOOEL		100%

12 RELATED UNDERTAKINGS CONTINUED

Name and registered address	Percentage owned
Panama	
Vía General Nicanor A. de Obarrio (Street 50), Plaza Bancomer	
Ilaother S.A.	100%
Ilachile S.A.	100%
Ciudad de Panamá, Vía Cincuentenario Andrés Mojica, Ave. 6ta B., Lote X 5B, Corregimiento de San Francisco, Distrito de Panamá, Provincia de Panamá	
Arrendadora Automotriz S.A.	100%
Motores Japoneses S.A.	100%
Sun Motors S.A.	100%
Lopez, Lopez & Associates, 53rd street Marbella, World Trade Center, 5th floor, suite 502, Panama City	
Isthmus Exchange S.A.	100%
Peru	
Av. El Polo Nro. 1117, Santiago de Surco, Lima	
Inchcape Motors Peru S.A.	100%
Av. Republica de Panama Nro. 3330, San Isidro, Lima	
IMP Distribuidora S.A.	100%
Av. Morro Solar 812, Santiago de Surco, Lima	
Autocar del Peru S.A.	100%
Distribuidora Automotriz del Peru S.A.	100%
Inchcape Latam Peru S.A.	100%
Rentas e Inmobiliaria Sur Andina S.A.	100%
Av. Manuel Olguin 325, Santiago de Surco, Lima	
Derco Perú S.A.	100%
Dercocenter S.A.C.	100%
Corporación Andina de Negocios S.A.	100%
Philippines	
28F Robinsons Cyberscape Gamma, Topaz and Ruby Roads, Ortigas Center, San Antonio, Pasig Cit, Second District, NCR, 1605	
Inchcape Digital Delivery Center Philippines Inc.	100%
Block 8, Lot 2, 5th Avenue corner 24th Street, Bonifacio Global City, Fort Bonifacio, Taguig City 1630	
IC Automotive Inc	60%
IC Land Automotive Inc	60%
IC Star Automotive Inc	60%
E. Rogriguez Jr. Avenue corner Carlo J. Caparas, Ugong, Pasig City 1604	
ICATS Asian Motors Inc	60%

12 RELATED UNDERTAKINGS CONTINUED

Name and registered address	Percentage owned
Philippines continued	
1008 EDSA Greenhills, Second District, City of San Juan, NCR, 1502	
ICATS British Motors Inc	60%
ICATS Motorcycles Inc	60%
ICATS Motors Inc	60%
Poland	
Al. Prymasa Tysiąclecia 64, 01–424 Warszawa	
Inchcape Motors Polska Sp z.o.o	100%
Al. Karkonoska 61, 53–015 Wroclaw	
Interim Cars Sp z.o.o	100%
Ul. Lopuzanska 38 B, 02–232 Warszawa	
Inchcape JLR Poland Sp. Z.o.o	70%
Puerto Rico	
Sabana Gardens Industrial Park Calle B Lotes 6 al 9a, Carolina, PR 00983 and PO Box 29718, San Juan, PR 00924–0092	
Millenium Sales and Services, Inc.	100%
K.I. Investments Inc.	100%
Inchcape Puerto Rico, Inc	100%
Romania	
Pipera Boulevard No 1, Voluntari, Ilfov, 077190	
Inchcape Motors Srl	100%
Toyota Romania Srl	100%
Inchcape Broker de Asigurare Srl	100%
Inchcape Bravoauto Srl	100%
Saipan	
San Jose Village, 1 Chalan Monsignor Guerrero, Saipan, 96950, Northern Mariana Islands	
Atkins Kroll (Saipan) Inc	100%
Singapore	
2 Pandan Crescent, Inchcape Centre, Singapore 128462	
Borneo Motors (Singapore) Pte Ltd	100%
Century Motors (Singapore) Pte Ltd	100%
Champion Motors (1975) Pte Ltd	100%
Inchcape Automotive Services Pte Ltd	100%
Inchcape Motors Private Ltd	100%
Inchcape+ Pte Ltd	100%
Spain	
C. De Don Ramon de la Cruz, 38, 28001 Madrid	
Inchcape Inversiones España S.L.	100%
Tanzania	
AFED Business Park, JK Nyerere Rd, PO.Box 21885, Dar Es Salaam	
Inchcape Automotive Limited	100%
Thailand	
No. 4332 Rama IV Road, Prakhanong Sub-District, Klongtoey District, Bangkok	
Inchcape (Thailand) Company Ltd	100%
No. 2133 New Petchburi Road, Bangkapi Sub-District, Huaykwang District, Bangkok 10310	
Inchcape Services (Thailand) Co Ltd	100%

12 RELATED UNDERTAKINGS CONTINUED

Name and registered address		Percentage owned
Turks and Caicos Islands		
Market Place, Providenciales		
Nagoya Marine & General Insurance Ltd		100%
United Kingdom		
Inchcape Retail, First Floor, Unit 3140 Park Square, Solihull Parkway, Birmingham B37 7YN		
Armstrong Massey (York) Limited		100%
Autobytel Limited		100%
Chapelgate Motors Limited		100%
Ferrari Concessionaires Limited	(v)	100%
Gerard Mann Limited		100%
Inchcape Estates Limited		100%
Inchcape Motors International Limited		100%
Inchcape North West Limited		100%
Inchcape Retail Limited		100%
Inchcape Trade Parts Limited		100%
Inchcape Transition Limited		100%
Inchcape UK Corporate Management Limited		100%
Inchcape KMG Limited		100%
Mann Egerton & Co Limited		100%
Nexus Corporation Limited		100%
Notneeded No. 144 Limited		100%
The Cooper Group Limited		100%
Tozer International Holdings Limited		100%
Tozer Kemsley and Millbourn Automotive Limited		100%
22a St James's Square, London, SW1Y 5LP		
Inchcape Digital Limited		100%
Inchcape (Belgium) Limited	(vi)	100%
Inchcape Corporate Services Limited		100%
Inchcape Finance plc		100%
Inchcape Investments (No.1) Limited (dissolved 2 January 2024)		100%
Inchcape International Holdings Limited		100%
Inchcape JLR Europe Limited		70%
Inchcape Management (Services) Limited		100%
Inchcape Overseas Limited		100%
Inchcape (Singapore) Limited		100%
St Mary Axe Securities Limited		100%
PO Box 33, Dorey Court, Admiral Park, St Peter Port, GUERNSEY GY1 4AT		
St James's Insurance Limited		100%
4th Floor 115 George Street, Edinburgh EH2 4JN		
Inchcape Investments and Asset Management Limited		100%

12 RELATED UNDERTAKINGS CONTINUED

Name and registered address	Percentage owned
Uruguay	
Rambla Baltasar Brum 3028, Montevideo	
Autolider Uruguay S.A.	100%
United States of America	
The Corporation Company, 30600 Telegraph Road Bingham Farms, MI 48025	
Baltic Motors Corporation	100%

Joint ventures

Name and registered address	Percentage owned
Australia	
Level 6, 15 Talavera Road, Macquarie Park, NSW, 2113	
IFSA Pty Ltd	50%
Chile	
Av. Americo Vespucio 1842, Quilicura, Santiago	
Sociedad Comercial e Inmobiliaria Autoshopping S.A.	50%
Sociedad Comercial Ecovalor S.A.	50%
Av. Las Condes #11000, Oficina 301–A, Vitacura, Santiago	
Sociedad de Creditos Automotrices S.A.	50%
Peru	
Av. Manuel Olguin 325, Santiago de Surco, Lima	
Sociedad de Creditos Automotrices Peru S.A.C.	50%

Unless stated below, all holdings have one type of ordinary share capital:

(i) Ordinary A and Ordinary B shares
(ii) Ordinary shares, B Class shares, J Class shares and L Class shares
(iii) Ordinary shares and E Class shares
(iv) Ordinary shares, A Class shares, C Class shares, D Class shares and E Class shares
(v) Ordinary shares, Ordinary A shares and 8% non-cumulative redeemable preference shares
(vi) Ordinary shares and redeemable cumulative preference shares

Subsidiary audit exemptions

The following UK subsidiary undertakings will take advantage of the audit exemption set out within section 479A of the Companies Act 2006 for the year ended 31 December 2023.

Name	Company number
Inchcape (Belgium) Limited	06006735
Inchcape (Singapore) Limited	06257211
Inchcape Corporate Services Limited	01235709
Inchcape International Holdings Limited	03580629
Inchcape Investments and Asset Management Limited	SC113224
Inchcape Motors International Limited	00453390
Inchcape Overseas Limited	00783712
Tozer Kemsley and Millbourn Automotive Limited	00893104

The Company will guarantee the outstanding liabilities of the above UK subsidiary undertakings as at 31 December 2023, in accordance with section 479C of the Companies Act 2006.

SHAREHOLDER INFORMATION

REGISTERED OFFICE

Inchcape plc
22a St James's Square
London SW1Y 5LP
Tel: +44 (0) 20 7546 0022
Fax: +44 (0) 20 7546 0010
Registered number: 609782
Registered in England and Wales

ADVISORS

Independent Auditor
Deloitte LLP
Chartered Accountants and
Statutory Auditor

SHARE REGISTRARS

Computershare Investor Services PLC
Registrar's Department, The Pavilions
Bridgwater Road
Bristol BS99 7NH
Tel: +44 (0) 370 707 1076

SOLICITORS

Herbert Smith Freehills

CORPORATE BROKERS

Jefferies Hoare Govett
JP Morgan Cazenove

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
9 May 2024

Announcement of 2024 Interim Results
30 July 2024

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CONRAN DESIGN GROUP