

LOOKERS PLC
FINANCIAL STATEMENTS FOR
THE YEAR ENDED
31 DECEMBER 2015

COMPANY NO: 00111876

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The Directors are pleased to submit their report which includes the Statements on Corporate Governance and the audited financial statements for the year ended 31 December 2015.

1. ACTIVITIES

The main activities of the Group are the sale, hire and maintenance of motor vehicles and motorcycles, including the sale of tyres, oil, parts and accessories.

2. STRATEGIC AND OPERATIONAL REVIEW

An analysis of the functional performance of the group, is provided on pages 5 to 23. The main financial KPIs of the group are revenue, profit before tax, earnings per share and gearing. The additional information required to be disclosed in the Strategic and Operational Review is detailed below.

Corporate Social Responsibility and Diversity

The group has a long-standing Corporate and Social Responsibility agenda and further details of this are included on page 39 of our annual report. Additional information on which the directors are required by law to report is set out below and in the following:

Directors' Report
Chairman's Statement on Corporate Governance
Corporate Social Responsibility Review
Audit Committee Report
Directors' Remuneration Report
Directors' Responsibility Statement

The UK Corporate Governance Code includes a recommendation that boards should consider the benefits of diversity, including gender when making board appointments. The Board recognises the importance of gender balance and considers this issue among the wider issues of diversity where the most important requirement is to ensure that there is an appropriate range of experience, balance of skills and background on the Board. We will continue to make changes to the composition of the Board irrespective of gender or any form of discrimination so that the best candidate is appointed.

Principal Risks and Uncertainties

The group's business activities, financial condition, results of operations or the company's share price could be affected by any or all of the following principal risks or uncertainties:

Global Economy

The new and used car markets are influenced by general economic conditions, including changes in interest rates, fuel prices, indirect taxation, the cost and availability of credit and other factors which affect levels of consumer confidence. The demand for new cars can be cyclical as it follows the general UK economy, which in some years will lead to reduced margins caused by oversupply. This could have an adverse impact on the earnings of the group, although it is likely that this would be mitigated by potential increases in both the used car market and the aftersales market as customers substitute nearly new for new cars, or spend more keeping their old vehicles roadworthy. Despite the general uncertainty in the economy several years ago, the group's business has proved to be resilient against this background and has continued to be profitable.

Manufacturers' Financial Stability

The group relies on its manufacturer partners for a significant proportion of its revenues and profits. The failure of a manufacturer could have a significant impact on the short-term profitability of a retailer partner. The group has attempted to mitigate this risk by having trading relationships with a large number of manufacturers, so that the impact of any one manufacturer failing would be reduced.

Liquidity and Financing

The group uses a number of methods to fund its day to day business. These methods are (i) bank borrowings by way of committed borrowing facilities (Banking facilities of £245.0 million, maturing March 2020); (ii) from manufacturer and third party finance houses through uncommitted stocking facilities to fund the purchase of stock; and (iii) from suppliers by way of trade credit. A withdrawal of any of these financing facilities or a failure to renew them as they expire could lead to a significant reduction in the trading ability of the group. However the group's balance sheet has been strengthened significantly over the past five years and this together with the renewal of the group's banking facilities in 2015, provides sufficient liquidity and funding.

Exchange Rates

The group is affected by currency fluctuations to the extent that a large proportion of our manufacturer partners either source parts or manufacture vehicles overseas. The relationship of the Euro against Sterling is considered to be the primary factor that could impact on this either to a beneficial or negative effect. The Board is aware of the uncertainties and seeks to mitigate this by ensuring the group retains a broad mix of the major manufacturers, both UK and overseas, to limit the effect.

2. STRATEGIC AND OPERATIONAL REVIEW (continued)

Block Exemption Aftersales / General Exemption Sales
The franchise agreement legislation for the automotive sector changed in June 2013. Aftersales agreements continue to be legislated by a Block Exemption, dictating that aftersales businesses meeting qualitative standards criteria have an entitlement to represent the brands aftersales service and parts franchise.

Sales agreements are granted by car manufacturers based on standards, but agreements are restricted to territories granted by manufacturers, who also determine choice of partner, enabling them to restrict the number of outlets any dealer can hold or entry into the sales franchise.

By continuing to focus on providing excellent customer service and providing high level representation for the group's manufacturer partners, current business relationships will be maintained, providing opportunities for selective growth.

Competitive Nature of the Market

The motor vehicle distribution market is highly competitive and comprises a small number of large dealer networks, similar to Lookers, down to a large number of much smaller operators. In addition, the market includes internet-based dealers and private individuals. The franchised businesses also compete in the aftersales market which comprises similar franchised businesses, supply and fit chains, and a large number of small independent garages and bodyshops.

The market therefore offers customers different options depending upon price and quality of service they wish to take, with owners of new and nearly new vehicles tending to use the franchised businesses and owners of older vehicles tending towards the smaller independent provider. The group's franchised businesses rely on the quality of their customer service and the ability to adjust pricing, enabling them to react to local competitive conditions.

The parts distribution business operates in a very competitive market place, dominated by a few large players. The differentiator in this market is the quality of customer service offered by the group's businesses, which continues to give the competitive edge where price differences would not be enough.

Government Legislation

In addition to franchise regulation rules noted above, changes to the Government's transport policy could adversely affect the group's profitability if, as a result, customers choose to use alternative forms of transport.

Information Systems

The group is dependent upon a number of business critical systems which, if interrupted for any length of time, could have a material effect on the efficient running of the group's businesses. The Board has implemented a series of contingency plans which would enable the group to resume operations within a short space of time, thus mitigating the likelihood of material loss.

Manufacturers' Influence

The group's activities are also influenced by manufacturers in other ways. The timing, frequency and efficiency of new model roll-outs and changes in consumers' perception of these models and brands could materially affect the group's business. Similarly, manufacturers use a series of incentive schemes to support new car sales, warranty programmes etc. and changes or discontinuation of these schemes could also affect the group's business. By representing over thirty marques, the group believes that this diversity reduces the impact to the group that manufacturers' influence could cause.

3. DIVIDENDS AND SHARES

Ordinary shares of 5p each.

An interim dividend of 1.07p per ordinary share was paid on 27 November 2015 (2014: 0.97p). The directors are recommending a final dividend of 2.05p per ordinary share (2014: 1.87p) which will be payable on 3 June 2016 following approval at the Annual General Meeting, bringing the total dividend for 2015 to 3.12p (2014: 2.84p).

Directors' Report

4. DIRECTORS

The following were directors of the company at the end of the financial year and thereafter. Their interests in the issued ordinary share capital of the company were as follows:

	31.12.15 Number	31.12.14 Number
D. C. A. Bramall	63,487,636	73,487,636
A. C. Bruce	642,086	642,086
N. A. Davis	277,041	120,221
R. A. Gregson	357,815	357,815
W. Holmes	54,666	54,666
N. J. McMinn	160,000	110,000
R. S. Walker	-	-
P. M. White	53,716	53,716
S. J. Cabrini	-	-

Details of directors' share options are shown in the Directors' Remuneration Report.

All holdings are beneficial.

S. J. Cabrini was appointed a director on 1 January 2016.

There was no change in the interests of the Directors in shares or share options of the company between 31 December 2015 and 9 March 2016.

The mid-market price of the ordinary shares at 31 December 2015 was £1.85 and the range during the year was £1.30 to £1.85.

As permitted by the Company's articles of association, the Board has decided that all directors will retire from office at the 2015 Annual General Meeting and will seek re-election by the shareholders. Biographical details of all the directors are included on pages 24 to 25. Following formal performance evaluation by the board, the Chairman confirms that each of the directors standing for re-election continues to be effective and demonstrates commitment to the role.

There are no other contracts with the company or its subsidiaries in which a director of the company has any interest, other than service contracts (executive directors) or letters of appointment (non-executive directors).

The company has made qualifying third party indemnity provisions for the benefit of all the directors, such indemnity provisions were in force during the year and remain in force at the date of this report.

5. APPROVAL OF THE DIRECTORS' REMUNERATION REPORT

The company will propose at the 2016 Annual General Meeting an ordinary resolution to seek shareholder approval of the Directors' Remuneration Report for the financial year ended 31 December 2015. The Directors' Remuneration Report can be found on pages 42 to 56. The vote on the Directors' Remuneration Report is advisory in nature and the directors' entitlement to remuneration is not conditional on it being passed.

6. CAPITAL STRUCTURE

Details of the authorised and issued share capital, together with details of the movements in the company's issued share capital during the year are shown in note 24. The company has one class of ordinary shares which carry no right to fixed income.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the company's shares that may result in restrictions on the transfer of securities or on voting rights.

No person has any special rights of control over the company's share capital and all issued shares are fully paid.

With regard to the appointment and replacement of Directors, the company is governed by its Articles of Association, the 2014 UK Corporate Governance Code, the Companies Acts and related legislation. The Articles themselves may be amended by special resolution of the shareholders. The powers of Directors are described in the Main Board Terms of Reference, copies of which are available on request, and are described in the Chairman's Statement on Corporate Governance on page 33.

Under its Articles of Association, the company has authority to issue 480,000,000 ordinary shares.

There are also a number of other agreements that take effect, alter or terminate upon a change of control of the company such as commercial contracts, bank loan agreements, property lease arrangements and employees' share plans. None of these are considered to be significant in terms of their likely impact on the business of the group as a whole.

Directors' Report

7. EMPLOYEES

Employees are encouraged to discuss with management any matters which they are concerned about and factors affecting the group. In addition, the Board takes account of employees' interests when making decisions. Suggestions from employees aimed at improving the group's performance are welcomed.

A significant number of employees are remunerated partly by profit-related bonus schemes.

The group has a dedicated Intranet site "Engage" which keeps employees up to date with group developments and activities. Communicating in this manner ensures a consistent message.

Long service awards were made during the year to those staff with 25 years' continuous service. Special awards were also made to those staff reaching 40 and 50 years' service.

All employment policies have been updated to conform with current legislation.

It is the group's policy to encourage career development for all employees and to help staff achieve job satisfaction and increase personal motivation.

8. ETHICAL EMPLOYMENT

It is the group's policy to offer equal opportunities to disabled persons applying for vacancies and provide them with the same opportunities for employment, training, career development and promotion as are available to all employees, within the limitations of their aptitude and abilities. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the group continues and appropriate arrangements are made.

Employment within the group is offered on the basis of the person's ability to work and not on the basis of race, individual characteristics, creed or political opinion.

9. ANNUAL GENERAL MEETING

(a) Directors' authority to allot shares

The directors currently have authority to allot shares in the capital of the Company and to grant rights to subscribe for or convert any securities into such shares. This authority will expire at the conclusion of the forthcoming Annual General Meeting. The guidelines of the Investment Association ("IA") on directors' allotment authorities state that IA members will regard as routine an authority to allot shares representing up to two-thirds of the existing issued share capital, provided that any amount representing in excess of one-third of such issued share capital is to be allotted only through a fully pre-emptive rights issue. It is, therefore, proposed in Resolution 15 that, in light of the IA's guidelines, the directors be authorised to allot shares in the capital of the company and/or to grant rights to subscribe for or convert any securities into such shares (i) under a rights issue up to an aggregate nominal amount of £13,205,391 (representing approximately two-thirds of the company's issued share capital as at 9 March 2016, being the latest practicable date prior to the printing of this document) and (ii) in any situation up to an aggregate nominal amount of £6,602,695.50 (representing approximately one-third of the company's issued share capital as at 9 March 2016).

If Resolution 15 is passed, the authority will expire at the conclusion of the company's Annual General Meeting in 2017 or on 30 June 2017, whichever is the earlier. As at 9 March 2016, the company did not hold any shares in treasury.

The directors have no present intention of exercising this authority. The purpose of giving the directors this authority is to maintain the company's flexibility to take advantage of any appropriate opportunities that may arise.

(b) Disapplication of statutory pre-emption rights

If the directors wish to allot new ordinary shares or other equity securities (within the meaning of the Companies Act 2006), or sell treasury shares, in either case for cash (and other than in connection with an employees' share scheme), company law requires that those shares are offered first to existing shareholders in proportion to their existing holdings. There may be circumstances, however, when it is in the interests of the Company to be able to allot new ordinary shares (or other equity securities) for cash other than on a pre-emptive basis, or on a pre-emptive basis but without compliance with the strict requirements of the statutory pre-emption provisions.

The directors therefore consider that it is appropriate that the Company has, as in previous years, some limited flexibility to allot shares to finance business opportunities, or to conduct a rights issue or other pre-emptive offer, without complying with the pre-emption provisions set out in the Companies Act 2006.

In previous years, the directors have sought, and have been granted, the power to allot ordinary shares for cash free from pre-emption rights (otherwise than in connection with a rights issue or similar pre-emptive issue) up to a maximum nominal amount representing approximately 5 per cent. of the Company's issued share capital. Such power has given the directors the ability to allot ordinary shares for cash non pre-emptively in any circumstances. The limitation of this disapplication power to a maximum of 5 per cent. of the Company's issued ordinary share capital accorded with best practice as set out in The Pre-Emption Group's Statement of Principles on the disapplication of pre-emption rights (July 2008).

Directors' Report

9. ANNUAL GENERAL MEETING (continued)

In March 2015, The Pre-Emption Group published a revision of its Statement of Principles. In addition to restating the existing 5 per cent. disapplication threshold, the 2015 Statement of Principles introduced greater flexibility for companies to undertake non pre-emptive issues for cash in connection with acquisitions and specified capital investments. This relaxation is intended to allow companies the opportunity to finance expansion opportunities as and when they arise. Accordingly, the 2015 Statement of Principles provides that a company may now seek authority to issue on a non pre-emptive basis for cash in any one year shares representing (i) no more than 5 per cent. of the company's issued ordinary share capital and (ii) no more than an additional 5 per cent. of the company's issued ordinary share capital provided that such additional authority is used only in connection with an acquisition or a specified capital investment.

Accordingly this year the directors are seeking, in Resolution 16 (which will be proposed as a Special Resolution), power to allot new ordinary shares (or other equity securities) pursuant to the authority given in Resolution 15, or to sell treasury shares, in either case for cash (i) in connection with a rights issue or other pre-emptive offer or (ii) otherwise up to an aggregate nominal amount of £1,980,808 (equivalent to 10 per cent. of the issued share capital of the Company as at 9 March 2016, the latest practicable date prior to the printing of this document), in each case without such shares (or securities) first being offered to existing shareholders in proportion to their existing holdings in accordance with statutory pre-emption rights. The directors confirm that they intend to use the power referred to in (ii) in respect of an allotment of ordinary shares (or other equity securities) in excess of an amount equal to five per cent. of the existing issued share capital of the Company only in connection with an acquisition or a specified capital investment which is announced contemporaneously with the allotment, or which has taken place in the preceding six month period and is disclosed in the announcement of the allotment.

Such power, if granted, will expire at the conclusion of the company's Annual General Meeting in 2017 or on 30 June 2017, whichever is the earlier.

The directors also confirm their intention to follow the provisions of the 2015 Statement of Principles regarding cumulative usage of authorities within a rolling three year period. Those Principles provide that a company should not issue shares for cash (other than to satisfy share scheme requirements) representing more than 7.5 per cent. of the Company's issued share capital in any rolling three year period, other than to existing shareholders, without prior consultation with shareholders. This limit excludes any ordinary shares issued pursuant to a general disapplication of pre-emption rights in connection with an acquisition or specified capital investment.

(c) Purchase of own shares

The business of the Annual General Meeting includes a Special Resolution (Resolution 17) which seeks to renew the authority granted to the Directors at last year's Annual General Meeting to give the company authority to make market purchases of its own ordinary shares as permitted by the Companies Act 2006.

The resolution limits the number of ordinary shares the company can buy to a maximum of 39,616,173 shares, representing 10% of the company's issued ordinary share capital as at 9 March 2016 (being the latest practicable date prior to the printing of this document). The authority also sets maximum and minimum prices.

As at 9 March 2016, the company does not have any outstanding warrants or options to subscribe for equity shares.

The company would only buy shares on the London Stock Exchange. The authority to repurchase ordinary shares will, if approved by shareholders, only be exercised after careful consideration by the Board and if such exercise would result in an anticipated increase in earnings per share and would be in the best interests of the shareholders generally. Shares so purchased would be cancelled and the number of shares in issue reduced accordingly.

The directors have no present intention to exercise this authority but wish to retain the flexibility to do so in the future.

The authority sought will expire on 30 June 2017 or, if earlier, at the conclusion of the company's next Annual General Meeting.

(d) Notice of General Meetings

The business of the Annual General Meeting also includes a Special Resolution (Resolution 18) which seeks to renew the authority given at the last Annual General Meeting to call general meetings on 14 days notice instead of 21 days.

The company currently has power under its Articles of Association to call general meetings (other than annual general meetings) on at least 14 clear days' notice and would like to preserve this ability. In order for the company to be able to do so, shareholders must first approve the calling of meetings on at least 14 days' notice. This resolution seeks such approval. The approval will be effective until the company's next Annual General Meeting, when it is intended that a similar resolution will be proposed.

The shorter notice period would not be used as a matter of routine for general meetings, but only where the flexibility is merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole.

Directors' Report

10. DONATIONS

Charitable donations amounted to £38,040 (2014: £26,352). No political donations were made (2014: £nil).

11. AUDITOR

In the case of each of the persons who are Directors of the company at the date when this report was approved:

- so far as each is aware, there is no relevant audit information (as defined by the Companies Act 2006) of which the company's auditor is unaware; and
- each of the Directors has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

12. SUPPLIER PAYMENT POLICY

The group does not formally follow the better payment practice code issued by the Department of Trade and Industry because, in line with industry practice, manufacturers insist upon direct access to our bank accounts and they take funds to pay for both vehicles and parts when they fall due. Other suppliers are generally paid in accordance with their terms of trading.

At 31 December 2015, the trade creditors of the group and the company represented 29 and 137 days (2014: 25 and 71 days) purchases respectively.

13. DERIVATIVES AND FINANCIAL INSTRUMENTS

The group's treasury activities are operated within policies and procedures approved by the Board, which include defined controls on the use of financial instruments managing the group's risk. The major financial risks faced by the group relate to interest rates and funding. The policies agreed for managing these financial risks have remained the same since the beginning of the period under review, and are summarised below.

The group finances its operations by a mixture of retained profits, bank borrowings, stock financing and commercial paper. To reduce the group's exposure to movements in interest rates, the group seeks to ensure that it has an appropriate balance between fixed and floating rate borrowings. The group uses interest rate swaps and collars in order to manage its exposure to interest rate risk; all such arrangements are approved by the Board in line with its treasury policies.

The group seeks to ensure continuity of funding by taking out certain borrowings which are repayable in instalments over periods of at least three years. Short-term flexibility is achieved by overdraft facilities.

The group has no significant exposure to foreign currency, nor does it undertake any trading in financial instruments.

Refer to notes 16, 20, 21 and 31 of the notes to the Financial Statements for further information in this area.

14. SUBSTANTIAL SHAREHOLDINGS

On 9 March 2016 the following shareholders, so far as the Directors are aware, had an interest in 3% or more of the issued ordinary share capital of the company:

	At 9 March 2016		At 31 December 2015	
D. C. A. Bramall and Family	63,487,636 shares	(16.03%)	63,487,636 shares	(16.03%)
Standard Life Investments	32,085,662 shares	(8.10%)	33,102,366 shares	(8.36%)
Fidelity Worldwide Investment	22,657,225 shares	(5.72%)	23,185,124 shares	(5.85%)
J. P. Morgan Investment Management	22,459,732 shares	(5.67%)	20,632,763 shares	(5.21%)
Black Rock	19,345,320 shares	(4.88%)	20,553,424 shares	(5.19%)
Schroder Investment Management Limited	12,747,361 shares	(3.22%)	12,816,545 shares	(3.24%)
Mitton Asset Management	11,924,804 shares	(3.01%)	10,158,270 shares	(2.57%)

The Directors have not been notified of any other holders of 3% or more of the issued ordinary share capital.

By Order of the Board


G. MacGeekie

Company Secretary
9 March 2016

Chairman's Statement on Corporate Governance

COMPLIANCE STATEMENT

The Board of directors is collectively accountable to the company's shareholders for good corporate governance and is committed to achieve compliance with the principles of corporate governance set out in the 2014 UK corporate governance code issued by the Financial Reporting Council (the "Code"). Throughout 2015 the company has been in compliance with the provisions set out in the Code.

The company is committed to the principles of corporate governance contained in the 2014 UK Corporate Governance Code issued by the Financial Reporting Council ("the Code") for which the Board is accountable to shareholders.

The Board have reviewed the contents of this report and consider the document to be fair, balanced, understandable and an accurate representation of the current position of the business. The basis for this view is that all of the directors are furnished with the requisite information to perform their duties and are provided access to key members of management as they require. The Board meet regularly and are given adequate time to probe, debate and challenge business performance as and when they consider it necessary to do so. The Board has also discussed the detail of the financial results with the Audit Committee and are satisfied they have been prepared appropriately. Having gained a thorough understanding of the business each member has also had the opportunity to review and influence this report and as such have concluded in line with the statement above.

The Board

The Board of directors at the start of the financial year under review comprised four executive directors and four non-executive directors. W. Holmes, J. E. Brown (resigned 9 January 2016) and R. S. Walker are considered to be independent non-executive directors. S. J. Cabrini was appointed a director on 1 January 2016, so there are currently five non-executive directors.

The Code requires a balance of executive and non-executive directors such that no individual or small group of individuals can dominate the Board's decision-making process. The number and quality of the non-executive directors on the Board, with their combination of diverse backgrounds and expertise, ensures this principle is met.

The Board has a documented schedule of matters reserved for its decision which includes the following:

- agreeing objectives, policies and strategies, and monitoring the performance of the executive management;
- approval of the group's strategic plans and business plans;
- approval of annual and interim results;
- deciding on major changes in organisation and the shape of the group, including entry into new fields of operation and departure from those which are no longer considered to be appropriate; and
- approving major individual capital projects.

The Chairman takes responsibility for ensuring the directors receive accurate, timely and clear information. Monthly financial information is provided to the directors. Regular and ad hoc reports and presentations are circulated, with all Board and committee papers being issued in advance of meetings by the Company Secretary. In addition to formal Board meetings, the Chairman maintains regular contact with the Chief Executive and the other directors to discuss specific issues. In furtherance of their duties, the directors have full access to the services of the Company Secretary and may take independent professional advice at the company's expense. The Board believes that given the experience and skills of its particular directors, the identification of general training needs is best left to the individual's discretion. If any particular development need is identified through the Board's formal appraisal process or by an individual director, the company makes the necessary resources available.

Director Roles

P. M. White is the Non-Executive Chairman and A. C. Bruce is the Chief Executive. The Chairman leads the Board and the Chief Executive manages the group and implements the strategy and policies adopted by the Board. The division of responsibilities between the role of Chairman and Chief Executive has been set out in writing.

W. Holmes is the Senior Independent Director. It is the prime responsibility of the Senior Independent Director to provide a communication channel between the Chairman and the Non-Executive Directors and to ensure that the views of each non-executive director are given due consideration. The Company Secretary would minute any unresolved concerns expressed by any director.

The company maintains appropriate directors' and officers' insurance in respect of legal action against its directors.

Chairman's Statement on Corporate Governance

COMPLIANCE STATEMENT (continued)

Attendance at Meetings

The following table shows the attendance of directors at regular Board meetings and at meetings of the Audit, Remuneration and Nomination Committees.

Scheduled meetings held in 2015

	Board	Audit	Remuneration	Nomination
Number held	11	3	2	1
Number attended				
D. C. A. Bramall	10	2*	1*	
A. C. Bruce	11	3*	2*	
N. Davis	11			
R. A. Gregson	11	3*	1*	
W. Holmes	11	3	2	1
R. S. Walker	11	3	2	1
N. J. McMinn	11			
P. M. White	11	3	2	1

* in attendance by invitation of the Committee for all or part of the meeting.

APPOINTMENT AND SELECTION OF DIRECTORS

Appointments

The Code requires there to be a formal, rigorous and transparent procedure for the appointment of appropriate new directors, which should be made on merit and against objective criteria. The Board has an established Nominations Committee for this purpose and its terms of reference are available from the Company Secretary.

The Board approves the appointment and removal of directors.

The Board is aware of the other commitments of its non-executive directors and is satisfied that these do not conflict with their duties as non-executive directors of the company.

The service contracts of executive directors and the letters of appointment of non-executive directors are available for inspection at the company's registered office during normal business hours and at the Annual General Meeting.

Directors receive induction on their appointment to the Board as appropriate, covering matters such as the operation and activities of the group (including key financial and business risks to the group's activities), the role of the Board and the matters reserved for its decision, the tasks and membership of the principal Board Committees, the powers delegated to those Committees, the Board's governance policies and practices, and the group's latest financial information. The training and induction process for directors takes into account the development of the group and applicable governance standards. Major shareholders are offered the opportunity to meet new directors as any appointments are made.

The requirement to propose directors for re-appointment at regular intervals is met by applying the company's Articles of Association. These require that at each Annual General Meeting not less than one-third of the directors who are subject to retirement by rotation must retire, and that any director, who was not appointed at either of the two previous Annual General Meetings and who has served as a director for more than two years since appointment or last re-appointment, has to retire. In accordance with the Code, each new non-executive director is appointed for a specified term, being an initial period from appointment to the next Annual General Meeting where they will be subject to re-appointment at that meeting, for a further period ending not later than the Annual General Meeting held three years thereafter. There is a general assumption on the part of the Board that independent non-executive directors will not normally be invited to stand for re-appointment after serving six years.

Nomination Committee

The Nomination Committee comprises P. M. White, W. Holmes, R. S. Walker and is chaired by P. M. White. The Committee reviews the size, structure and composition of the Board and Committees and makes recommendations to the Board with regard to any changes that are considered necessary. The Committee also reviews the time required of non-executive directors.

The Nomination Committee is responsible for assisting the Board in the formal selection and appointment of directors (including non-executive directors) and considers succession planning for the Board. In considering an appointment, the Nomination Committee evaluates the balance of skills, knowledge and experience of the Board and prepares a description of the role and capabilities required for a particular appointment. In identifying suitable candidates, open advertising or external search agencies will be used by the Committee, where appropriate. It also considers potential candidates and recommends appointments of new directors to the Board. The appointments are based on merit and made against objective criteria including the time available and commitment which will be required of the potential director.

Chairman's Statement on Corporate Governance

APPOINTMENT AND SELECTION OF DIRECTORS (continued)

Nomination Committee (continued)

The Committee has the power to employ the services of such advisors as it deems necessary in order to carry out its responsibilities and may retain appropriate executive search consultants having prepared a job specification for the role.

The UK Corporate Governance Code includes a recommendation that boards should consider the benefits of diversity, including gender, when making board appointments. The Board recognises the importance of gender balance and considers this issue among the wider issues of diversity where the most important requirement is to ensure that there is an appropriate range of experience, balance of skills and background on the Board.

Evaluation of Board Performance

A formal independent evaluation exercise in relation to the Board and its Committees was undertaken in 2012 by Ffion Hague Independent Board Evaluation (which has no other connection with the company). This considered the balance of skills, experience, independence and knowledge of the company on the board, its diversity including gender, how the board works together as a unit and other factors relevant to its effectiveness. The results of that evaluation indicated that the Board (and its Committees), generally, operated effectively. Certain recommendations were made as a result of this evaluation and these either have been or subsequently implemented. A follow-up evaluation will be performed in 2016. The evaluation of the effectiveness of individual Directors was, in the case of the non-executive directors, carried out by the Chairman and, in the case of the Chairman, by the non-executive directors, in each case taking account of the views of the executive directors. The evaluation of the effectiveness of the executive directors was carried out as part of the annual appraisal procedure by the Chief Executive in the case of the other executive directors and by the Chairman in the case of the Chief Executive.

ACCOUNTABILITY AND AUDIT

Going Concern

After making enquiries, the directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. In forming this view, the directors have reviewed trading and cash flow forecasts and have also taken into consideration that the group's banking facilities remain available to them and are appropriate given the group's current trading, medium-term plans and conditions in the global economy. For this reason the directors continue to adopt the going concern basis in preparing the financial statements. Further details surrounding the directors' rationale regarding the going concern assumption are included in Principal Accounting Policies on page 63.

Viability Statement

In accordance with provision C.2.2. of the UK Corporate Governance Code, the directors have assessed the viability of the company over a three year period to 31 December 2018. The directors believe this period to be appropriate as the company's strategic plan which has been approved by the board encompasses this period. In making their assessment the directors have considered the company's current financial position and performance, cash flow projections including future capital expenditure, in relation to the availability of finance and funding facilities and have considered these factors in relation to the principal risks and uncertainties which are included in the directors' report.

During 2015, the Board carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. The directors believe that the Group is well placed to manage its business risks successfully, having taken into account the Group's principal risks and uncertainties. Accordingly, the Board believes that, taking into account the Group's current position, and subject to the principal risks faced by the business, the Group will be able to continue in operation and to meet its liabilities as they fall due for the period up to 31 December 2018.

Internal Control

The Code requires the company to maintain a sound system of internal control to safeguard shareholders' investment and the company's assets. The Board must review the effectiveness of the system at least annually, covering all material controls, including financial, operational and compliance controls and risk management systems, and report to shareholders that it has done so. The Turnbull Report, adopted by the UK Listing Authority, provides guidance for compliance with that part of the Code.

The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the company. Steps are being taken to embed internal control and risk management further into the operations of the businesses and to deal with areas of improvement which come to management's and the Board's attention. The process has been in place throughout the year and up to the date of approval of the Annual Report and Accounts. It is regularly reviewed by the Board and accords with the guidelines set out in the FRC'S Internal Control: Guidance to Directors'.

Chairman's Statement on Corporate Governance

ACCOUNTABILITY AND AUDIT (continued)

Internal Control (continued)

The Board confirms that the actions it considers necessary have been or are being taken to remedy such failings and weaknesses which it has determined to be significant from its review of the system of internal control. This has involved considering the matters reported to it and developing plans and programmes that it considers are reasonable in the circumstances. The Directors acknowledge that they are responsible for the group's system of internal control, for setting policy on internal control and for reviewing the effectiveness of internal control. The role of management is to implement Board policies on risk and control.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable, and not absolute, assurance against material misstatement or loss. In the year there have been no significant internal control issues.

The group has an internal audit function that reports to the Audit Committee. Detailed control procedures exist throughout the operations of the group and compliance is monitored by management, internal auditors, and, to the extent that they consider necessary to support their audit report, the external auditor.

The board confirms it has performed its annual review of the effectiveness of internal control. The Board has concluded that, as at 31 December 2015, the Group's systems of control over financial reporting were effective.

Relations with Shareholders

The company places considerable importance on communications with shareholders and responds to them on a wide range of issues. It has an ongoing programme of dialogue and meetings with major institutional shareholders, where a wide range of relevant issues including strategy, performance, management and governance are discussed. The Chairman makes himself available to meet any major shareholder, as required.

All company announcements are posted on our website www.lookers.co.uk as soon as they are released. Our website contains a dedicated investor relations section, www.lookersplc.com, with an archive of past announcements and presentations, historical financial performance, share price data and a calendar of events.

The principal communication with private investors is through the Annual Report, the Interim Report and the Annual General Meeting. A presentation is made at the Annual General Meeting to facilitate greater awareness of the group's activities. Shareholders are given the opportunity to ask questions of the Board and of the Chairman of each Board Committee and to meet the Directors informally after the meeting. Separate resolutions are proposed for each item of business and the 'for', 'against' and 'vote withheld' proxy votes cast in respect of each resolution proposed at the Meeting are counted and announced after the shareholders present have voted on each resolution. Notice of the Annual General Meeting is posted to shareholders at least twenty one days before the date of the Annual General Meeting.

P. M. White

Chairman

9 March 2016

Report from the Chairman of the Audit and Risk Committee

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee comprises W. Holmes (Chair), P.M. White and R.S. Walker

The committee met three times during 2015, with the Chief Executive, Finance Director and the internal and external auditors attending as required. In addition to formal meetings there is a regular discussion between members of the Committee and the Finance Director, and with members of the external audit team. Their key responsibilities of the Audit Committee are to:

- review critical accounting estimates and their impact on the financial statements;
- monitor the quality and performance of the external and internal auditors;
- set policy for the use of the external auditor for non-audit work;
- assess the quality of disclosure in the financial statements and other formal documents

Areas of focus identified by the audit and risk committee

Goodwill and intangibles

The committee considered the carrying value of goodwill and intangibles of the continuing business, and particularly the risk of overstatement in parts of the business which underperformed against budget. We concur with the judgements made, in the light of the action taken to improve or restore performance in poorer performing areas of the business. We also considered the carrying value of goodwill and intangibles in the Benfield business acquired during the year. That business has performed strongly post acquisition, and we conclude that these carrying values are appropriate.

Going concern

The Finance director provides an assessment of the company's ability to continue to trade on a going concern basis for at least the next twelve months. Forecasts are based on financial plans agreed with the Board (budgets or forecasts), the company's most recent trading results and also include a range of possible downside scenarios. The assumptions that underpin the assessments are considered and discussed in detail when the Committee meet. The conclusion of that review is included in the Directors' report section of this report.

Stock valuation

Stock valuation is a critical issue for the business in view of absolute stock levels and the impact of ageing, particularly on new and used car values. Based on our review of management's calculations, we concur with the judgement that stock provisions are sufficient and appropriate.

Commercial income

A significant proportion of the company's profit is derived from the receipt of rebates from manufacturers and the Committee considers the risks and controls over this, so as to be satisfied that this is not likely to be materially mis-stated.

Exceptional items

There are a number of exceptional items disclosed in the accounts. The Committee has generally sought, in line with best practice, to challenge the use of exceptional items where these are simply large amounts which might reasonably be expected to recur in the Lookers business. We have discussed the treatment adopted in the accounts with the Finance Director and with the external auditor. The scale and nature of the items has lead us to conclude that the treatment adopted is appropriate.

Pension scheme liabilities

The Group operates three defined benefit schemes which have an excess of liabilities over assets. Details of these schemes are given in note 29 to the accounts. The Committee has discussed the assumptions used in calculating liabilities with the Finance Director and with the external auditor. We have concluded that the assumptions used are reasonable and appropriate.

Performance of internal and external auditors

The committee has maintained a regular dialogue with both the external and internal audit team. The external auditors, Deloitte have been auditors since 2005, and an audit tender process will be required for the 2016 audit. Deloitte is eligible to participate in the tender process. This year is the fifth year that the audit engagement partner has served and in the event that Deloitte tendered and were successful, he would rotate off the engagement.

In view of the long relationship with the external auditor, the Committee has paid particular attention to audit independence and effectiveness. We have no concerns that independence and objectivity have been compromised.

The company has started a tender process for the appointment of its external auditor. It is anticipated that the process will be completed by May 2016 with the intention that the successful firm, having initially been appointed by the directors, be recommended for re-appointment at the 2016 Annual General Meeting in respect of the period until the 2017 Annual General Meeting.

The Audit Committee confirms that the Group complied throughout the financial year under review with The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

Report from the Chairman of the Audit and Risk Committee

AUDIT AND RISK COMMITTEE (continued)

The Committee receives all reports prepared by the internal audit team. The primary focus of the internal audit team is on dealership procedures, financial reporting and statutory compliance. Across the business there has been a small aggregate improvement in the grades awarded by the internal audit team, which is pleasing given the new businesses and systems which have been acquired and integrated in recent years.

We have continued discussions with the finance team and internal audit to ensure that emerging risk areas such as FCA compliance and IT security and controls are properly covered and assessed by the internal audit team. This is a fast developing and critical risk area for the business, and will be a major focus of the Committee in the coming year and beyond.

In the course of our dialogue with external and internal auditors, the Committee has considered the arrangements for reporting by employees of concerns about possible improprieties in financial reporting or other matters, as set out in the Employee Handbook. We have concluded that there is a reasonably clear and well defined system for reporting of concerns. This policy and system of reporting will be reviewed annually.

Provision of non-audit services by the external auditor

The auditor is permitted to provide non-audit services that are not, and are not perceived to be, in conflict with auditor independence. Part of our responsibility in relation to the external auditor is to review the nature and the extent of the non-audit services they provide. The amount paid for non-audit services is disclosed in note 3 to the accounts. Services provided related principally to corporate taxation compliance and to assistance with acquisitions. We have discussed the reasons for using Deloitte to provide these services with the Finance Director and concur in his judgement that this has occurred only where cost and efficiency have made this the best choice.

As part of the tender process for the 2016 audit it is intended to separately tender for corporate and related tax services, so that the external auditor has no involvement in corporate tax reporting and compliance thereafter.

Adequacy of disclosure in accounts and other documents

The Committee provides advice to the Board on whether the annual report is fair and balanced, and whether it provides the information which shareholders require to assess the company's performance, business model and strategy. The advice is largely based on a review of key strategic risks.

The Committee conducts a continuing review of all strategic risks by discussion with the Board Chairman, fellow non-executive directors and senior company management. This review is focussed and enhanced by using the risk register to identify and document these key risks. The group has undertaken significant work this year to make the risk register a working document, and this will increasingly guide the Committee's focus and priorities in considering the adequacy and appropriateness of disclosure.

W. Holmes

Chairman of the Audit and Risk Committee
9 March 2016

Corporate Social Responsibility Review

CORPORATE SOCIAL RESPONSIBILITY MANAGEMENT

Our Main Board of Lookers is responsible for setting the group's strategy, values and standards regarding social, environmental and ethical issues. It delegates the responsibility for implementing strategy and instils values and standards throughout the group's businesses. The operating companies each include social, environmental and ethical issues in their risk assessment processes. This enables the Main Board to ensure that any potential problems are identified and contingency strategies are in place.

Lookers and the Environment

The group is aware that our activities have an impact on the environment. The group is keen to fulfil its legal obligations on this issue and has a group-wide environmental policy in place. The need to deal with contamination, waste oil and asbestos issues are at the forefront of the group's concerns.

On a wider level, Lookers supports a number of industry initiatives and the group also engages in all environmental issues raised by stakeholders, consumers, suppliers, shareholders and employees.

The group aims to encourage the reduction of energy and water consumption and actively investigates employees' suggestions to help reduce the amount of waste. An electrical testing monitoring regime is in force throughout the group. Use of the latest building materials is made in the construction of new sites and the refurbishment of existing locations. For instance, modern heating controls include both timers and thermostats.

Lookers continues to improve its energy, water and fuel efficiency throughout its operations, with emphasis being placed on reducing waste and carbon emissions. The group has reporting responsibilities in respect of energy consumption and management in three areas:

1. Carbon Reduction Commitment (CRC), whereby we report to the Environment Agency each year.
We have been fully compliant for the five years ending 31 March 2015. Like for like CO₂ emissions in 2014 / 2015 reduced by 4.8% compared to the previous year.
2. Greenhouse Gas Reporting (GHG). This is our second year of reporting and this is shown at the end of this section.
3. Energy Savings Opportunity Scheme (ESOS). This is a new reporting requirement of the European Union and we achieved compliance ahead of the December 2015 deadline.

We continue to take the following measures to monitor and reduce energy consumption and carbon emissions:

- Active in-house energy management team
- Ongoing energy reviews, followed by implementation of energy saving initiatives
- Installation of half hour and AMR electricity meters
- Major re-lighting programmes
- Air leak testing
- Installation of biomass heating and cooling plants
- Traffic management initiatives within our parts division
- Use of energy efficient building materials on all new build and refurbishment projects and we have recently introduced solar PV installations at a number of our sites

We actively seek to reduce waste within our businesses and can report that:

- (a) with regard to water consumption, we continue with our water management processes which monitor and reduce usage. Despite the company's growth in the last year, our water charges have remained static
- (b) our waste recycling efforts continue to bear fruits with 64% of all waste being recycled (2014: 63%)

Mandatory Carbon Reporting

As was noted in last year's Annual Report the company reports each year to the Environment Agency under the government's Carbon Reduction Commitment (CRC) scheme. The group will again align its carbon reporting period with that used for data submitted under the CRC scheme (April to March).

This is our second year of mandatory carbon reporting and covers the period 1st April 2014 to 31st March 2015.

The group continues to have in place a variety of initiatives and controls that measure, monitor and seek to reduce energy usage and related carbon emissions. These result from regular energy surveys of our businesses.

Our carbon reporting methodology is the Greenhouse Gas Protocol and the requirements of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations. Our reporting boundary is the financial control method and covers all occupied premises and vehicles operated by the group, whether owned or leased, relating to our UK based operations. Data relating to our business in the Republic of Ireland has been excluded. As this business accounts for 1% of our turnover, this exclusion is not considered material.

Corporate Social Responsibility Review

CORPORATE SOCIAL RESPONSIBILITY MANAGEMENT (continued)

We report under Scope 1 and Scope 2 in respect of emissions from diesel and petrol consumed, gas burned and electricity purchased. The information relating to emissions from gas and electricity has been extracted in full from the data that we have reported to the Environment Agency under CRC reporting. This data is collected and collated by an independent supplier to the group. The information relating to emissions resulting from the use of diesel and petrol has been extracted from data supplied by the group's main fuel card provider. The intensity ratio being adopted is emissions (tones of CO₂) per million pounds of turnover.

Our mandatory carbon reporting data for the 2014/2015 and 2013/2014 reporting years are summarised as follows:

		2014/2015		2013/2014	
		(tCO ₂ e)	(tCO ₂ e/£m)	(tCO ₂ e)	(tCO ₂ e/£m)
Scope 1	Gas	4,140	1.27	4,504	1.74
	Vehicle fuels	<u>17,762</u>	<u>5.47</u>	<u>16,621</u>	<u>6.44</u>
	Total	21,902	6.74	21,125	8.18
Scope 2	Electricity	<u>15,705</u>	<u>4.84</u>	<u>14,968</u>	<u>5.80</u>
	Statutory Total	<u>37,607</u>	<u>11.58</u>	<u>36,093</u>	<u>13.98</u>

* Statutory carbon reporting disclosures required by Companies Act 2006.

Lookers and Ethics

We believe that integrity in its relationships with customers, suppliers, staff, shareholders, regulatory agencies and the community is important and gains the respect of all its stakeholders. Treating Customers Fairly is now embedded into the group's ethos and will continue to be part of the group's culture.

We make every effort to ensure our people are aware of these expectations and that they contribute to the high standards required of them. This statement, together with our corporate values, is at the heart of how Lookers conducts its business, externally in its relationships with stakeholders and internally through its performance management and promotion processes.

Human Rights

We are also very conscious of human rights issues within the company and the key area that would impact our business would be across our supply chain. All of our directly employed staff are based in the UK or the Republic of Ireland and are covered by UK and Irish employment law. Our supply chain in the motor division is predominantly the major international motor manufacturers who clearly take these issues very seriously as well. Our parts division sources from many suppliers who are producing parts to original equipment standards and our specialist team of buyers take full account of all quality matters including working conditions of their suppliers.

Lookers as an Employer

People are crucial to Lookers' success. This approach is reflected in our policies on recruitment and retention, staff share scheme, staff communication, and health and safety.

Recruitment and Retention

We ensure that the group has fair employment terms for our people. Employment handbooks set out formal policies for key issues such as equal opportunities, disciplinary and grievance procedures, sexual, religious and racial harassment.

Our group Human Resources Manager is responsible for raising employment standards and implementing best practice employment policies throughout the organisation. Performance reviews are conducted at least once a year and include an assessment of each individual's training needs.

We have a comprehensive training programme for our people which has received industry recognition in the form of national awards for the automotive industry.

Staff Communication

We believe that our people have a right to be kept informed. Regular discussions take place to keep people updated and to seek out their ideas and opinions.

Face-to-face dialogue between managers and staff takes place regularly; information is communicated through our group intranet site "Engage", which is used by the majority of our staff on a regular basis. We also use newsletters and updates to keep our staff informed.

Corporate Social Responsibility Review

CORPORATE SOCIAL RESPONSIBILITY MANAGEMENT (continued)

Health and Safety

We aim to do all that is reasonably practicable to ensure the health, safety and welfare of our people, and others who may be affected by our activities. The Main Board maintains ultimate responsibility for health and safety issues at Lookers with the manager responsible for the day-to-day responsibility, supported by all levels of management. This policy is defined in the group's Health and Safety policy statement and all staff are issued with, or have access to, a detailed health and safety guide.

The statistics for the group, under UK Health and Safety regulations for the year ended 31 December 2015, are set out below:

	2015	2014
Number of fatalities	-	-
Injuries resulting in absence over three days	3	7
Major injuries reported under RIDDOR*	3	2
Dangerous occurrences reported under RIDDOR*	-	-
Number of enforcement notices issued by HSE	-	-
Number of prohibition notices issued by HSE	-	-

*Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995

Lookers and the Community

Lookers are committed to playing an active role in the communities it serves. All our businesses operate their own community programmes and fund raising charity events. In addition, some charities are supported at a group level such as the motor trades' BEN and our staff choose which charities to support on a group basis where we alternate between different charities every six months.

Directors' Remuneration Report

ANNUAL STATEMENT FROM THE CHAIRMAN OF THE REMUNERATION COMMITTEE

INTRODUCTION

On behalf of your Board, I am pleased to present our Directors' Remuneration Report for the year ended 31 December 2015.

REMUNERATION OUTCOMES FOR 2015

In 2015 the company continued to grow its revenues, both in the existing business and with the acquisition of the Benfield Motor group. Therefore turnover has increased to £3.65 billion, a 20% increase against 2014. Adjusted profit before tax ("APBT") increased by 11% to £72.1 million.

The performance target for the annual bonus arrangement for the CEO and FD was based on the APBT of the company and the figure for payment of the maximum opportunity of 150% of salary was £74.8 million. Actual performance was £72.1 million, which resulted in a bonus of 130% salary being paid to those executive directors in respect of 2015. The bonus arrangements of the managing directors of the Motors and Parts divisions are based on a combination of this APBT target and the performance of their respective divisions. Details of their bonus payments are set out on page 45.

No long term incentive awards were due to vest in 2015.

REMUNERATION IN 2016

The base salaries of the executive directors were increased by 2% with effect from 1 January 2016 in line with similar increases applied across the company.

The bonus opportunity for executive directors will be up to 150% of salary based on targets for group and, where appropriate, divisional APBT.

Share awards for executive directors in 2016 will be made in the form of share options over shares worth 100% of salary and will be subject to performance conditions based on growth in AEPS. Full details are given on page 45.

SUMMARY OF REMUNERATION COMMITTEE DECISIONS IN 2016

We put an amended directors' remuneration policy to a shareholder vote at the 2015 AGM and were encouraged by the strong increase in shareholder support for this policy.

Following another successful year for the business, the Remuneration Committee has been planning for FY 2016 and beyond, as we continue to listen to feedback from our shareholders and develop our executive director remuneration arrangements in line with good practice.

Therefore, in addition to determining the application of the directors' remuneration policy in 2016 set out above, we have:

- agreed with the CEO and FD that their shareholding requirements will be increased in excess of the current level required of executive directors of 100% of salary, to 200% of salary with effect from 1 January 2016; and
- determined that FY 2016 will be the last year that share awards will be made under the existing long-term incentive plan (LTIP) arrangements, with a new LTIP structure being introduced for FY 2017 as set out in more detail below.

Shareholding requirements

We have agreed this change as we recognise that market practice and shareholder expectations on share ownership guidelines for executive directors have moved on since we originally formalised our own guidelines in 2014. We also reviewed the shareholding requirements for the other executive directors and concluded that these remain appropriate.

LTIP

As set out in previous years' directors' remuneration reports, our intention has been to operate the LTIP for the period 2014-2016 as an integrated programme of share awards covering that whole three year period. Therefore the awards that will be made in 2016 described on page 45 will be the last year of this programme as previously approved by shareholders.

Directors' Remuneration Report

In recognition of the fact that this structure is relatively unusual and not always easily understood by shareholders, we intend to introduce a new LTIP structure in 2017. By way of summary of our current intentions, the key features of this LTIP will be:

- standalone three year vesting cycles (i.e. the integrated three year programme from the current LTIP will not be retained);
- a post-vesting holding period will apply to awards; and
- awards will be nil-cost rights to acquire shares.

We are also looking to align the incentives of the senior management team more closely with those of the executive directors. The current LTIP awards to senior managers also run until the end of FY 2016, therefore from 2017 will have a more harmonised reward strategy across the group.

CONTENTS

This Directors' Remuneration Report has been prepared on behalf of the Board by the Committee in accordance with the requirements of the Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 and is split into three sections, comprising this statement and the:

Pages 44 to 46	Directors' remuneration policy This summarises the company's policy on directors' remuneration approved by shareholders at the 2015 AGM.
Pages 48 to 56	Annual report on remuneration This sets out payments and awards made to the directors and details the link between company performance and remuneration for 2015 and, together with this statement, is subject to an advisory shareholder vote at this year's AGM.

IN CONCLUSION

We have reviewed the directors' remuneration policy and its application during the course of the year following its approval at last year's AGM and believe that our remuneration arrangements continue to reward the executive directors in line with the achievement of the company's business objectives. We hope that we can rely on your vote in favour of the annual report on remuneration at the AGM.

By Order of the Board

R. S. Walker
Chairman of the Remuneration Committee
9 March 2016

Directors' Remuneration Report

REMUNERATION POLICY

The policy of the Committee is to ensure that the executive directors are fairly rewarded for their individual contributions to the group's overall performance and to provide a competitive remuneration package to executive directors, including long-term incentive plans, to attract, retain and motivate individuals of the calibre required to ensure that the group is managed successfully in the interests of shareholders. In addition, the Committee's policy is that a substantial proportion of the remuneration of the executive directors should be performance related and that they be required to build up a holding of shares in the company. As stated in the Chairman's letter, the minimum shareholding requirement has been increased to 200% of salary for the CEO and FD with effect from 1 January 2016.

The Company's current Directors' Remuneration Policy was approved by shareholders on 29 May 2015 at the Company's AGM and became effective from that date. The full policy was disclosed in the 2014 annual report and accounts, which is available within the investor section of the corporate website and located at www.investors.lookersplc.com/reports.

As the current policy was approved at the Company's 2015 AGM, the next time it will be mandatorily be put to a shareholder vote is the 2018 AGM. Any changes to policy in the intervening years would be put to a shareholder vote before taking effect. We have included an abridged summary of the policy in this year's report.

FUTURE POLICY TABLE

The main elements of the remuneration package of executive directors are set out below:

Purpose and link to strategy	Operation	Maximum potential value	Performance metrics
BASE SALARY			
Attract and retain high calibre executive directors to deliver strategy	Paid in 12 equal monthly instalments during the year	Reviewed annually to reflect role, responsibility and performance of the individual and the company, and to take into account rates of pay for comparable roles in similar companies. When selecting comparators, the Committee has regard to the group's revenue, market worth and business sector. Salaries are generally set below market median, with a greater emphasis on performance related pay. There is no prescribed maximum increase. Annual rate set out in the annual report on remuneration for the current year and the following year.	None
BENEFITS			
Provide benefits consistent with role	Currently these consist of provision of a company car, health insurance, life assurance premiums and the opportunity to join the company's savings related share option scheme ("SAYE"). The Committee reviews the level of benefit provision from time to time and has the flexibility to add or remove benefits to reflect changes in market practice or the operational needs of the group.	The cost of providing benefits is borne by the company and varies from time to time.	None

Directors' Remuneration Report

Purpose and link to strategy	Operation	Maximum potential value	Performance metrics
ANNUAL BONUS			
Incentivises achievement of business objectives by providing a reward for performance against annual targets	<p>Paid in cash after the end of the financial year to which it relates, save that for an executive director who has not met the share ownership requirement any bonus in excess of 110% of salary is deferred into shares.</p> <p>Annual bonus awards are subject to provisions which enable the Committee to recover (clawback) or withhold (malus) value in the event of a misstatement of the accounts for the financial year in respect of which the bonus was paid, an error in the assessment of the extent to which the applicable performance target had been met and misconduct on the part of the executive director, within two years of the payment date of the cash bonus.</p>	Up to 150% of salary	<p>Targets based on adjusted profit before tax of the company or divisional targets where appropriate. The Committee sets threshold and maximum targets on an annual basis. In general:</p> <ul style="list-style-type: none"> • 40% of the maximum bonus is payable for meeting the threshold performance level • 67% of the maximum bonus is payable for hitting the target • 100% of the maximum bonus is payable for meeting or exceeding the maximum performance level <p>A sliding scale operates between threshold and maximum performance. No bonus is payable where performance is below the threshold. Payment of any bonus is subject to the overriding discretion of the Committee.</p>
LONG-TERM INCENTIVES			
Alignment of interests with shareholders by providing long-term incentives delivered in the form of shares	<p>Grant of share awards, which are intended to be made under the proposed new long term incentive 'LTIP', which is intended to replace the ESOS as the long-term incentive for awards granted from 2015 onwards. The exercise price of awards can be from nil to market value.</p> <p>Awards vest at least 3 years from grant subject to the achievement of performance conditions and may not be exercised after the 10th anniversary of grant.</p> <p>LTIP awards are subject to provisions which enable the Committee to recover (clawback) or withhold (malus) value in the event of a misstatement of the accounts for the financial year in respect of which the LTIP award vested, an error in the assessment of the extent to which the applicable performance target had been met and misconduct on the part of the executive director, within two years of the vesting of the LTIP award.</p>	Maximum annual award over shares with a market value of 100% of base salary.	Targets are based on single or a combination of performance metrics, with threshold and maximum targets set at grant. Performance is measured over a period of 3 financial years.

Directors' Remuneration Report

Purpose and link to strategy	Operation	Maximum potential value	Performance metrics
PENSION			
Attract and retain executive directors for the long term by providing funding for retirement	A C Bruce is a member of the group's defined benefit pension arrangement. The scheme closed to future accrual in 2011 and Mr Bruce's pension is no longer linked to his final pensionable salary. This defined benefit pension is payable from age 60. All executive directors are entitled to participate in money purchase arrangements, or to receive a cash allowance in lieu of pension contributions.	Money purchase arrangements 20% of salary up to a maximum of the annual allowance with any excess payable as a salary supplement. Any such salary supplements are not counted for the purposes of determining bonus or LTIP levels.	None
SHARE OWNERSHIP			
To ensure alignment between the interests of executive directors and shareholders	Increased to 200% of salary for the CEO and FD effective from 1 January 2016. 100% of salary for the other executive directors.	Not applicable	Not applicable

STATEMENT OF CONSIDERATION OF EMPLOYMENT CONDITIONS OF EMPLOYEES ELSEWHERE IN THE GROUP

The Committee receives reports on an annual basis on the level of pay rises awarded across the group and takes these into account when determining salary increases for executive directors. In addition, the Committee receives regular reports on the structure of remuneration for senior management in the tier below the executive directors and uses this information to ensure a consistency of approach for the most senior managers in the group. The Committee also approves the award of any long-term incentives.

The Committee does not specifically invite employees to comment on the directors' remuneration policy, but it does take note of any comments made by employees.

STATEMENT OF CONSIDERATION OF SHAREHOLDER VIEWS

The Chairman of the Committee consults with major shareholders from time to time to understand their expectations with regard to executive director remuneration and reports back to the Committee. Any other concerns raised by individual shareholders are also considered, and the Committee also takes into account emerging best practice and guidance from major institutional shareholders.

APPROACH TO RECRUITMENT REMUNERATION

The Committee's approach to recruitment remuneration is to offer a market competitive remuneration package sufficient to attract high calibre candidates who are appropriate to the role but without paying any more than is necessary.

Any new executive director's regular remuneration package would include the same elements and be in line with the policy table set out earlier in this directors' remuneration policy, including the same limits on performance related remuneration.

Where it is necessary to "buy-out" an individual's awards of variable remuneration made by a previous employer, the Committee will make replacement awards through a combination of performance and non-performance related awards, reflecting the profile of the awards forgone. The terms of these awards will reflect those forgone so far as is possible to provide an equivalent opportunity, including taking into account the likelihood of meeting performance conditions.

Where an internal candidate is promoted to the Board the original grant terms and conditions of any bonus or share awards made before that promotion will continue to apply, as will their membership of any of the group's pension arrangements.

Reasonable relocation and other similar expenses may be paid if appropriate.

Directors' Remuneration Report

DIRECTORS' SERVICE CONTRACTS, NOTICE PERIODS AND TERMINATION PAYMENTS

Executive directors have service contracts with a 12 month notice period by the company and 6 months by the executive director, with no special arrangements applying following a change of control and with the elements of variable remuneration dealt with in accordance with the rules of the relevant scheme, as more fully described in the table below:

Provision	Policy
Notice periods and compensation for loss of office in executive directors' service contracts	<p>12 months' notice by the company and 6 months' notice by executive director.</p> <p>Payment in lieu of any part of the notice period not served may be made by the company equal to basic salary, pensions and benefits for that part of the notice period only.</p> <p>For any new appointments, the payment of any sum in lieu of notice will be phased over the notice period and subject to mitigation.</p>
Treatment of annual bonus on termination	A bonus for the financial year of termination may be paid at the discretion of the Committee having regard to applicable performance conditions and normally with time pro-rating being applied.
Treatment of unvested LTIP awards	<p>Good leavers (i.e. leavers in circumstances of death, injury, disability, redundancy, retirement or transfer of employing business outside group) will be allowed to retain their LTIP awards. The Committee has discretion to treat any other leaver as a good leaver. The awards of any leaver who is not a good leaver will lapse on cessation of employment.</p> <p>Awards of good leavers will normally vest following the end of the applicable performance period subject to an assessment of the extent to which performance targets have been met and the application of time pro-rating.</p> <p>The Committee has discretion to allow options to vest immediately on a cessation of employment but subject to an assessment of the extent to which performance targets have been met.</p> <p>The Committee has the discretion to waive the requirement to pro-rate.</p> <p>Good leavers may exercise their LTIP awards within 6 months of vesting (1 year for death).</p> <p>On a change of control, options will vest immediately subject to an assessment of the extent to which the performance targets have been met. The number of shares subject to LTIP awards is reduced pro-rata to reflect the proportion of the vesting period completed before cessation. The Committee has the discretion to waive the requirement to pro-rate.</p>
Outside appointments	<p>Board approval must be sought.</p> <p>Executive directors may retain the fees paid in respect of any external appointment.</p>
Non-Executive Directors	All Non-Executives are subject to annual re-election. No compensation payable if required to stand down.

In the event of the negotiation of a compromise or settlement agreement between the company and a departing director, the Committee may make payments it considers reasonable in settlement of potential legal claims. Such payments may also include reasonable reimbursement of professional fees in connection with such agreements.

The Committee may also include the reimbursement of repatriation costs or fees for professional or outplacement advice in the termination package, if it considers it reasonable to do so. It may also allow the continuation of benefits for a limited period.

Directors' Remuneration Report

DATES OF SERVICE CONTRACTS / LETTERS OF APPOINTMENT

Director	Date of service contract / letter of appointment
A. C. Bruce	11.05.2006
R. A. Gregson	22.02.2010
N. A. Davis	02.02.2012
N. J. McMinn	19.08.2013
P. M. White	4.09.2006
R. S. Walker	04.02.2014
D. C. A. Bramall	30.06.2006
W. Holmes	12.06.2008
S. J. Cabrini	01.01.2016

Copies of directors' service contracts and letters of appointment are available for inspection at the company's registered office.

The executive directors' notice periods are set out in the service contracts section above.

NON-EXECUTIVE DIRECTORS FEE POLICY

The policy for the remuneration of the non-executive directors is as set out below. Non-executive directors are not entitled to a bonus, they cannot participate in the company's share option schemes and they are not eligible for pension arrangements.

Purpose and link to strategy	Operation	Maximum potential value	Performance metrics
NON-EXECUTIVE DIRECTOR FEES			
To attract NEDs who have a board range of experience and skills to oversee the implementation of our strategy	<p>NED fees are determined by the Board within the limits set out in the Articles of Association</p> <p>Paid in 12 equal monthly instalments during the year</p>	<p>Reviewed annually to reflect role, responsibility and performance of the individual and the company.</p> <p>Annual rate set out in the annual report on remuneration for the current year and the following year.</p> <p>No prescribed maximum annual increase</p>	None

ANNUAL REPORT ON REMUNERATION

Save for the performance graph and table, the change in remuneration of the Chief Executive, the relative importance of the spend on pay, the implementation of remuneration policy in 2016, the consideration by the directors of matters relating to directors' remuneration and the statement of shareholder voting at the 2015 AGM, the information set out in this part of the Director's Remuneration Report is subject to audit.

SINGLE TOTAL FIGURE OF REMUNERATION

The following table shows a single total figure of remuneration in respect of qualifying services for the 2015 financial year for each director, together with the comparative figures for 2014.

Directors' Remuneration Report

	Salary and fees £000		Taxable Benefits £000 ¹		Annual bonus £000		LTIP £000		Pension benefits £000		Other £000 ³		Total £000	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
EXECUTIVE DIRECTORS														
A. C. Bruce	357	350	1	1	464	385	Nil	Nil	71	70	1	2	894	806
R. A. Gregson	273	268	1	1	355	294	Nil	Nil	55	53	1	2	685	616
N. A. Davis	225	222	1	1	275	229	Nil	499 ²	45	44	-	4	546	951
N. J. McMinn	273	268	1	1	355	294	Nil	Nil	55	53	-	4	684	616
Total	1,128	1,108	4	4	1,449	1,202	Nil	499	226	220	2	12	2,809	3,001

NON-EXECUTIVE DIRECTORS														
P. M. White	120	117	-	-	-	-	-	-	-	-	-	-	120	117
R. S. Walker	40	39	-	-	-	-	-	-	-	-	-	-	40	39
D.C.A. Bramall	40	39	-	-	-	-	-	-	-	-	-	-	40	39
W. Holmes	45	42	-	-	-	-	-	-	-	-	-	-	45	42
Total	245	237	-	-	-	-	-	-	-	-	-	-	245	237

Aggregate directors emoluments³	1,373	1,345	4	4	1,449	1,202	Nil	455	226	220	2	12	3,054	3,279
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Supporting information

1 - Taxable benefits include items such as a company car, health insurance and life assurance premiums.

2 - The value of the LTIP element of the remuneration of N.A. Davis has been restated, to reflect the value of the LTIP award based on the closing share price from 28 March 2014 of £1.438, being the date before the award vested on 29 March 2015. The value originally stated was based on the average share price over the three months to 31 December 2014 of £1.311. The original and revised figures are as set out below:

Executive Director	N.A. Davis
Number of shares over which LTIP (ESOS) award vested	346,820
Original stated value	£454,847
Revised value	£498,554

3. The amounts set out in the "other" column relate to the grant of SAYE options on 6 October 2015 and 6 October 2014. The figure quoted for each executive director was determined by reference to the discount that the exercise price per share represented to the share price immediately preceding grant. For the 2015 SAYE grant, the exercise price was £1.449 compared to a share price of £1.663. For the 2014 SAYE grant, the exercise price was £1.088 compared to a share price of £1.325.

The aggregate directors' emoluments excluding pension and LTIP awards in 2015 was £2,828,000 (2014 - £2,622,000).

Directors' Remuneration Report

ANNUAL BONUS

Bonuses are earned by reference to the financial year and paid in March following the end of the financial year. The bonuses accruing to the executive directors in respect of 2015 are based on figures for adjusted profit before tax (APBT) as shown below:

Executive director	Bonus target	Weighting	Total bonus value as % of salary		Bonus receivable
			Max	Actual	
A. C. Bruce	APBT of the group	100%	150%	130%	£464,100
R. A. Gregson	APBT of the group	100%	150%	130%	£354,705
N. A. Davis	APBT of the group	33%	150%	121.8%	£274,637
	APBT of the parts division	67%			
N. J. McMinn	APBT of the group	33%	150%	130%	£354,705
	APBT of the motor division	67%			

The targets for each element and actual performance against each of these were as set out below:

Measure	Threshold performance required	On-target performance required	Maximum performance required	Actual performance
APBT of the group	£61.2 million	£68.0 million	£74.8 million	£72.1 million
APBT of the parts division	£10.93 million	£12.14 million	£13.36 million	£12.6 million
APBT of the motor division	£54.94 million	£61.05 million	£67.15 million	£64.7 million

PENSION ENTITLEMENTS AND CASH ALLOWANCES

A. C. Bruce remains a member of the group defined benefit scheme, which closed to future accruals from 31 March 2011. As at 31 December 2015 Mr Bruce's accrued pension was £30,818.

The scheme provides a pension of up to two-thirds of final pensionable salary on retirement at age 60 years, as well as lump sum death-in-service benefit and pension benefits based on final pensionable salary. Pension increases are in line with Limited Price Indexation. Death-in-service pays at four times salary and death-in-retirement pays benefits at 50%. No enhanced benefits are payable on early retirement.

A.C. Bruce's pension in the defined benefit scheme is no longer linked to his salary and therefore there is no value attributable to the increase in the value of his defined benefits for the purposes of the single total figure of remuneration. All of the pension entry in the single total figure of remuneration therefore relates to his membership of money purchase arrangements.

R. A. Gregson, N. A. Davis and N. J. McMinn participate only in money purchase arrangements.

LTIP AWARDS GRANTED IN 2015

Market value share options were granted under the LTIP to the executive directors in 2015 over a number of shares equal in value to 100% of salary, calculated based on the mid-market closing price of a share on 31 December 2014 of £1.30, on the basis that the performance period applicable to the awards commenced on 1 January 2015, as set out below:

	Date of Grant	Number of shares subject to award	Exercise price at grant ¹	Share price at grant	Face Value of shares ²	Vesting at minimum performance	End of performance period
A. C. Bruce	25.06.2015	274,615	£1.30	£1.645	£451,742	20%	31.12.2016
R. A. Gregson	25.06.2015	209,884	£1.30	£1.645	£345,259	20%	31.12.2016
N. A. Davis	25.06.2015	173,792	£1.30	£1.645	£285,888	20%	31.12.2016
N. J. McMinn	25.06.2015	209,844	£1.30	£1.645	£345,259	20%	31.12.2016

1 - Face value has been calculated using the share price at grant.

The performance target for the awards is based on growth in Adjusted Earnings Per Share (AEPS).

Directors' Remuneration Report

Provisional vesting was determined based on growth in AEPS measured over 2015. The growth targets give 20% provisional vesting for 5% AEPS growth rising to 100% provisional vesting for 15% AEPS growth.

AEPS growth in 2015 was 12.7% which therefore gave provisional vesting of 77%.

Further AEPS performance targets then apply over the 3 year period 2014-2016:

- If AEPS growth over 2014-2016 is below 20% the awards will lapse (notwithstanding any provisional vesting);
- If AEPS growth over 2014-2016 is between 20% and 45% there is no adjustment to the provisional vesting result;
- If AEPS growth over 2014-2016 is between 45% and 50% then the provisional vesting will be increased to 80% if it is otherwise below this level; and
- If AEPS growth over 2014-2016 is above 50% then the awards will vest in full, if not already applicable.

In addition, if AEPS growth in 2015 exceeds 15%, or if AEPS growth exceeds 45% over the period 2014-2016 then the exercise price of the awards reduces to nil. Awards vest on the third anniversary of grant.

PAYMENTS TO PAST DIRECTORS

No payments to past directors were made in 2015.

PAYMENTS FOR LOSS OF OFFICE

No payments for loss of office were made in 2015.

STATEMENT OF DIRECTORS' SHAREHOLDING

The table below summarises the directors' shareholdings as at 31 December 2015. There were no changes in these shareholdings between that date and the date of approval of this report.

	Number of shares held (including by connected persons)		Shareholding on 31 December 2015 as a % of salary ¹	Vested but unexercised share options		Unvested share options subject to performance conditions	
	2015	2014		2015	2014	2015	2014
A. C. Bruce	642,086	642,086	333%	269,836	269,836	563,871	289,256
R. A. Gregson	357,815	357,815	243%	269,836	269,836	430,958	221,074
N. A. Davis	277,041	120,221	227%	-	-	356,849	529,877
N. J. McMinn	160,000	110,000	109%	-	-	430,958	221,074
P. M. White	53,716	53,716	N/A	-	-	-	-
R. S. Walker	-	-	N/A	-	-	-	-
D. C. A. Bramall	63,487,636	73,487,636	N/A	-	-	-	-
W. Holmes	54,666	54,666	N/A	-	-	-	-
S. J. Cabrini	-	-	-	-	-	-	-

1 - The requirement applicable in 2015 was for executive directors to build up a shareholding in the company equivalent to 100% of salary. The directors' remuneration policy contains provisions for the deferral of elements of annual bonuses into shares and post-vesting holding of shares acquired under LTIP awards for directors who have not met this, which will apply until this is met. As set out in the Chairman's Statement, the shareholding requirement for the CEO and FD has been increased to 200% of salary effective from 1 January 2016.

Shareholding as a % of salary determined by reference to share price on 31 December 2015 of £1.85.

LONG TERM INCENTIVE AWARDS

Prior to 2015, long term incentive awards were made under The Lookers Executive Share Option Scheme (ESOS). The Lookers plc Long Term Incentive Plan (LTIP) was introduced in 2015, under which the company now makes long term incentive awards.

Details of long term incentive award share options held by executive directors are as follows:

Directors' Remuneration Report

LONG TERM INCENTIVE AWARDS (Cont.d)

	Scheme	Date of Grant	Earliest Exercise Date	Expiry Date	Exercise Price (pence)	Number at 1 January 2015	Exercised in Year	Number at 31 December 2015
A. C. Bruce	ESOS	5.1.2011	5.1.2014	5.1.2021	61.0	269,836	-	269,836
A. C. Bruce	ESOS	30.6.2014	30.6.2017	30.6.2024	121.0	289,256	-	289,256
A. C. Bruce	LTIP	25.6.2015	25.6.2018	25.6.2025	130.0	-	-	274,615
R. A. Gregson	ESOS	5.1.2011	5.1.2014	5.1.2021	61.0	269,836	-	269,836
R. A. Gregson	ESOS	30.6.2014	30.6.2017	30.6.2024	121.0	221,074	-	221,074
R. A. Gregson	LTIP	25.6.2015	25.6.2018	25.6.2025	130.0	-	-	209,884
N. A. Davis	ESOS	29.3.2012	29.3.2015	29.3.2022	62.75	346,820	346,820	-
N. A. Davis	ESOS	30.6.2014	30.6.2017	30.6.2024	121.0	183,057	-	183,057
N. A. Davis	LTIP	25.6.2015	25.6.2018	25.6.2025	130.0	-	-	173,792
N. J. McMinn	ESOS	30.6.2014	30.6.2017	30.6.2024	121.0	221,074	-	221,074
N. J. McMinn	LTIP	25.6.2015	25.6.2018	25.6.2025	130.0	-	-	209,844

ALL-EMPLOYEE SHARE SCHEME

Details of share options held by executive directors under the all employee SAYE scheme are as follows:

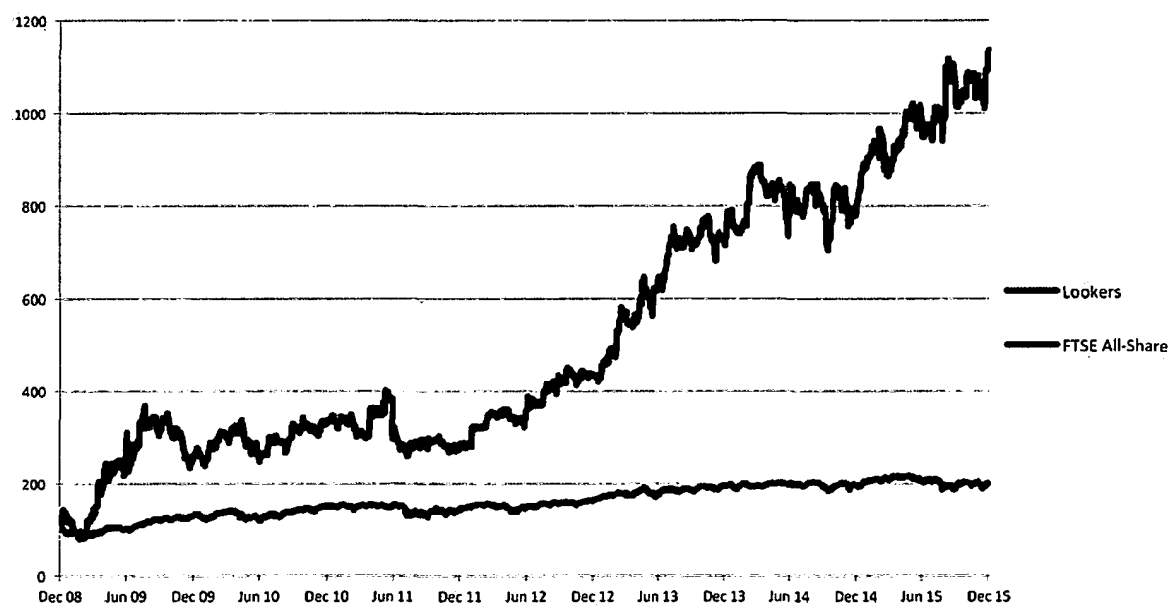
	Scheme	Date of Grant	Earliest Exercise Date	Expiry Date	Exercise Price (pence)	Number at 1 January 2015	Exercised in Year	Number at 31 December 2015
A. C. Bruce	SAYE	8.10.2012	1.12.2015	1.6.2016	58.66	15,340	-	15,340
A. C. Bruce	SAYE	6.10.2014	1.12.2017	1.6.2017	108.80	8,272	-	8,272
A. C. Bruce	SAYE	6.10.2015	1.12.2018	1.6.2018	144.91	-	-	6,210
R. A. Gregson	SAYE	8.10.2012	1.12.2015	1.6.2016	58.66	15,340	-	15,340
R. A. Gregson	SAYE	6.10.2014	1.12.2017	1.6.2017	108.80	8,272	-	8,272
R. A. Gregson	SAYE	6.10.2015	1.12.2018	1.6.2018	144.91	-	-	6,210
N. A. Davis	SAYE	6.10.2014	1.12.2017	1.6.2017	108.80	16,544	-	16,544
N. J. McMinn	SAYE	6.10.2014	1.12.2017	1.6.2017	108.80	16,544	-	16,544

Directors' Remuneration Report

PERFORMANCE GRAPH AND TABLE

The chart below shows the company's seven-year annual Total Shareholder Return ("TSR") performance against the FTSE All-Share Total Return Index, which is considered to be an appropriate comparison to other public companies of a similar size.

The table below the chart sets out the total remuneration delivered to the Chief Executive over each of the last 7 years, valued using the same methodology as applied to the single total figure of remuneration.



Chief Executive	2009		2010	2011	2012	2013	2014	2015
	H.K. Surgenor (1)	P. Jones (2)	P. Jones	P. Jones	P. Jones	P. Jones	A.C. Bruce	A.C. Bruce
Total single figure (£000)	645	568	692	583	739	1,436	806	894
Annual bonus % of maximum opportunity	100%	100%	100%	63%	100%	100%	100%	87%
ESOS vesting % maximum opportunity (if applicable)	-	-	-	-	-	100%	-	-

Notes

1. H. K. Surgenor retired on 30 September 2009
2. P. Jones appointed on 1 October 2009 and retired on 31 December 2013.
3. A.C. Bruce appointed on 1 January 2014

CHANGE IN REMUNERATION OF CHIEF EXECUTIVE

The following table sets out the change in the Chief Executive's salary, benefits and bonus between 2014 and 2015 compared with the average percentage change in each of those components for the employees of the group.

	Increase in Base Salary	Increase in benefits	Increase in bonus
CEO	2%	0%	20%
Employees	2%	0%	10%

Directors' Remuneration Report

RELATIVE IMPORTANCE OF SPEND ON PAY

The table below sets out the total spend on pay in 2015 and 2014 year compared with distributions to shareholders and which was the most significant outgoing for the company in the last financial year.

	Spend in 2015	Spend in 2014	
	£m	£m	% Increase
Spend on staff pay (including Directors)	229.9	192.1	19.7%
Profit distributed by way of dividend	11.6	10.4	11%

IMPLEMENTATION OF DIRECTORS' REMUNERATION POLICY IN 2016

The salaries and fees to be paid to directors in 2016 are set out in the table below, together with any increases expressed as a percentage.

	2016 salary/fees	2015 salary/fees	Increase %
A. C. Bruce	364,100	357,000	2%
R. A. Gregson 1	278,307	272,850	2%
N. A. Davis	229,928	225,420	2%
N. J. McMinn 1	278,307	272,850	2%
P. M. White	122,500	120,000	2%
R. S. Walker	41,000	40,000	2.5%
D. C. A. Bramall	41,000	40,000	2.5%
W. Holmes	46,000	45,000	2%

1 – the 2015 salaries for R.A. Gregson and N.J. McMinn were incorrectly stated as £272,340 each in the 2014 report and accounts.

Annual bonus for 2016

The bonus opportunity for 2016 will be 150% of salary for each executive director. The performance targets for the annual bonus are based on budgeted APBT of the company in isolation or in combination with APBT targets of specific business divisions, with payments determined based on the scale set out in the Directors' Remuneration Policy.

The APBT figure for the company is set out annually in note 6 to the accounts. The Committee is of the opinion that budgeted APBT information is commercially sensitive and that it would be therefore be detrimental to the company to disclose details of the targets in advance. The targets will be disclosed after the end of the financial year in the annual report on remuneration.

LTIP for 2016

The performance target for the LTIP is based on adjusted EPS which is set out annually in note 6 to the accounts. The figure stated is before the amortisation of intangibles, impairment of goodwill, debt issue costs, pension costs and share based payments, as referred to in note 6 to the accounts.

Adjusted EPS continues to be the most suitable measure of performance as it is not affected by pension costs, debt issue costs, amortisation or share based payments as these costs are not within the control of the executive directors.

As set out in the Chairman's statement, the Committee intends to grant the last set of awards under the current LTIP structure in 2016 as follows:

- 100% of salary face value awards the form of options with exercise price based on the share price at the start of the year;
- provisional vesting will be based on AEPS growth measured over 2016 with 20% provisional vesting for 5% AEPS growth rising to 100% provisional vesting for 15% AEPS growth;
- final vesting will be subject to overrides based on performance over the period 2014-2016 on the same basis as described in the LTIP awards granted in 2015 section;
- the exercise price can be reduced to nil for strong AEPS performance; and
- awards will vest on the third anniversary of grant.

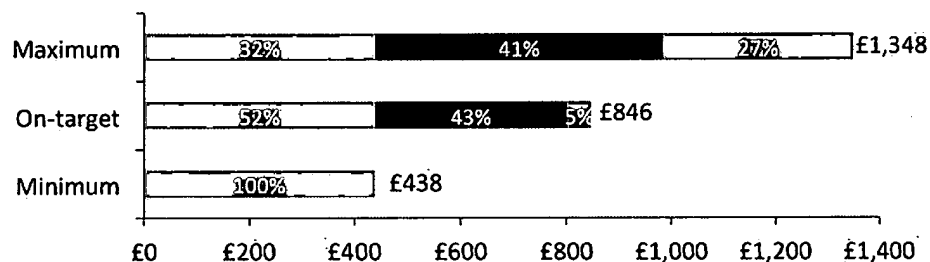
Directors' Remuneration Report

TOTAL REMUNERATION OPPORTUNITY

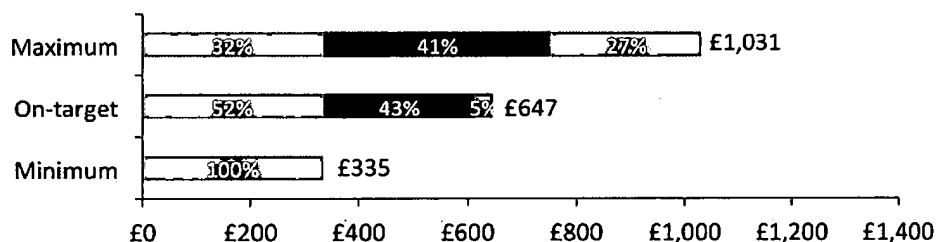
The chart below illustrates the remuneration that would be paid to each of the executive directors under three different performance scenarios: (i) Minimum; (ii) On-target; and (iii) Maximum.

The elements of remuneration have been categorised into three components: (i) Fixed; (ii) Annual variable (annual bonus awards); and (iii) Multiple year (LTIP awards) which are set out in the future policy table. All figures are in £000.

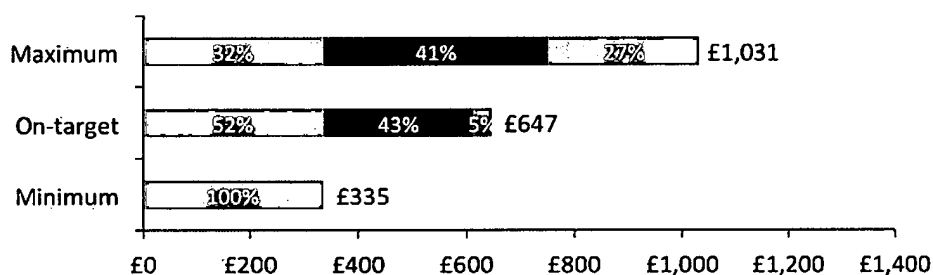
Andy Bruce



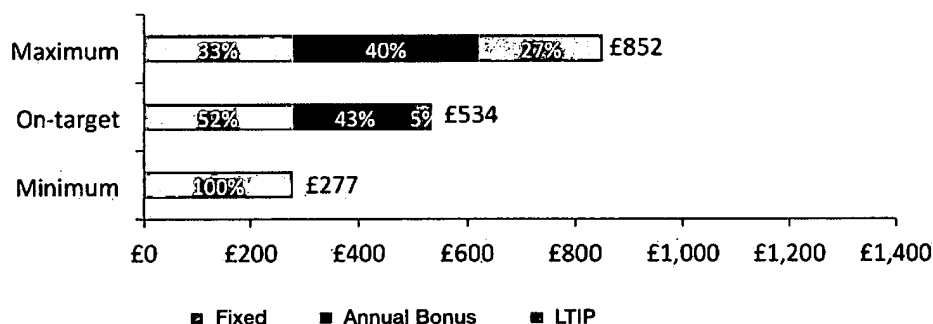
Robin Gregson



Nigel McMinn



Neil Davis



Directors' Remuneration Report

Each element of remuneration is defined in the table below:

Element	Description
Fixed	Base salary for 2016 plus pension and benefits (benefits being taken from the single total figure of remuneration for 2015)
Annual bonus	Annual bonus awards, applied as minimum: 0% of opportunity, on-target: 67% of opportunity, maximum: 100% of opportunity
LTIP	LTIP awards. These awards take the form of market value options. For the purpose of the illustration above the on-target scenario shows an estimate of the fair value of the award, taken at the average of threshold and maximum vesting. In the maximum scenario the option price is assumed to be reduced to nil, and the full face value of the award is shown. The award level is 100% of base salary.

The on-target scenario assumes that:

- for the annual bonus, adjusted profit before tax is in line with budget
- for the LTIP awards, vesting is midway between the threshold and maximum levels.

CONSIDERATION BY THE DIRECTORS OF MATTERS RELATING TO DIRECTORS' REMUNERATION

The Committee

The Committee is responsible for reviewing and recommending the framework and policy for remuneration of the executive directors and of senior management. The Committee's terms of reference are available from the Company Secretary.

The primary role of the Committee is to set the directors' remuneration policy and accordingly to:

- review, recommend and monitor the level and structure of remuneration for the executive directors and other senior executives;
- approve the remuneration package for the executive directors;
- determine the balance between base pay and performance related elements of the package to align executive directors' interests with those of shareholders; and
- approve annual incentive payments for executive directors.

Summary of activity during 2015

During 2015 the Committee reviewed remuneration arrangements in the light of feedback received from shareholders and also as part of its continuous development of remuneration arrangements in line with market practice. This resulted in the increased CEO and FD shareholding requirements and plans for LTIP awards in 2017 described elsewhere in this report.

The Committee appointed and received advice over the year from PwC LLP in connection with the review of the remuneration arrangements and the implementation of awards made under the LTIP. PwC is a member of the Remuneration Consultants' group and complies with its Code of Conduct which includes guidelines to ensure that advice is independent and free of undue influence. During the year, PwC was paid fees of £69,200.

At the last annual general meeting, votes in respect of remuneration matters were cast as follows:

Resolution	Votes for	%	Votes Against	%	Abstentions
To approve the 2014 Annual Report on Remuneration (including the Annual Statement from the Chairman of the Remuneration Committee)	278,716,247	99.43%	1,596,079	0.57%	4,516,094
To approve the directors' remuneration policy	254,151,648	89.69%	29,202,798	10.31%	1,473,974

By Order of the Board

R. S. Walker
Chairman of the Remuneration Committee
9 March 2016

Directors' Responsibilities Statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have also chosen to prepare the parent company financial statements under IFRSs as adopted by the EU. Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

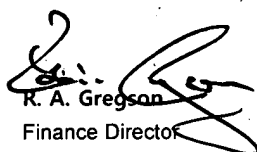
We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole;
- the strategic and operational review includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's performance, business model and strategy.

By Order of the Board



A. C. Bruce
Chief Executive
9 March 2016



K. A. Gregson
Finance Director
9 March 2016

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOOKERS PLC

Opinion on financial statements of Lookers plc

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31st December 2015. and of the group's and the parent company's profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

The financial statements comprise the Principal Accounting Policies, the Consolidated and Company Income Statements, the Consolidated and Company Statements of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Cash Flow Statements, the Consolidated and Company Statements of Changes in Equity and the related notes 1 to 33. The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

Going concern and the directors' assessment of the principal risks that would threaten the solvency or liquidity of the group

As required by the Listing Rules we have reviewed the directors' statement regarding the appropriateness of the going concern basis of accounting contained within page 33 of the financial statements and the directors' statement on the longer-term viability of the group contained within The Chairman's Statement on Corporate Governance on page 33.

We have nothing material to add or draw attention to in relation to:

- the directors' confirmation on page 35 that they have carried out a robust assessment of the principal risks facing the group, including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures on page 37 that describe those risks and explain how they are being managed or mitigated;
- the directors' statement in note 2 to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the group's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- the director's explanation on page 35 as to how they have assessed the prospects of the group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We agreed with the directors' adoption of the going concern basis of accounting and we did not identify any such material uncertainties. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Independence

We are required to comply with the Financial Reporting Council's Ethical Standards for Auditors and we confirm that we are independent of the group and we have fulfilled our other ethical responsibilities in accordance with those standards. We also confirm we have not provided any of the prohibited non-audit services referred to in those standards.

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. For each of the risks described, we have evaluated the design of the Group's internal controls intended to address those risks and determined whether the controls exist and are being used by the entity.

Independent Auditor's Report

RISK	How the scope of our audit responded to the risk
<p>Inventory valuation and provisioning</p> <p>There are a number of risks that can have a material impact on the inventory balance in the financial statements, principally:</p> <ul style="list-style-type: none"> the assessment of net realisable value of inventory, which for used vehicles in particular can fluctuate as a result of market factors and the condition of vehicles; manufacturer bonuses, which should be offset against the inventory balance where the vehicle is still recorded as inventory at the balance sheet date; and provision requirements for slow-moving inventory as a result of the factors noted above. <p>Inventory has increased to £816 million (2014: £548.8 million) due to the acquisition of Benfield in the year and increased inventory levels to support the Group's growth.</p> <p>The inventory valuation accounting policy is disclosed on page 66 and the inventory note is disclosed on page 84.</p>	<p><i>We have:</i></p> <ul style="list-style-type: none"> performed substantive procedures (discussed below), including applying data audit techniques on the Group's vehicle and parts inventory reports, to identify any issues in respect of valuation and slow-moving inventory; tested the cost of inventory by reference to a sample of supplier invoices and confirmations; assessed whether manufacturer bonuses have been appropriately recorded within the inventory balance where appropriate; and assessed the risk around net realisable value of used cars by comparing the carrying value of a sample of vehicles to the industry accepted valuation methodology set out in the Glass' Guide and CAP, and also by reference to a selection of post year end sales.
<p>Pension scheme valuation</p> <p>The Group sponsors three defined benefit pension schemes which at the period end have an actuarial deficit of £55.3 million (2014: £57.6 million) in total. The calculation of the deficit involves significant judgments in relation to key assumptions (disclosed in note 29 on page 96), particularly for mortality and discount rates. Minor variations in the principal assumptions can have a significant impact on the liability of the three schemes.</p> <p>See critical accounting estimates and judgements on page 64.</p>	<p><i>We have:</i></p> <ul style="list-style-type: none"> evaluated the appropriateness of the assumptions used to calculate the actuarial deficit by involving our internal pension specialists to review the main assumptions adopted by the Group, including mortality and discount rates. Our work included benchmarking those assumptions relative to those used in the external market.
<p>Potential impairment of goodwill and intangible assets</p> <p>The Group has goodwill and intangible assets of £158.3 million (2014: £114.2 million) which arose from a number of acquisitions over several years including £46.9 million on the acquisition of Benfield in the year ended 31 December 2015.</p> <p>The Group's assessment of impairment is a judgemental process which requires estimates concerning the estimated cash flows, useful economic lives, discount rates and growth rates (disclosed in note 8 and 9 on pages 79-80) based on management's view of future business prospects.</p> <p>See critical accounting estimates and judgements on page 64.</p>	<p><i>We have:</i></p> <ul style="list-style-type: none"> reviewed management's impairment calculation and assessed whether the requirements of IAS 36 'Impairment of Assets' have been followed; evaluated the underlying assumptions applied, including key judgements relating to growth in profits, useful economic lives and the discount rates applied; compared management's growth assumptions to recent trading performance of the relevant cash generating units and also compared to external growth data provided by the Society of Motor Manufacturers & Traders; considered the historical accuracy of management's forecasting; and benchmarked the discount rates against peer Group businesses.

Independent Auditor's Report

RISK	How the scope of our audit responded to the risk
<p>Commercial income including supplier rebate arrangements (i.e. manufacturer bonuses)</p> <p>A significant proportion of profit is derived from the receipt of commercial income from the Group's manufacturer partners.</p> <p>The principal risk associated with commercial income relates to recognition and recoverability which can be brought into doubt as a result of the complex nature of the agreements and hence the interpretation of whether targets have been met.</p> <p>The commercial income accounting policy is disclosed on page 68.</p>	<p><i>We have:</i></p> <ul style="list-style-type: none"> • compared a sample of bonus balances to credits received from the manufacturer; • enquired of management of the results of any audits performed by manufacturers in relation to commercial income in the year; • reviewed the ageing of amounts due and evaluated management's judgements relating to the recoverability of any aged balances, including considering the need for any provision; • considered historical recoverability; and • performed analytical procedures to evaluate the completeness and accuracy of the amounts recorded in the year.

The risks included within this audit report are consistent with those reported in the year ended 31 December 2014 audit report.

The description of risks above should be read in conjunction with the significant issues considered by the Audit Committee discussed on page 37.

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.

Our application of 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.

We determined materiality for the group to be £3.2 million (2014: £2.9 million), which is 5% (2014: 5%) of adjusted pre-tax profit. Pre-tax profit has been adjusted by removing the effect of exceptional items of income and expense to exclude the effects of year on year volatility. This is also the key performance measure for the Group and receives significant focus from shareholders and analysts. (see note 3).

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £64,700 (2014: £59,000), 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.

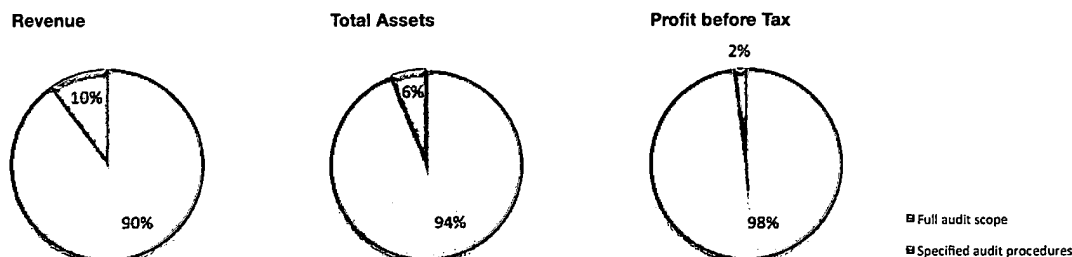
An overview of the scope of our audit

Our group audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls, and assessing the risks of material misstatement at the group level.

Based on that assessment, we focused our group audit scope primarily on the audit work at 22 locations. Locations are primarily regional accounting centres. 16 of these were subject to a full audit, whilst the remaining 6 were subject to an audit of specified account balances where the extent of our testing was based on our assessment of the risks of material misstatement and of the materiality of the group's operations at those locations. These 16 locations represent the principal business units and account for 94% (2014: 91%) of the group's total assets, 92% (2014: 87%) of the group's total liabilities, 90% (2014: 91%) of the group's

Independent Auditor's Report

revenue and 98% (2014: 96%) of the group's profit before tax. They were also selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatement identified above. Our audit work at the 16 locations was executed at levels of materiality applicable to each individual entity which were lower than group materiality and ranged from £0.1 million to £1.5 million (2014: £0.1 million to £1.5 million).



At the parent entity level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit or audit of specified account balances.

The Group acquired the ordinary share capital of Benfield Motor Group during the year; this company was subject to a full audit. This was the only significant scope change to our audit during the year.

The Group audit team followed a programme of visits that involved a senior member of the Group audit team visiting each of the locations where the Group audit scope was focused. One key component had a separate component audit partner. The component audit partner attended the Group team briefing, we discussed their risk assessment, and we also reviewed documentation of the findings from their work. Furthermore, alongside the component audit partner, a senior member of the Group audit team attended the component close meeting.

Opinion 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; and
- 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.

Matters on which we are required to report by exception

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.

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 arising from these matters.

Corporate Governance Statement

Under the Listing Rules we are also required to review part of the Corporate Governance Statement relating to the company's compliance with certain provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.

Independent Auditor's Report

Our duty to read other information in the Annual Report

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

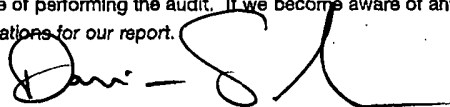
Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team and independent partner reviews.

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.

Scope of the audit of the financial statements

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



Damian Sanders BA ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester, United Kingdom
9th March 2016

Principal Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless stated otherwise.

1. GENERAL INFORMATION

Lookers plc is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given at the front of these accounts. The nature of the group's operations and its principal activities are set out in section 1 of the Directors' Report.

2. BASIS OF PREPARATION

The financial statements of the group have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union. Therefore the group financial statements comply with article 4 of EU IAS Regulation.

The group has adopted Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee of the IASB. Individual standards and interpretations have to be adopted by the European Commission (EC) and the process leads to a delay between the issue and adoption of new standards and in some cases amendment by the EC.

International Financial Reporting Standards are subject to ongoing amendment by the IASB and subsequent endorsement by the EC and are therefore subject to change.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments.

ADOPTION OF NEW AND REVISED STANDARDS AND NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

In the current year, the group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2015 (except as noted below). Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 19

Defined Benefit Plans: Employee Contributions

The group has adopted the amendments to IAS 19 Defined Benefit Plans: Employee Contributions for the first time in the current year. The amendments to IAS 19 clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service. The amendments require the group to account for employee contributions as follows:

- Discretionary employee contributions are accounted for as reduction of the service cost upon payments to the plans.
- Employee contributions specified in the defined benefit plans are accounted for as reduction of the service cost, only if such contributions are linked to services. Specifically, when the amount of such contribution depends on the number of years of service, the reduction to service cost is made by attributing the contributions to periods of service in the same manner as the benefit attribution. On the other hand, when such contributions are determined based on a fixed percentage of salary (i.e. independent of the number of years of service), the group recognises the reduction in the service cost in the period in which the related services are rendered.

These amendments have been applied retrospectively. The application of these amendments has had no material impact on the disclosures or on the amounts recognised in the group's consolidated financial statements.

Annual Improvements to IFRSs 2010 – 2012 Cycle

The group has adopted the amendments to IFRSs included in the *Annual Improvements to IFRSs 2010 – 2012 Cycle* for the first time in the current year.

The majority of the amendments are in the nature of clarifications rather than substantive changes to existing requirements. However, the amendments to IFRS 8 Operating Segments - Aggregation of operating segments and IAS 24 Related Party Disclosures - Key management personnel represent changes to existing requirements.

The amendments to IFRS 8 require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have similar economic characteristics.

The amendments to IAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity must disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The application of the amendments has had no material impact on the disclosures or on the amounts recognised in the group's consolidated financial statements.

Principal Accounting Policies

2. BASIS OF PREPARATION (continued)

New and revised IFRSs in issue but not yet effective

At the date of authorisation of these financial statements, The group has not applied the following new and revised IFRSs that have been issued but are not yet effective and in some cases had not yet been adopted by the EU:

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases
IFRS 11 (amendments)	Accounting for Acquisitions of Interests in Joint Operations
IAS 1 (amendments)	Disclosure Initiative
IAS 16 and IAS 38 (amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation
IAS 16 and IAS 41 (amendments)	Agriculture: Bearer Plants
IAS 27 (amendments)	Equity Method in Separate Financial Statements
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
IFRS 10, IFRS 12 and IAS 28 (amendments)	Investment Entities: Applying the Consolidation Exemption
Annual Improvements to IFRSs: 2012-2014 Cycle	Amendments to: IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, IFRS 7 Financial Instruments: Disclosures, IAS 19 Employee Benefits and IAS 34 Interim Financial Reporting

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods with the exception of IFRS 9, IFRS 15 and IFRS 16. It is not practicable to provide a reasonable estimate of the effect of IFRS 9, IFRS 15 and IFRS 16 until a detailed review has been completed.

Going Concern

This financial information has been prepared on a going concern basis which the Directors believe to be appropriate for the reasons set out below.

The company and the group meet their day to day working capital requirements through short-term stocking loans, the revolving credit facility and its medium-term funding requirements through a term loan.

At the year end the medium-term banking facilities included a revolving credit facility of up to £150.0 million and a term loan totalling £95.0 million, providing total facilities of £245.0 million. These facilities were renewed in September 2015 and are due for renewal in March 2020.

In addition to the total facility limit, the facilities include certain covenant tests. The failure of a covenant test would render the entire facilities repayable on demand at the option of the lenders.

The Directors have assessed the future funding requirements of the group and the company and compared them to the level of committed available borrowing facilities. This assessment included a detailed review of trading and cash flow forecasts for a period 12 months from the date of this annual report which projects that the total revised facility limit is not exceeded over the duration of the forecasts and forecast covenant levels are met. Whilst uncertainty remains in the global economy these forecasts are considered reasonable.

The Directors have a reasonable expectation that the group and the company have adequate resources to continue in operational existence for the foreseeable future. For those reasons, they continue to adopt the going concern basis in preparing this Annual Report.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Other than the estimates noted below, there are no other critical judgements.

Pensions

The liability recognised in the balance sheet in respect of the group's retirement benefit obligations represents the liabilities of the group's defined benefit pension schemes after deduction of the fair value of the related assets. The schemes' liabilities are derived by estimating the ultimate cost of benefits payable by the schemes and reflecting the discounted value of the proportion accrued by the year end in the balance sheet. In order to arrive at these estimates, a number of key financial and non-financial assumptions are made by management, changes to which could have a material impact upon the net deficit and also the net cost recognised in the Income Statement.

The principal assumptions relate to the rate of inflation, mortality and the discount rate. The assumed rate of inflation is important because this affects the rate at which salaries grow and therefore the size of the pension that employees receive upon retirement. Over the longer term, rates of inflation can vary significantly.

The overall benefits payable by the schemes will also depend upon the length of time that members of the schemes live for; the longer they remain alive, the higher the cost of the pension benefits to be met by the schemes. Assumptions are made regarding the expected lifetime of the schemes' members, based upon recent national experience. However, given the rates of advance in medical science, it is uncertain whether these assumptions will prove to be accurate in practice.

Principal Accounting Policies

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

The rate used to discount the resulting cash flows is equivalent to the market yield at the balance sheet date on UK government securities with a similar duration to the schemes liabilities. This rate is potentially subject to significant variation. The net cost recognised in the Income Statement is also affected by the return on the schemes' assets. The impact of the pension estimates on the group's accounts can be seen in note 29.

Goodwill and Intangible Assets

The group reviews the goodwill arising on the acquisition of subsidiaries or businesses and any intangible assets with an indefinite life for impairment at least annually or when events or changes in economic circumstances indicate that impairment may have taken place. The impairment review is performed by projecting the future cash flows, excluding finance and tax, based upon budgets and plans and making appropriate assumptions about rates of growth and discounting these using a rate that takes into account prevailing market interest rates and the risks inherent in the business. If the present value of the projected cash flows is less than the carrying value of the underlying net assets and related goodwill, an impairment charge would be required in the Income Statement.

This calculation requires the exercise of significant judgement by management; if the estimates made prove to be incorrect or changes in the performance of the subsidiaries affect the amount and timing of future cash flows, goodwill may become impaired in future periods.

In respect of acquisitions, at the point of acquisition the group is required to assess whether intangible assets need to be separately identified and measured. The measurement and assessment of the useful economic lives of intangible assets requires the use of judgement by management.

4. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the accounts of the company and its subsidiary undertakings. An undertaking is regarded as a subsidiary if the group has control over its operating and financial policies. The profits and losses of subsidiary undertakings are consolidated as from the effective date of acquisition or to the effective date of disposal.

The group uses the purchase method of accounting to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets acquired, equity instruments issued and liabilities incurred or assumed at the date of completion, plus costs directly attributable to the acquisition. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Income Statement.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of acquired subsidiaries are changed where necessary to ensure consistency with the policies adopted by the group.

5. REVENUE RECOGNITION

Revenue is measured at invoice price, excluding value added taxes, and principally comprises external vehicle sales, parts, servicing and bodyshop sales. Vehicle and parts sales are recognised when substantially all risks and rewards have been transferred to the customer. This is generally at the time of delivery to the customer. Service and bodyshop sales are recognised in line with the work performed. Revenue also comprises commissions receivable for arranging vehicle financing and related insurance products. Commissions are based on agreed rates and income is recognised at the time of approval of the vehicle finance by the finance provider. Where the group is acting as agent on behalf of a principal, the commission earned is also recorded at an agreed rate when the transaction has occurred. Where a property transaction is deemed to be exceptional, the profit on sale is recognised when the contract for sale becomes unconditional.

6. SEGMENTAL REPORTING

A business segment is a component that engages in business activities from which it may earn revenues and incur expenses; whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and for which discrete financial information is available. The business segments are set out in note 1.

7. OPERATING PROFIT

Operating profit is stated before net interest costs and debt issue costs.

8. GOODWILL ARISING ON CONSOLIDATION

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired entity at the date of the acquisition. Goodwill on acquisitions of subsidiaries is shown separately on the balance sheet. Goodwill arising on acquisitions is tested annually for impairment and is carried at cost less accumulated impairment losses.

Principal Accounting Policies

9. INTANGIBLE ASSETS

Intangible assets acquired on a business combination are capitalised separately from goodwill if the asset is separable and if fair value can be measured reliably on initial recognition. Intangible assets so acquired are carried at cost less accumulated amortisation and any impairment losses. Amortisation is provided on a straight line basis to allocate the cost of the asset over its estimated useful life. The useful life of customer relationships is expected to be up to 20 years, and the useful lives of acquired brands and licences vary between 5 years and indefinite life. Intangible assets with indefinite life are tested annually for impairment. A valuation of intangible assets is performed by an independent external specialist to assess their useful lives. The group has no internally generated intangible assets.

10. INVESTMENTS

Investments held as fixed assets are stated at cost less provision for impairment.

11. PROPERTY, PLANT AND EQUIPMENT

Assets are stated at their deemed cost less depreciation. With the exception of certain properties which were revalued on 31 December 2003, all assets are recorded at historical cost. The basis of the revaluation, being open market value was, in the opinion of the Directors, approximate to fair value and has been adopted as deemed cost on transition to IFRS. The group has adopted the cost model under IAS 16, 'Property plant and equipment'.

Freehold buildings and long leasehold properties are depreciated over 50 years on a straight line basis to their estimated residual values. Short leasehold properties are amortised by equal instalments over the periods of the respective leases. Plant and machinery (including motor vehicles), fixtures, fittings, tools and equipment (including computer equipment and terminals), are depreciated on a straight line basis at rates varying between 10% and 33% per annum over their estimated useful lives.

Property, plant and equipment are transferred to "Assets held for sale" when management expect their disposal to be completed within one year from the balance sheet date. Non-current assets classified as held for sale are stated at the lower of net book value or expected proceeds.

12. IMPAIRMENT OF ASSETS

Assets that have an indefinite life are not subject to amortisation and are tested annually for impairment. Assets subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less disposal costs, and value in use.

13. LEASES

Assets purchased under hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligation is charged to the Income Statement so as to give a constant rate of charge on the remaining balance of the obligation.

Rental costs under operating leases are charged to the Income Statement in equal annual amounts over the periods of the leases.

14. INVENTORIES

Inventories are valued at the lower of purchase price and net realisable value. Deposits paid for vehicles on consignment represent bulk deposits paid to manufacturers. The group recognises consignment stock in its balance sheet when there has been a substantial transfer of the risks and rewards of ownership. The related liabilities are included in trade payables.

15. RENTAL FLEET VEHICLES

Motor vehicles hired to customers under short term rental agreements less than 1 year are included within Current Assets. Income from such rentals are recognised on a straight line basis over the period of the rental agreement.

Vehicles held under short term rental agreements are depreciated on a straight line basis over the course of the rental agreement to their estimated residual value on termination of that agreement.

16. TAXATION

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full, using the liability method, on taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax is not provided on temporary differences arising on investments in subsidiaries, as 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 foreseeable future.

Principal Accounting Policies

17. PENSION COSTS

The group operates the "Lookers Pension Plan", the "Dutton Forshaw Group Pension Plan" and the "Benfield Group Pension Plan" which are defined benefit pension schemes providing benefits based on final pensionable salary. The defined benefit schemes define the amount of pension benefit that an employee will receive on retirement, dependent on one or more factors including age, years of service and salary. All schemes are closed to new members and to future accrual.

The last triennial valuation of the "Lookers Pension Plan" was carried out at 31 March 2013 by Aon Hewitt Limited and has been updated to 31 December 2015 by a qualified independent actuary to take account of IAS 19 (Revised). The last triennial valuation of the "Dutton Forshaw Group Pension Plan" was carried out at 31 March 2013 by Aon Hewitt Limited and has been updated to 31 December 2015 by a qualified independent actuary to take account of IAS 19 (Revised).

Under IAS 19 (Revised), the defined benefit deficits are included on the group's balance sheet. Liabilities are calculated based on the current yields on high quality corporate bonds and on market conditions. Surpluses are only included to the extent that they are recoverable through reduced contributions in the future or through refunds from the schemes.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited, net of deferred tax, each year to reserves and shown in the Statement of Comprehensive Income.

As a result of the amendments to IAS 19 Employee Benefits, the group has changed its accounting policy with respect to determining the income or expense related to its defined benefit pension scheme. The standard prescribes that an interest expense or income is calculated on the net defined benefit liability or asset respectively by applying the discount rate to the net defined benefit liability or asset.

The group also provides pension arrangements for employees and certain Directors under defined contribution schemes. Contributions for these schemes are charged to the Income Statement in the year in which they are payable.

18. CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statement, cash and cash equivalents comprise deposits with banks and financial institutions, bank and cash balances, and liquid investments, net of bank overdrafts. In the balance sheet, bank overdrafts are included in current borrowings.

19. SHARE BASED PAYMENTS

The group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

Fair value is measured by use of the Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

20. DERIVATIVE FINANCIAL INSTRUMENTS

The group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including forward foreign exchange contracts and an interest rate collar. Further details of derivative financial instruments are disclosed in note 21 to the financial statements.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in the Income Statement immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in the Income Statement depends on the nature of the hedge relationship. The group designates certain derivatives as hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges).

The fair value of hedging derivatives is classified as a non-current asset or a non-current liability if the remaining maturity of the hedge relationship is more than 12 months and as a current asset or a current liability if the remaining maturity of the hedge relationship is less than 12 months.

Derivatives not designated into an effective hedge relationship are classified as a current asset or a current liability.

Cash Flow Hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the income statement as the recognised hedge item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

21. EFFECTIVE INTEREST METHOD

The effective interest method is a method of calculating the amortised cost of financial liabilities and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Principal Accounting Policies

21. EFFECTIVE INTEREST METHOD (continued)

Debt instruments that are held-to-maturity, are available for sale or are loans and receivables recognised in income on an effective interest rate basis.

Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of Financial Assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For loans and receivables the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

22. FINANCIAL INSTRUMENTS

Debt Instruments

Debt instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities.

23. DIVIDENDS

Final Dividends proposed by the Board and unpaid at the end of the year 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.

24. REPURCHASE COMMITMENTS

As part of its normal trading activities, the group has contracted to repurchase, at predetermined values and dates, certain vehicles previously sold under a financial arrangement. The company's residual interest in these vehicles is included in inventories and the related liability is included as repurchase commitments within trade and other payables. The valuation of these vehicles is at the lower of the repurchase price and the expected future sales price.

25. COMMERCIAL INCOME

Commercial income, including supplier rebates (i.e. manufacturer bonuses), are credited to cost of sales. Volume related and vehicle specific rebates from suppliers are credited to the carrying value of inventory to which they relate. Once the inventory is sold, the rebate amount is then recognised in the income statement. The amount of commercial income receivable at 31 December 2015 was £39.2m (2014: £23.2m).

26. OTHER ITEMS INCLUDING EXCEPTIONALS

Other items have been separately identified to provide a better indication of the group's underlying business performance. They are not considered to be business as usual items and have a varying impact on different businesses and reporting periods. They have been separately identified as a result of their magnitude, incidence or unpredictable nature. These non-underlying items are presented as a separate box within their related consolidated income statement category. Their separate identification results in the calculation of an underlying profit measure in the same way as it is presented and reviewed by management.

Items that may give rise to classification as non-underlying include, but are not limited to, the amortisation of acquired intangible assets, pension costs, debt issue costs, share based payments, impairment of goodwill and exceptional items. Exceptional items are those items that are unusual because of their size, nature or incidence, or that the directors consider should be disclosed separately to enable a full understanding of the group's results. This includes non-recurring transaction costs.

Exceptional items have been presented separately on the face of the income statement. The directors consider that this presentation gives a fairer presentation of the results of the group.

Consolidated and Company Income Statements

	Note	Group 2015 £m	2014 £m	Company 2015 £m	2014 £m
Continuing operations					
Revenue	1	3,649.1	3,042.9	-	-
Cost of sales		(3,196.9)	(2,646.8)	-	-
Gross profit		452.2	396.1	-	-
Distribution costs		(250.6)	(212.6)	-	-
Administrative expenses		(121.0)	(109.3)	(5.0)	(12.6)
Other operating income		0.3	0.1	42.3	52.8
Profit from operations		80.9	74.3	37.3	40.2
Profit from operations before amortisation, share based payments, impairment of goodwill and exceptional items					
Amortisation of intangible assets	9	(1.6)	(1.2)	(1.0)	(0.6)
Impairment of goodwill	8	(3.6)	-	-	-
Share based payments		(1.5)	(1.1)	-	-
Exceptional items	3	1.7	-	3.7	-
Profit from operations		80.9	74.3	37.3	40.2
Interest payable	2	(14.1)	(11.9)	(6.3)	(5.4)
Interest receivable	2	0.3	0.3	2.6	2.4
Net interest		(13.8)	(11.6)	(3.7)	(3.0)
Net interest on pension scheme obligation		(3.9)	(3.1)	(1.6)	(1.6)
Debt issue costs		(0.4)	(0.4)	(0.4)	(0.4)
Profit on ordinary activities before taxation		62.8	59.2	31.6	35.2
Profit before tax, amortisation, debt issue costs, pension costs, share based payments, impairment of goodwill and exceptional items					
Amortisation of intangible assets		(1.6)	(1.2)	(1.0)	(0.6)
Share based payments		(1.5)	(1.1)	-	-
Net interest and costs on pension scheme obligation		(3.9)	(3.1)	(1.6)	(1.6)
Exceptional items	3	1.7	-	3.7	-
Impairment of goodwill	8	(3.6)	-	-	-
Debt issue costs		(0.4)	(0.4)	(0.4)	(0.4)
Profit on ordinary activities before taxation	3	62.8	59.2	31.6	35.2
Tax (charge)/credit	4	(12.0)	(12.4)	(2.3)	0.6
Profit for the year		50.8	46.8	29.3	35.8
Attributable to:					
Shareholders of the company		50.8	46.8	29.3	35.8
Continuing operations					
Earnings per share					
Basic earnings per share	6	12.88p	12.03p		
Diluted earnings per share	6	12.58p	11.75p		

Consolidated and Company Statements of Comprehensive Income

	Note	Group 2015 £m	2014 £m	Company 2015 £m	2014 £m
Profit for the financial year		50.8	46.8	29.3	35.8
Items that will never be reclassified to profit and loss:					
Actuarial (losses) gains recognised in post-retirement benefit schemes	29	(2.1)	(16.1)	0.4	(7.8)
Movement in deferred taxation on pension liability	23	0.6	3.3	(0.2)	1.4
Tax rate adjustment		(0.4)	-	-	-
Items that are or may be reclassified to profit and loss:					
Fair value on derivative instruments		-	2.2	-	2.1
Movement in deferred taxation on derivative instruments	23	1.1	(0.5)	-	(0.5)
Other comprehensive (expense) income for the year		(0.8)	(11.1)	0.2	(4.8)
Total comprehensive income for the year		50.0	35.7	29.5	31.0
Attributable to:					
Shareholders of the company		50.0	35.7	29.5	31.0

Consolidated and Company Statements of Financial Position

	Note	Group 2015 £m	2014 £m	Company 2015 £m	2014 £m
NON-CURRENT ASSETS					
Goodwill	8	96.4	80.6	-	-
Intangible assets	9	61.9	33.6	1.6	1.8
Property, plant and equipment	10	282.9	215.6	0.9	0.2
Investment in subsidiaries	11	-	-	57.8	57.8
Deferred tax asset	23	-	-	5.3	7.1
		441.2	329.8	65.6	66.9
CURRENT ASSETS					
Inventories	12	816.0	548.8	-	-
Trade and other receivables	13	252.6	179.4	357.1	221.1
Rental fleet vehicles	15	67.0	57.1	-	-
Cash and cash equivalents	16	8.3	5.9	32.9	35.3
Assets held for sale	17	-	-	-	-
		1,143.9	791.2	390.0	256.4
TOTAL ASSETS		1,585.1	1,121.0	455.6	323.3
CURRENT LIABILITIES					
Bank loans and overdrafts	20	83.4	20.2	79.9	18.7
Trade and other payables	18	982.8	688.2	107.0	101.0
Current tax liabilities	19	13.8	11.3	-	-
Short-term provisions	22	0.6	0.6	-	-
Derivative financial instruments		4.8	4.9	5.0	5.0
		1,085.4	725.2	191.9	124.7
NET CURRENT ASSETS		58.5	66.0	198.1	131.7
NON-CURRENT LIABILITIES					
Bank loans	20	86.6	37.6	85.0	35.0
Trade and other payables	18	34.1	30.8	-	-
Retirement benefit obligations	29	55.3	57.6	26.7	30.4
Deferred tax liabilities	23	25.2	12.3	-	-
Long-term provisions	22	0.7	0.6	-	-
		201.9	138.9	111.7	65.4
TOTAL LIABILITIES		1,287.3	864.1	303.6	190.1
NET ASSETS		297.8	256.9	152.0	133.2
SHAREHOLDERS' EQUITY					
Ordinary share capital	24	19.8	19.7	19.8	19.7
Share premium	25	77.7	76.9	77.7	76.9
Capital redemption reserve	26	14.6	14.6	14.6	14.6
Retained earnings	27	185.7	145.7	39.9	22.0
TOTAL EQUITY		297.8	256.9	152.0	133.2

The financial statements of Lookers plc registered no. 111876 on pages 63 to 104 were approved by the Directors on 9 March 2016.

Signed on behalf of the Directors.


A. C. Bruce
Director


R. A. Gregson
Director

Consolidated Statements of Changes in Equity

Group	Share capital £m	Share premium £m	Capital redemption reserve £m	Other reserve £m	Retained earnings £m	Equity distributable to shareholders of company £m	Non controlling interest £m	Total equity £m
As at 1 January 2015	19.7	76.9	14.6	-	145.7	256.9	-	256.9
New shares issued	0.1	0.8	-	-	-	0.9	-	0.9
Profit for the year	-	-	-	-	50.8	50.8	-	50.8
Actuarial losses on defined benefit pension schemes (note 29)	-	-	-	-	(2.1)	(2.1)	-	(2.1)
Deferred taxation on pension liability	-	-	-	-	0.6	0.6	-	0.6
Share based payments	-	-	-	-	1.5	1.5	-	1.5
Rate adjustment	-	-	-	-	(0.4)	(0.4)	-	(0.4)
Foreign exchange gain	-	-	-	-	0.1	0.1	-	0.1
Deferred taxation on share based payments	-	-	-	-	1.1	1.1	-	1.1
Dividends to shareholders	-	-	-	-	(11.6)	(11.6)	-	(11.6)
As at 31 December 2015	19.8	77.7	14.6	-	185.7	297.8	-	297.8
As at 1 January 2014	19.4	75.6	14.6	(1.1)	118.8	227.3	0.7	228.0
New shares issued	0.3	1.3	-	-	-	1.6	-	1.6
Profit for the year	-	-	-	-	46.8	46.8	-	46.8
Actuarial losses on defined benefit pension schemes (note 29)	-	-	-	-	(16.2)	(16.2)	-	(16.2)
Deferred taxation on pension liability	-	-	-	-	3.3	3.3	-	3.3
Share based payments	-	-	-	-	1.1	1.1	-	1.1
Deferred taxation on share based payments	-	-	-	-	1.1	1.1	-	1.1
Transfer to retained earnings	-	-	-	1.1	(1.1)	-	-	-
Fair value on derivative instruments	-	-	-	-	2.1	2.1	-	2.1
Transfer of share in minority interest	-	-	-	-	0.7	0.7	(0.7)	-
Deferred taxation on derivative instruments	-	-	-	-	(0.5)	(0.5)	-	(0.5)
Dividends to shareholders	-	-	-	-	(10.4)	(10.4)	-	(10.4)
As at 31 December 2014	19.7	76.9	14.6	-	145.7	256.9	-	256.9

Company Statements of Changes in Equity

Company	Share capital £m	Share premium £m	Capital redemption reserve £m	Other reserve £m	Retained earnings £m	Total equity £m
As at 1 January 2015	19.7	76.9	14.6	-	22.0	133.2
New shares issued	0.1	0.8	-	-	-	0.9
Profit for the year	-	-	-	-	29.3	29.3
Actuarial gain on defined benefit pension schemes (note 29)	-	-	-	-	0.4	0.4
Deferred tax on pension liability	-	-	-	-	(0.2)	(0.2)
Dividends to shareholders	-	-	-	-	(11.6)	(11.6)
As at 31 December 2015	19.8	77.7	14.6	-	39.9	152.0
As at 1 January 2014	19.4	75.6	14.6	(1.1)	2.5	111.0
New shares issued	0.3	1.3	-	-	-	1.6
Profit for the year	-	-	-	-	35.8	35.8
Actuarial losses on defined benefit pension schemes (note 29)	-	-	-	-	(7.8)	(7.8)
Deferred tax on pension liability	-	-	-	-	1.4	1.4
Transfer to retained earnings	-	-	-	1.1	(1.1)	-
Fair value on derivative instruments	-	-	-	-	2.1	2.1
Deferred tax on derivative instruments	-	-	-	-	(0.5)	(0.5)
Dividends to shareholders	-	-	-	-	(10.4)	(10.4)
As at 31 December 2014	19.7	76.9	14.6	-	22.0	133.2

Consolidated and Company Cash Flow Statements

	Note	Group 2015 £m	2014 £m	Company 2015 £m	2014 £m
Cash flows from operating activities					
Profit for the year		50.8	46.8	29.3	35.8
Adjustments for:					
Tax		12.0	12.4	2.3	(0.6)
Depreciation	3	16.7	13.5	0.2	0.1
Dividend received		-	-	(21.7)	(36.8)
(Loss) / profit on disposal of plant and equipment	3	0.6	(0.1)	-	-
Profit on disposal of rental fleet vehicles	3	(0.4)	(0.7)	-	-
Amortisation of intangible assets	3	1.6	1.2	1.0	0.6
Share based payments		1.5	1.1	-	-
Interest income		(0.3)	(0.3)	(2.6)	(2.4)
Interest payable		14.1	11.9	6.3	5.4
Debt issue costs		0.4	0.4	0.4	0.4
Impairment of goodwill		3.6	-	-	-
Changes in working capital					
Increase in inventories		(267.2)	(102.2)	-	-
Increase in receivables		(73.2)	(25.5)	(136.0)	(29.7)
Increase in payables		289.9	115.2	4.5	23.2
Impact of net working capital of acquisitions		17.8	(7.6)	-	-
Cash generated from / (used by) operations		67.9	66.1	(116.3)	(4.0)
Difference between pension charge and cash contributions		(6.8)	(5.8)	(3.9)	(3.6)
Net interest and costs on pension scheme obligation		3.9	3.1	1.6	1.6
Purchase of rental fleet vehicles		(83.2)	(80.5)	-	-
Proceeds from sale of rental fleet vehicles		76.2	72.2	-	-
Interest paid		(14.1)	(11.9)	(6.3)	(5.4)
Interest received		0.3	0.3	2.6	2.4
Tax paid		(11.3)	(8.9)	(0.6)	-
Net cash inflow / (outflow) from operating activities		32.9	34.6	(122.9)	(9.0)
Cash flows from investing activities					
Acquisition of subsidiaries	28	(104.4)	(24.3)	-	-
Purchase of property, plant and equipment		(35.2)	(16.5)	(0.9)	(0.2)
Purchase of intangibles		(0.8)	(0.7)	(0.8)	(0.7)
Purchase of goodwill		(1.8)	(0.2)	-	-
Proceeds from sale of property, plant and equipment		9.8	7.2	-	-
Dividends received		-	-	21.7	36.8
Net cash (used) / generated by investing activities		(132.4)	(34.5)	20.0	35.9
Cash flows from financing activities					
Proceeds from issue of ordinary shares		0.9	1.6	0.9	1.6
Repayment of loans		(11.8)	(7.8)	(8.8)	(7.5)
New loans		62.2	14.6	61.3	8.7
Dividends paid to group shareholders		(11.6)	(10.4)	(11.6)	(10.4)
Net cash inflow / (outflow) from financing activities		39.7	(2.0)	41.8	(7.6)
(Decrease) / increase in cash and cash equivalents		(59.8)	(1.9)	(61.1)	19.3
Cash and cash equivalents at 1 January		(3.7)	(1.8)	24.1	4.8
Cash and cash equivalents at 31 December	16	(63.5)	(3.7)	(37.0)	24.1

Notes to the Consolidated Financial Statements

1. SEGMENTAL REPORTING

At 31 December 2015 the group is organised into two main business segments (2014: same), motor distribution and parts distribution. All revenue and profits originate in the United Kingdom and the Republic of Ireland.

Primary reporting format - business segments

Year ended 31 December 2015	Note	Motor Division £m	Parts Distribution £m	Unallocated £m	Group £m
Continuing operations					
New Cars		1,835.3	-	-	1,835.3
Used Cars		1,212.1	-	-	1,212.1
Aftersales		382.9	218.8	-	601.7
Revenue		3,430.3	218.8	-	3,649.1
Segmental result before amortisation of intangible assets		74.9	12.6	(1.6)	85.9
Amortisation of intangible assets	9	-	-	(1.6)	(1.6)
Interest expense		(10.4)	-	(3.7)	(14.1)
Interest income		-	-	0.3	0.3
Share based payments		-	-	(1.5)	(1.5)
Impairment of goodwill		-	-	(3.6)	(3.6)
Exceptional items		-	-	1.7	1.7
Net interest and costs on pension scheme obligation		-	-	(3.9)	(3.9)
Debt issue costs		-	-	(0.4)	(0.4)
Profit before taxation		64.5	12.6	(14.3)	62.8
Taxation		-	-	(12.0)	(12.0)
Profit for the financial year from continuing operations attributable to shareholders					50.8
Segmental assets		1,429.4	155.7	-	1,585.1
Total assets		1,429.4	155.7	-	1,585.1
Segmental liabilities		1,037.2	80.1	-	1,117.3
Unallocated liabilities					
- Corporate borrowings		-	-	170.0	170.0
Total liabilities		1,037.2	80.1	170.0	1,287.3
Other segmental items					
Capital expenditure	10	32.8	2.4	-	35.2
Expenditure on Rental Fleet Vehicles	15	91.4	-	-	91.4
Depreciation	10, 15	14.7	2.0	-	16.7
Amortisation of intangible assets	9	-	-	1.6	1.6
Impairment of trade receivables	13	-	0.2	-	0.2

Notes to the Consolidated Financial Statements

1. SEGMENTAL REPORTING (continued)

Year ended 31 December 2014	Note	Motor Division £m	Parts Distribution £m	Unallocated £m	Group £m
Continuing operations					
New Cars		1,476.5	-	-	1,476.5
Used Cars		1,008.5	-	-	1,008.5
Aftersales		352.4	205.5	-	557.9
Revenue		2,837.4	205.5	-	3,042.9
Segmental result before amortisation of intangible assets					
Segmental result before amortisation of intangible assets		67.0	12.2	(2.6)	76.6
Amortisation of intangible assets	9	-	-	(1.2)	(1.2)
Interest expense		(8.7)	-	(3.2)	(11.9)
Interest income		-	-	0.3	0.3
Share based payments		-	-	(1.1)	(1.1)
Net interest and costs on pension scheme obligation		-	(3.1)	(3.1)	-
Debt issue costs		-	-	(0.4)	(0.4)
Profit before taxation		58.3	12.2	(11.3)	59.2
Taxation		-	-	(12.4)	(12.4)
Profit for the financial year from continuing operations attributable to shareholders					46.8
Segmental assets					
Segmental assets		984.3	136.7	-	1,121.0
Total assets		984.3	136.7	-	1,121.0
Segmental liabilities					
Segmental liabilities		739.8	66.5	-	806.3
Unallocated liabilities		-	-	57.8	57.8
- Corporate borrowings		-	-	57.8	57.8
Total liabilities		739.8	66.5	57.8	864.1
Other segmental items					
Capital expenditure	10	14.3	2.2	-	16.5
Expenditure on Rental Fleet Vehicles	15	80.5	-	-	80.5
Depreciation	10, 15	11.5	2.0	-	13.5
Amortisation of intangible assets	9	-	-	1.2	1.2
Impairment of trade receivables	13	-	0.4	-	0.4

Segment assets include property, plant and equipment, inventories, debtors and operating cash. Segment liabilities comprise operating liabilities and exclude certain corporate borrowings. Capital expenditure comprises additions to property, plant and equipment, including additions resulting from acquisitions through business combinations.

Company

The company's business is to invest in its subsidiaries and, therefore, it operates in a single segment.

Notes to the Consolidated Financial Statements

2. FINANCE COSTS - NET

	Group 2015 £m	2014 £m	Company 2015 £m	2014 £m
Interest expense				
On amounts wholly repayable within 5 years:				
Interest payable on bank borrowings	(5.9)	(5.0)	(6.3)	(5.4)
Interest on consignment vehicle liabilities	(8.2)	(6.9)	-	-
Interest and similar charges payable	(14.1)	(11.9)	(6.3)	(5.4)
Interest income				
Bank interest	0.3	0.3	-	-
Interest received from group companies	-	-	2.6	2.4
Total interest receivable	0.3	0.3	2.6	2.4
Finance costs - net	(13.8)	(11.6)	(3.7)	(3.0)

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	Group 2015 £m	2014 £m	Company 2015 £m	2014 £m
The following items have been included in arriving at operating profit from operations:				
Staff costs (note 7)	229.9	192.1	11.1	8.4
Depreciation of property, plant and equipment				
- Owned assets (note 10)	11.0	8.7	0.2	0.1
Depreciation of rental fleet vehicles (note 15)	5.7	4.8	-	-
Amortisation of intangible assets (note 9)	1.6	1.2	1.0	0.7
Loss (profit) on disposal of plant, equipment and Rental Fleet Vehicles	0.2	(0.8)	-	-
Other operating lease rentals payable				
- Property	8.4	7.7	-	-
- Plant & equipment	2.3	1.7	-	-
Net finance and debt issue costs	15.8	13.7	5.4	4.4
Cost of inventories recognised as an expense	3,298.0	2,746.4	-	-
Dividends from subsidiary companies	-	-	21.7	36.8
Management charges	-	-	(2.2)	(2.0)
Exceptional items:				
Loss on terminated businesses	(1.7)	-	(3.2)	-
Net profit on property sales	6.7	-	7.9	-
Reorganisation costs	(2.7)	-	(1.0)	-
Transaction costs on acquisition	(0.6)	-	-	-
Total exceptional items	1.7	-	3.7	-

The exceptional net profit on property sales includes a gain of £18.1m on the sale of a 999 year lease of the VW dealership in Battersea to a developer. It also includes a number of property writedowns, the largest element of which relates to properties occupied by the used car centres where the businesses were sold in the year and the properties are expected to be sold at a loss in 2016. The balance of the writedowns are on properties currently for sale or certain properties where the book value is considered to be overstated due to a change in circumstances affecting these properties.

Notes to the Consolidated Financial Statements

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (continued)

Services provided by the group's auditor

The analysis of auditor's remuneration is as follows:

Group	2015 £m	2014 £m
Fees payable to the company's auditor for the audit of the company's annual accounts	-	-
Fees payable to the company's auditor and their associates for other services to the group		
The audit of the company's subsidiaries	0.4	0.3
Other non-audit fee	0.1	-
Total audit fees	0.5	0.3
Taxation compliance services	0.1	0.1
Other taxation and pensions advisory services	-	-
Other advisory fees	0.1	-
Total non-audit fees	0.2	0.1

Fees payable to Deloitte LLP and their associates for non-audit services to the company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis.

Details of the company's policy on the use of auditors for non-audit services, the reasons why the auditor was used rather than another supplier and how the auditor's independence and objectivity was safeguarded are set out in the Audit Committee report on page 37. Further the group has agreed to the auditor receiving a pre-determined percentage of the contingent gain referred to in note 33. This agreement pre-dates the appointment of Deloitte LLP as auditor. Both the Audit Committee and auditor have considered this agreement and concluded that it doesn't constitute a threat to auditor independence.

4. TAXATION

	Group 2015 £m	2014 £m	Company 2015 £m	2014 £m
Current tax charge / (credit):				
Current year	12.8	11.1	0.7	(1.2)
Adjustment in respect of prior years	(0.3)	(0.5)	(0.2)	-
	12.5	10.6	0.5	(1.2)
Deferred tax charge / (credit):				
Deferred tax	0.6	1.7	2.3	0.4
Adjustment in respect of prior years	(1.1)	0.1	(0.5)	0.2
	(0.5)	1.8	1.8	0.6
Total income tax charge / (credit) in Income Statement	12.0	12.4	2.3	(0.6)

	Group 2015 £m	2014 £m	Company 2015 £m	2014 £m
Tax on items charged to other comprehensive income				
Rate adjustment	0.4	-	0.2	-
Deferred tax on share based payments	-	1.1	-	-
Deferred tax on derivative instruments	(1.1)	(0.5)	-	(0.5)
Deferred tax on pension liability	(0.6)	3.3	(0.1)	1.4

The tax charge / (credit) was affected by the following factors:

Standard rate of corporation tax	20.3%	21.5%	20.3%	21.5%
Inter group dividend	-	-	(13.6%)	(22.6%)
Items not allowable for taxation	3.6%	0.8%	2.6%	(1.0%)
Change in rate	(2.9)%	(0.2)%	0.1%	(0.1)%
Adjustments to prior years' taxation	(2.3)%	(1.2)%	(2.2)%	0.3%
Effective tax rate	19.2%	20.9%	7.2%	(1.8)%

The future tax charge will be affected by the levels of expenditure not deductible for taxation and any profits on sale of properties.

Notes to the Consolidated Financial Statements

5. DIVIDENDS

Group and company	2015 £m	2014 £m
Interim dividend for the year ended 31 December 2015 1.07p (2014: 0.97p)	4.2	3.8
Final dividend for the year ended 31 December 2014 1.87p (2013: 1.70p)	7.4	6.6
	11.6	10.4

The Directors propose a final dividend of 2.05p per share in respect of the financial year ending 31 December 2015 (2014: 1.87p). The proposed final dividend is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

6. EARNINGS PER SHARE

The calculation of earnings per ordinary share is based on the profit on ordinary activities after taxation attributable to shareholders amounting to £50.8m (2014: £46.8m) and a weighted average number of ordinary shares in issue during the year of 394,384,284 (2014: 389,158,672).

The diluted earnings per share are based on the weighted average number of shares, after taking account of the dilutive impact of shares under option of 9,510,213 (2014: 9,062,088).

Adjusted earnings per share are stated before amortisation of intangible assets, pension costs, debt issue costs, impairment of goodwill, exceptional items and share based payments and are calculated on profits of £60.1m (2014: £52.6m) for the year. These adjustments are net of tax.

Continuing operations	2015 Earnings £m	2015 Earnings per share p	2014 Earnings £m	2014 Earnings per share p
Basic EPS				
Earnings attributable to ordinary shareholders	50.8	12.88	46.8	12.03
Effect of dilutive securities	-	(0.30)	-	(0.28)
Diluted EPS	50.8	12.58	46.8	11.75
Adjusted EPS				
Earnings attributable to ordinary shareholders	50.8	12.88	46.8	12.03
Amortisation of intangible assets	1.6	0.41	1.2	0.30
Net interest and costs on pension scheme obligations	3.9	0.99	3.1	0.79
Share based payments	1.5	0.38	1.1	0.30
Exceptional items	(1.7)	(0.43)	-	-
Impairment of goodwill	3.6	0.91	-	-
Debt issue costs	0.4	0.10	0.4	0.10
Adjusted EPS	60.1	15.24	52.6	13.52

Notes to the Consolidated Financial Statements

7. INFORMATION REGARDING EMPLOYEES

	Group 2015 £m	2014 £m	Company 2015 £m	2014 £m
Employee costs during the year (inclusive of Executive Directors)				
Wages and salaries	206.0	172.3	9.9	7.3
Social security costs	19.9	16.8	1.0	0.8
Other pension costs	4.0	3.0	0.2	0.3
	229.9	192.1	11.1	8.4
	2015 No.	2014 No.	2015 No.	2014 No.
Average number employed during the year (including Directors)				
Productive	2,283	1,495	-	-
Selling and distribution	2,821	2,992	-	-
Administration	2,183	1,739	145	112
	7,287	6,226	145	112
	2015 £m	2014 £m	2015 £m	2014 £m
Key management compensation				
Salaries and short-term employee benefits	3.1	3.0	3.1	3.0

The key management compensation given above includes Directors and key operational staff.

During the year the aggregate gains made on the exercise of share options by Directors was £550,539 (2014: £404,600). Further details of Directors' remuneration is included in the Directors' Remuneration Report on pages 42 to 56.

8. GOODWILL

Group	2015 £m	2014 £m
Cost		
As at 1 January	83.9	77.0
Additions	1.8	0.2
Recognised on acquisition of subsidiaries	20.1	6.7
As at 31 December	105.8	83.9
Aggregate impairment		
As at 1 January	3.3	3.3
Disposal	2.5	2.5
Impairment	3.6	-
As at 31 December	9.4	3.3
Net book amount at 31 December	96.4	80.6

During the year, the acquired goodwill was tested for impairment in accordance with IAS 36. Following the impairment test, a goodwill impairment charge of £3.6m was deemed necessary (2014: £nil). This impairment was in relation to the Used Car Supermarkets business following deterioration in trading. The business was subsequently sold in the year.

Goodwill arose in the year on the acquisition of Addison Motors Limited, Vikings Canterbury Limited, Amersham Jaguar and Eccles Skoda (note 28).

On 30 December the Toyota and Lexus franchise dealerships acquired via the Addison Motors Limited acquisition were sold and generated goodwill and net profit on sale of £2.5 million.

Notes to the Consolidated Financial Statements

8. GOODWILL (continued)

For the purposes of impairment testing of goodwill and intangible assets, the Directors recognise the group's Cash Generating Units ("CGU") to be connected groupings of dealerships and each subsidiary comprising the Parts Division. The recoverable amount of each CGU's goodwill and intangible assets is based on value in use using Board approved budgeted projections over the next five years for each CGU to calculate each CGU's discounted cashflows to perpetuity, where individual budgets are produced for all businesses within the group. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period and the impairment calculation is sensitive to these key assumptions. Goodwill is represented by £91.1m applicable to the Motor Division and £5.3m applicable to the Parts Division. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market. An annual growth rate of 1.6% (2014: 1.6%) (UK GDP) is assumed and a risk adjusted discount rate applied. The discount rates are estimated based on the group's cost of capital which is calculated after consideration of market information and risk adjusted for individual circumstances with all units carrying a goodwill value operating in the UK and the motor retail or related sector a single pre-tax discount rate of 9.44% (2014: 10.46%) has been applied.

The two key assumptions made by the Directors are the discount rate used and profitability rates beyond the business plan. Neither a 1% increase in the discount rate or a 10% reduction in operating profit would result in any impairment being required.

9. INTANGIBLE ASSETS

Group	Licences £m	Customer relationships £m	Brands £m	Total £m
Acquired intangible assets				
Cost				
As at 1 January 2015	26.5	11.5	7.2	45.2
Additions	0.8	-	-	0.8
Recognised on acquisition of subsidiary	29.1	-	-	29.1
As at 31 December 2015	56.4	11.5	7.2	75.1
Aggregate amortisation				
As at 1 January 2015	4.3	5.8	1.5	11.6
Charge for the year	1.0	0.6	-	1.6
As at 31 December 2015	5.3	6.4	1.5	13.2
Net book amount at 31 December 2015	51.1	5.1	5.7	61.9
Acquired intangible assets				
Cost				
As at 1 January 2014	5.5	11.5	7.2	24.2
Additions	21.0	-	-	21.0
As at 31 December 2014	26.5	11.5	7.2	45.2
Aggregate amortisation				
As at 1 January 2014	3.6	5.3	1.5	10.4
Charge for the year	0.7	0.5	-	1.2
As at 31 December 2014	4.3	5.8	1.5	11.6
Net book amount at 31 December 2014	22.2	5.7	5.7	33.6

£29.1 million of franchise licences were acquired on 2 September 2015 as part of the acquisition of Addison Motors Limited and its subsidiaries (note. 28). A valuation of these intangible assets has been performed by Globalview Advisors, an independent external specialist. These intangible assets have been assigned indefinite lives on the basis that these arrangements are expected to be renewed for the foreseeable future.

Notes to the Consolidated Financial Statements

9. INTANGIBLE ASSETS (continued)

Within Brands, intangible assets of £5.7m (2014: £5.7m) are deemed by the Directors to have an indefinite useful economic life. These Brands arose on the acquisition of subsidiary undertakings. The trading activities under these brand names generate a substantial part of the group's revenue and operating profit. The group is continually investing in these brands through promotional activities and advertising. Due to this continued investment these brands are judged to have an indefinite useful economic life and no amortisation is charged.

All amortisation charges in the year have been recognised within administrative expenses. The impairment testing for intangible assets is performed as described in note 8.

Company	Licences £m
Acquired intangible assets	
Cost as at 1 January 2015	5.8
Additions	0.8
As at 31 December 2015	6.6
Aggregate amortisation	
As at 1 January 2015	4.0
Charge for the year	1.0
As at 31 December 2015	5.0
Net book amount at 31 December 2015	1.6
Acquired intangible assets	
Cost as at 1 January 2014	5.1
Additions	0.7
As at 31 December 2014	5.8
Aggregate amortisation	
As at 1 January 2014	3.4
Charge for the year	0.6
As at 31 December 2014	4.0
Net book amount at 31 December 2014	1.8

10. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold property £m	Long leasehold property £m	Short leasehold property £m	Plant & machinery £m	Fixtures, fittings, tools & equipment £m	Total £m
Cost						
As at 1 January 2015	149.7	56.4	11.5	20.8	31.7	270.1
On acquisition (note 28)	51.8	5.5	-	5.8	7.9	71.0
Additions in year	18.2	5.3	0.9	3.6	7.2	35.2
Disposals	(10.9)	(0.1)	-	(2.4)	(2.0)	(15.4)
As at 31 December 2015	208.8	67.1	12.4	27.8	44.8	360.9
Accumulated depreciation						
As at 1 January 2015	7.0	6.0	5.5	13.8	22.2	54.5
On acquisition	7.9	1.3	-	3.8	4.5	17.5
Charge for the year	1.7	1.2	1.0	3.0	4.1	11.0
Disposals	(1.6)	-	-	(1.9)	(1.5)	(5.0)
As at 31 December 2015	15.0	8.5	6.5	18.7	29.3	78.0
Net book value at 31 December 2015	193.8	58.6	5.9	9.1	15.5	282.9

Notes to the Consolidated Financial Statements

10. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Freehold property £m	Long leasehold property £m	Short leasehold property £m	Plant & machinery £m	Fixtures, fittings, tools & equipment £m	Total £m
Cost						
As at 1 January 2014	145.8	50.4	11.1	16.8	28.5	252.6
On acquisition	6.5	1.3	-	1.3	0.7	9.8
Additions in year	3.6	4.5	0.4	4.4	3.6	16.5
Reclassification	-	0.5	-	-	-	0.5
Disposals	(6.2)	(0.3)	-	(1.7)	(1.1)	(9.3)
As at 31 December 2014	149.7	56.4	11.5	20.8	31.7	270.1
Accumulated depreciation						
As at 1 January 2014	6.1	5.2	4.6	12.3	19.8	48.0
Charge for the year	1.1	0.8	0.9	2.7	3.2	8.7
Disposals	(0.2)	-	-	(1.2)	(0.8)	(2.2)
As at 31 December 2014	7.0	6.0	5.5	13.8	22.2	54.5
Net book value at						
31 December 2014	142.7	50.4	6.0	7.0	9.5	215.6

Assets held under finance leases, capitalised and included in plant & machinery and fixtures and fittings:

	2015 £m	2014 £m
Cost	0.3	0.3
Aggregate depreciation	(0.3)	(0.3)
	-	-

In accordance with IFRS 1 'First time adoption of International Reporting Standards', and IAS 16 'Property, plant and equipment' the group has adopted the cost model, electing to use revaluations made under previous UK GAAP as deemed cost for its freehold and leasehold properties.

The group's freehold and leasehold properties were revalued on 31 December 2003, by independent qualified valuers on the basis of open market value in England and Scotland by Messrs. Donaldsons, Chartered Surveyors, and in Northern Ireland by Messrs. Hamilton Osborne King, Chartered Surveyors. The Directors are satisfied that open market value approximates to fair value.

Company	Short leasehold property £m	Fixtures, fittings, tools & equipment £m	Total £m
Cost			
As at 1 January 2015	-	2.0	2.0
Additions	0.7	0.2	0.9
As at 31 December 2015	0.7	2.2	2.9
Accumulated depreciation			
As at 1 January 2015	-	1.8	1.8
Charge for the year	-	0.2	0.2
As at 31 December 2015	-	2.0	2.0
Net book value at 31 December 2015	0.7	0.2	0.9

Notes to the Consolidated Financial Statements

10. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Fixtures, fittings, tools & equipment £m
Cost	
As at 1 January 2014	1.8
Additions	0.2
As at 31 December 2014	2.0
Accumulated depreciation	
As at 1 January 2014	1.7
Charge for the year	0.1
As at 31 December 2014	1.8
Net book value at 31 December 2014	0.2

11. INVESTMENT IN SUBSIDIARIES

Company	2015 £m	2014 £m
Cost		
As at 1 January and 31 December	57.8	57.8

Details of the subsidiary undertakings are as follows:

Registered Office: 776 Chester Road, Stretford, Manchester, M32 0QH

Incorporated and registered in England

APEC Limited
Aston Green Limited
Billingham Motors Limited
Bolling Investments Limited
Bramall & Jones VW Ltd
Bristol Trade Centre Limited
BTN Turbo Charger Service Limited
Burton Trade Centre Limited
Castle Bromwich Motors Limited
Chipperfield Garage Limited
Chipperfield Holdings Limited
Colborne (HGG) 2012 Limited
Colbornes Trade Parts Limited
Cox & Co (Lookers) Limited
Dutton-Forshaw Holdings Limited
Dutton-Forshaw Limited
Ferraris Piston Service Limited
FPS Distribution Limited
*Get Motoring UK Limited
Golf & Turf Machinery Limited
Howdens of Harrogate Limited
Jackson & Edwards Limited
Kings Langley Land Rover Limited
Look 4 Car Credit Limited
Look 4 Car Deals Limited
Lookers (J & S Leaver) Limited
Lookers Bedale Garage Limited
Lookers Birmingham Limited
Lookers Colborne Limited
Lookers Directors Limited
Lookers GB & E Limited
Lookers JV Limited
Lookers Leasing Limited
Lookers Motor Group Limited
*Lookers Motor Holdings Limited
Lookers Motor Market Limited
Lookers Motors Limited
Lookers North West Limited
Lookers Norwich Limited
Lookers of Barnsley Limited
Lookers of Bradford Limited
Lookers of Burton Limited
Lookers of Colwyn Bay Limited

Lookers of Dewsbury Limited
Lookers of Macclesfield Limited
Lookers of Manchester Limited
Lookers of Northwich Limited
Lookers of Rochdale Limited
*Lookers Pension Plan Trustee Limited
Lookers plc
Lookers Property (Warehouse) Limited
Lookers Secretaries Limited
Lookers South East Limited
Lookers Southern Limited
Lookers Thornton Engineering Limited
Martins (Burnley) Limited
Martins (Middlesbrough) Limited
Martins (Stockton) Limited
Martins (Sunderland) Limited
Martins-Wellington Limited
MB South Limited
Motor Trade Centres (UK) Limited
Picking (Liverpool) Limited
Platts Harris Limited
PLP Motors Limited
Roadshow Limited
The Dovercourt Motor Company Limited
The Dutton-Forshaw Group Limited
The Dutton-Forshaw Motor Company Limited
The Dutton-Forshaw Trustee Company Limited
Truc-Bodies Limited
Turboparts Limited
Turbotune Limited
Vehicle Rental Services Limited
Vikings Canterbury Limited
Addison Motors Limited
Addison TPS Limited
Benfield Motor Group Limited
Benfield Pension Trustees Limited
Colebrook & Burgess (North Shields) Limited
Colebrook & Burgess (Teesside) Limited
Colebrook & Burgess (Wallsend) Limited
Colebrook & Burgess Holdings Limited
Colebrook & Burgess Limited
Harpers Carlisle Limited
Rosedale Finance & Leasing Limited

Incorporated and registered in Northern Ireland
Adelaide Finance Limited

Bairds Cars Limited
Balmoral Motors Ltd
Charles Hurst Holdings Limited
Charles Hurst JV Limited
Charles Hurst Limited
Charles Hurst Motors Ltd
Fleet Financial Limited
Guthrie & Anderson Limited
Hurstco Limited
Lookers Property (NI) Limited
Savilles Auto Village Limited
*The Charles Hurst Corporation Limited
Thompson-Reid Tractors Limited
Town & Country Fuels Limited
Ulster Garages Limited

Incorporated and registered in Scotland

Arran Oils Limited
Ballcop (No.1) Limited
Ballcop (No.2) Limited
Ballcop (No.3) Limited
Ballcop (No.4) Limited
Ballcop (No.5) Limited
Ballcop (No.7) Limited
Ballcop (No.8) Limited
Ballcop (No.9) Limited
Ballcop (No.10) Limited
Ballcop (No.11) Limited
Clyde Rover Limited
Hurst Energy Services Limited
Hurst Fuels (Caledonia) Limited
Inverclyde Sales & Service Limited
J M Sloan & Company (Car Hire) Limited
J M Sloan & Company Limited
JN Holdings Limited
Lomond Motors (East) Limited
Lomond Motors Limited
Lomond TPS Limited
Lookers Clyde Limited
Lookers Property (Scotland) Limited
Shields Automotive Limited
Taggarts Motor Group Limited

Incorporated in Republic of Ireland
Charles Hurst Dublin Limited

Notes to the Consolidated Financial Statements

11. INVESTMENT IN SUBSIDIARIES (continued)

All subsidiary companies are wholly owned with the exception of Lookers Birmingham Limited and Charles Hurst Motors Limited in which 99% shareholdings are held.

*These subsidiaries are directly owned by Lookers plc whilst the remaining are indirectly owned.

12. INVENTORIES

Group	2015 £m	2014 £m
Goods for resale	470.6	350.9
Consignment vehicles	345.4	197.9
	816.0	548.8

13. TRADE AND OTHER RECEIVABLES

	Note	Group 2015 £m	2014 £m	Company 2015 £m	2014 £m
Amounts falling due within one year:					
Trade debtors		166.7	130.9	0.5	0.2
Less: provision for impairment of receivables		(2.1)	(2.1)	-	-
		164.6	128.8	0.5	0.2
Amounts owed by group undertakings	30	-	-	317.6	207.0
Other debtors		69.6	28.7	34.5	11.2
Prepayments		18.2	21.9	4.5	2.7
		252.6	179.4	357.1	221.1

The average credit period on sales of goods is 17 days (2014: 17 days). Trade receivables are provided for based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

Included in the group's trade receivable balance are debtors with a carrying amount of £17.8m (2014: £15.5m) which are past due at the reporting date for which the group has not provided as there has not been a significant change in credit quality and the group believes that the amounts are still considered recoverable. The group does not hold any collateral over these balances. The average age of these receivables is 45 days (2014: 45 days).

Amounts owed by group undertakings in the company balance sheet are incurred in the normal course of trading and the Directors consider there to be no significant credit risk.

	Group 2015 £m	2014 £m	Company 2015 £m	2014 £m
Movement in the allowance for doubtful debts				
Balance at beginning of the year	2.1	1.7	-	-
Amounts written off during the year	(0.2)	(0.3)	-	-
Increase in allowance recognised in income statement	0.2	0.7	-	-
Balance at the end of the year	2.1	2.1	-	-

In determining the recoverability of the trade receivables, the group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

Included in the allowance for doubtful debts are specific trade receivables with a balance of £nil (2014: £nil) for the group and £nil (2014: £nil) for the company which have been placed under liquidation. The impairment represents the difference between the carrying amount of the specific trade receivable and present value of the expected liquidation dividend.

Group	2015		2014	
	Value of Receivables £m	%	Value of Receivables £m	%
Not impaired:				
- Neither past due nor impaired	218.8	93.4	142.0	90.2
- Past due up to 3 months but not impaired	17.4	6.6	15.5	9.8
	234.2	100.0	157.5	100.0

Company	2015		2014	
	Value of Receivables £m	%	Value of Receivables £m	%
Not impaired:				
- Neither past due nor impaired	352.1	100.0	216.1	100.0

Notes to the Consolidated Financial Statements

14. OTHER FINANCIAL ASSETS

	Group 2015 £m	2014 £m	Company 2015 £m	2014 £m
Investments carried at cost:				
Non-current				
Investments in subsidiaries	-	-	57.8	57.8
Loans carried at amortised cost:				
Current				
Loans to subsidiaries	-	-	317.6	207.0
Disclosed in the financial statements as:				
Current other financial assets	-	-	317.6	207.0
Non-current other financial assets	-	-	57.8	57.8

15. RENTAL FLEET VEHICLES

Rental fleet vehicles comprise passenger car vehicles held by the customer on short term hire, of less than 1 year.

	Group 2015 £m	2014 £m	Company 2015 £m	2014 £m
Cost				
As at 1 January	59.4	55.1	-	-
Acquisitions in year	91.4	80.5	-	-
Disposals	(81.8)	(76.2)	-	-
As at 31 December	69.0	59.4	-	-
Accumulated depreciation				
As at 1 January	2.3	2.2	-	-
Charge for the year	5.7	4.8	-	-
Disposals	(6.0)	(4.7)	-	-
As at 31 December	2.0	2.3	-	-
Net book value at 31 December	67.0	57.1	-	-

Included within additions are £8.2m of vehicles paid for after 31 December 2015.

16. CASH AND CASH EQUIVALENTS

	Group 2015 £m	2014 £m	Company 2015 £m	2014 £m
Cash at bank and in hand	8.3	5.9	32.9	35.3
Bank overdraft (note 20)	(71.8)	(9.6)	(69.9)	(11.2)
Reconciliation to cash flow statements	(63.5)	(3.7)	(37.0)	24.1

Cash and cash equivalents comprise cash held by the group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates to their fair value.

17. ASSETS HELD FOR SALE

	Group 2015 £m	2014 £m	Company 2015 £m	2014 £m
As at 1 January	-	0.5	-	-
Reclassification	-	(0.5)	-	-
At 31 December	-	-	-	-

Notes to the Consolidated Financial Statements

18. TRADE AND OTHER PAYABLES

	Note	Group 2015 £m	2014 £m	Company 2015 £m	2014 £m
Trade payables		265.7	193.3	8.0	4.3
Repurchase commitments		205.9	157.2	-	-
Consignment vehicle creditors		345.4	197.8	-	-
Amounts owed to group undertakings	30	-	-	55.6	62.7
Rental fleet vehicle finance		49.7	44.8	-	-
Other tax and social security payable		15.0	13.0	0.1	0.1
Other creditors		24.3	25.3	8.9	14.1
Accruals and deferred income		76.8	56.8	34.4	19.8
		982.8	688.2	107.0	101.0
Repurchase commitments due after more than 1 year		34.1	30.8	-	-

19. CURRENT TAX LIABILITIES

	Group 2015 £m	2014 £m	Company 2015 £m	2014 £m
Current tax liabilities	13.8	11.3	-	-

20. BORROWINGS

	Group 2015 £m	2014 £m	Company 2015 £m	2014 £m
Current				
Bank overdraft	71.8	9.6	69.9	11.2
Secured bank loans	11.6	10.6	10.0	7.5
	83.4	20.2	79.9	18.7
Non-current				
Secured bank loans	86.6	37.6	85.0	35.0
Total borrowings	170.0	57.8	164.9	53.7
	Group 2015 £m	2014 £m	Company 2015 £m	2014 £m
Bank loans and overdraft repayable:				
Less than one year	83.4	20.2	79.9	18.7
More than one year and not more than two years	10.4	8.2	10.0	7.5
More than two years and not more than five years	76.2	29.4	75.0	27.5
	170.0	57.8	164.9	53.7

The principal features of the group's borrowings are as follows:

At 31 December 2015 the group had 2 principal bank loans:

- (i) A loan of £95.0m which will continue until 31 March 2020. The loan carries an interest rate of between 1.2% and 2.15% above LIBOR.
- (ii) A revolving loan facility of £150.0m. The facility can be drawn in whole or part at any time and will continue until 31 March 2020. The drawn down part of the loan carries an interest rate of between 1.2% and 2.15% above LIBOR.

Notes to the Consolidated Financial Statements

20. BORROWINGS (continued)

The weighted average interest rate paid during the year on the bank loans was 1.88% (2014: 1.89%).

At 31 December 2015, the group had available £83.3m (2014: £80.6m) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

The group's current facilities were negotiated on 2 September 2015 and are due for renewal in March 2020.

Of this amount £95.0m (2014: £42.5m) is repayable in instalments up until 2020 (2014: 2016).

21. FINANCIAL INSTRUMENTS

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in the Principal Accounting Policy note.

Categories of financial instruments	Group 2015 £m	2014 £m	Company 2015 £m	2014 £m
Financial assets				
Cash	8.3	5.9	32.9	35.3
Receivables	164.6	128.8	316.4	205.3
Financial liabilities				
Amortised cost	1,016.6	634.0	228.4	120.7

Financial Instruments Carried at Fair Value

The fair values of the group's financial instruments are categorised as Level 2, based on the degree to which the fair value is observable. Level 2 fair value measurements are those derived from inputs other than unadjusted quoted prices in active markets (Level 1 categorisation) that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Financial Risk Management Objectives

The group's Corporate Treasury function manages the financial risks relating to the operations of the group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The group seeks to minimise the effects of these risks, by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the group's policies approved by the Board of Directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market Risk

The group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including:

- forward foreign exchange contracts to hedge the exchange rate risk arising on the purchase of parts;
- forward interest rates; and
- interest rate risk management.

During the course of the year there has been no change to the market risk or manner in which the group manages its exposure.

Notes to the Consolidated Financial Statements

21. FINANCIAL INSTRUMENTS (continued)

Foreign Currency Risk Management

The group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The carrying amount of the group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

The company had no foreign currency denominated monetary assets or monetary liabilities at the reporting date (2014: same).

	Liabilities		Assets	
	2015 £m	2014 £m	2015 £m	2014 £m
Euro	12.2	7.9	11.9	7.1

The majority of the group's business is carried out in sterling. However for the limited number of transactions in foreign currency the group is mainly exposed to Euros. The following table details the group's sensitivity to a 10% change in pounds sterling against the respective foreign currency. 10% is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis of the group's exposure to foreign currency risk at the reporting date has been determined based on the change taking place at the beginning of the financial year and held constant throughout the reporting period. A positive number indicates an increase in profit or loss and other equity where pounds sterling strengthens against the respective currency.

	Euro Impact Group	
	2015 £m	2014 £m
Profit or loss	0.1	0.1

Interest Rate Risk Management

The group and company are exposed to interest rate risk as entities in the group borrow funds at both fixed and floating interest rates. The risk is managed by the group by maintaining an appropriate mix between fixed and floating rate borrowings, by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring strategies to mitigate risks are applied, by either positioning the balance sheet or protecting interest expense through different interest rate cycles.

The group and company's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

The sensitivity analyses below have been determined based on the exposure to interest rates at the reporting date and stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point change is used when reporting interest risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

	+ 50 Basis Points				- 50 Basis Points			
	Group 2015 £m	2014 £m	Company 2015 £m	2014 £m	Group 2015 £m	2014 £m	Company 2015 £m	2014 £m
Profit or loss	0.6	0.5	0.1	-	0.6	0.5	0.1	-

Under interest rate swap contracts, the group and company agree to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the group and company to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the year end is determined by discounting the future cash flows using the year end curves and the credit risk inherent in the contract, and is disclosed on the next page. The average interest rate is based on the outstanding balances at the start of the financial year.

Notes to the Consolidated Financial Statements

21. FINANCIAL INSTRUMENTS (continued)

Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The group's exposure and the credit ratings of its counterparties are controlled by counterparty limits that are reviewed and approved by the Risk Management Committee annually.

Trade receivables are spread across a large number of counterparties across a large geographical area.

The group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the group's short, medium and long-term funding and liquidity management requirements. The group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 31 is a listing of additional undrawn facilities that the group / company has at its disposal to further reduce liquidity risk.

The following table details the group's and the company's remaining contractual maturity for its non-derivative financial liabilities. The tables below have been drawn up based on the undiscounted contractual maturities of the financial liabilities including interest that will accrue to those liabilities except where the group / company is entitled and intends to repay the liability before its maturity.

Group	Less than 1 Month £m	1-3 Months £m	3 Months to 1 Year £m	1-5 Years £m	Total £m
2015					
Variable interest rate instruments	71.8	982.8	11.6	120.7	1,186.9
	71.8	982.8	11.6	120.7	1,186.9
2014					
Variable interest rate instruments	9.6	688.2	10.6	68.4	776.8
	9.6	688.2	10.6	68.4	776.8

Included within variable interest rate instruments in the 1 to 3 month column is an amount of £205.9m (2014: £157.2m) relating to repurchase commitments where the liability is only contractually due at the point where the related vehicle is sold to the end customer. In this way the group matches the cash outflow in respect of the liability with the cash inflow from the sale.

Also included within variable interest rate instruments in the 1 to 3 months column is an amount of £234.3m (2014: £192.2m) relating to vehicle stocking loans.

Notes to the Consolidated Financial Statements

21. FINANCIAL INSTRUMENTS (continued)

Included within variable interest rate instruments in the 1 to 3 month column is an amount of £345.4m (2014: £197.8m) relating to consignment stock where the liability is contractually due for payment when the related vehicle is adopted by the group. Adoption usually occurs for the purpose of selling the vehicle to the end customer at which point the cash outflow in respect of the liability matches the cash inflow from the sale.

Company	Less than 1 Month £m	1-3 Months £m	3 Months to 1 Year £m	1-5 Years £m	Total £m
2015					
Variable interest rate instruments	69.9	107.0	10.0	85.0	271.9
	69.9	107.0	10.0	85.0	271.9
2014					
Variable interest rate instruments	11.2	101.0	7.5	35.0	154.7
	11.2	101.0	7.5	35.0	154.7

The objectives, policies and strategies for holding or issuing financial instruments adopted by the Board are given in the Directors' Report. Instruments held at the year end are set out in note 31.

Capital Risk Management

The group manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The group's overall strategy remains unchanged since 2014.

The capital structure of the group consists of debt, which includes the borrowings disclosed in note 20, cash and cash equivalents and equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 24 and 27.

The group is not subject to any externally imposed capital requirements.

The group's risk management committee reviews the capital structure on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class capital.

Gearing Ratio

The gearing ratio at the year end is as follows:

	2015 £m	2014 £m
Debt	170.0	57.8
Cash and cash equivalents	(8.3)	(5.9)
Net Debt	161.7	51.9
Total Equity	297.8	256.9
Net debt to equity ratio	54.2%	20.2%

Debt is defined as long-term and short-term borrowings (excluding derivatives and financial guarantee contracts) as detailed in note 20.

Equity includes all capital and reserves of the group that are managed as capital.

Notes to the Consolidated Financial Statements

22. PROVISIONS

Group	Dilapidations £m
As at 1 January 2015	1.2
Additions in the year	0.1
As at 31 December 2015	1.3

Provisions have been allocated between current and non-current as follows:

	2015 £m	2014 £m
Current	0.6	0.6
Non-current	0.7	0.7
	1.3	1.3

Dilapidations

The group operates from a number of leasehold premises under full repairing leases. The provision recognises that repairs are required to put the buildings back into the state of repair required under the leases. Currently, these leases are expected to expire between 2016 and 2018.

23. DEFERRED TAXATION

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 19% (2014: 20%).

The movement on the deferred tax account is as shown below:

	Group 2015 £m	2014 £m	Company 2015 £m	2014 £m
As at 1 January	12.3	10.2	(7.1)	(6.8)
Adjustment to Prior Year Deferred Taxation (note 4)	(1.1)	0.1	(0.7)	0.2
Change of rate – (credited) / charged to Income Statement (note 4)	(1.3)	-	0.4	-
Change of rate – charged to Comprehensive Income	0.4	-	-	-
On acquisition of subsidiary	14.9	4.2	-	-
Charged to Income Statement (note 4)	1.7	1.7	1.9	0.4
(Credited) / charged to statement of Comprehensive Income in respect of pension scheme liabilities	(0.6)	(3.3)	0.2	(1.4)
(Credited) / charged to statement of Comprehensive Income with respect to derivative instruments and share based payment	(1.2)	(0.6)	-	0.5
As at 31 December	25.2	12.3	(5.3)	(7.1)

The deferred tax credited to equity during the current year related to the deferred tax movement on the pension liability and derivatives. The prior year related to the deferred tax movement on the pension liability.

Deferred tax assets have been recognised in respect of other temporary differences giving rise to deferred tax assets because it is probable that there will be future taxable profits available.

The movements on deferred tax assets and liabilities (prior to the offsetting of balances within the same jurisdiction as permitted by IAS 12) during the period are shown below. Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balance net.

Finance (No.2) Act 2015, which was substantially enacted in October 2015, included provisions to reduce the rate of corporation tax to 19% with effect from 1 April 2017, and 18% with effect from 1 April 2020. The deferred tax balances have been revalued to 19% in the 2015 accounts.

Notes to the Consolidated Financial Statements

23. DEFERRED TAXATION (continued)

Group

Deferred tax liabilities

	Intangible Assets £m	Accelerated tax depreciation £m	Capital gains £m	Total £m
As at 1 January 2015	7.3	16.9	2.6	26.8
Credited to Income Statement	(0.8)	(0.9)	(0.1)	(1.8)
On acquisition of subsidiary	5.8	8.3	0.9	15.0
As at 31 December 2015	12.3	24.3	3.4	40.0

Deferred tax assets

	Employee benefits £m	Short term timing differences £m	Total £m
As at 1 January 2015	(11.7)	(2.8)	(14.5)
Charged (credited) to Income Statement	1.1	(0.3)	0.8
Credited to Statement of Comprehensive Income	(0.2)	(1.1)	(1.3)
As at 31 December 2015	(10.8)	(4.2)	(14.8)

Net deferred tax liability

As at 31 December 2015	25.2
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As at 31 December 2014	12.3
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Company

Deferred tax assets

	Employee benefits £m	Provisions £m	Accelerated tax depreciation £m	Total £m
As at 1 January 2015	(6.1)	(0.9)	(0.1)	(7.1)
Charged to Income Statement	0.7	0.9	-	1.6
Charged to Statement of Comprehensive Income	0.2	-	-	(0.2)
As at 31 December 2015	(5.2)	-	(0.1)	(5.3)

As at 31 December 2014	(7.1)
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24. SHARE CAPITAL

Group and Company	2015 Shares	£m	2014 Shares	£m
Authorised				
Ordinary shares of 5p each	480,000,000	24.0	480,000,000	24.0
Allotted, called up and fully paid ordinary shares of 5p each				
As at 1 January	392,824,895	19.7	388,271,651	19.4
Allotted under share option schemes	3,207,613	0.1	4,553,244	0.3
As at 31 December	396,032,508	19.8	392,824,895	19.7

Notes to the Consolidated Financial Statements

24. SHARE CAPITAL (continued)

Potential Issues of Ordinary Shares

Options on 18,716 ordinary shares in relation to the employee share save scheme lapsed or were forfeited during 2015 and 3,474,050 options were exercised during the year.

The number of shares subject to options, the periods in which they were granted and the periods in which they may be exercised are given below:

Year of grant	Exercise price pence	Exercise period	2015 Number (5p Shares)	2014 Number (5p Shares)
2011 ESOS	Nil	2014-2021	539,672	539,672
2012 ESOS	Nil	2015-2022	983,988	2,590,930
2014 ESOS	1.21	2017-2024	914,461	914,461
2015 ESOS	130.00	2018-2025	1,860,878	-

Employee ShareSave Scheme

The Employee ShareSave scheme was available to all eligible employees and was based on Save As You Earn (SAYE) savings contracts with options exercisable within a period from the conclusion of a three year term as appropriate from the date of grant. Under the terms and conditions of this scheme, for every month (up to no more than six months) an employee fails to contribute the agreed monthly amount determined under the rules of the scheme, the last date exercisable will be delayed by one month. The latest grant under the ShareSave scheme was made in the year ended 2015. No further grants have been made under this scheme. Options outstanding under this scheme at 31 December 2015 were 7,072,092 (2014: 6,145,063).

The total expense included within operating profit from continuing operations in respect of share based payments was £1.5m (2014: £1.1m).

25. SHARE PREMIUM

Group and Company	£m
As at 1 January 2015	76.8
Arising on issue of new shares	0.8
As at 31 December 2015	77.7
As at 1 January 2014	75.6
Arising on issue of new shares	1.3
As at 31 December 2014	76.9

26. CAPITAL REDEMPTION RESERVE

Group and Company	£m
As at 1 January 2015 and 31 December 2015	14.6

Notes to the Consolidated Financial Statements

27. RETAINED EARNINGS

	Group £m	Company £m
As at 1 January 2014	118.8	2.5
Net profit for the year	46.8	35.8
Actuarial losses on defined benefit pension schemes	(16.2)	(7.8)
Deferred taxation on pension liability	3.3	1.4
Fair value on derivative instruments	2.1	2.1
Movement in deferred taxation on derivative instruments	(0.5)	(0.5)
Deferred taxation on share based payments	1.1	-
Dividends to shareholders	(10.4)	(10.4)
Transfer of share of minority interest	0.7	-
Transfer from other reserves	(1.1)	(1.1)
Share based payments	1.1	-
As at 31 December 2014	145.7	22.0
Net profit for the year	50.8	29.3
Actuarial losses on defined benefit pension schemes	(2.1)	0.4
Deferred taxation on pension liability	0.6	(0.2)
Movement in deferred taxation on derivative instruments	1.1	-
Foreign exchange gain	0.1	-
Dividends to shareholders	(11.6)	(11.6)
Rate adjustment	(0.4)	-
Share based payments	1.5	-
As at 31 December 2015	185.7	39.9

Retained earnings include £17.1m (2014: £17.1m) of non-distributable reserves relating to properties which had been revalued under UK GAAP, but treated as deemed cost under IFRS.

28. ACQUISITIONS

In line with the group strategy of growth by selective acquisition the following companies were acquired during the year.

(1) Acquisition of Addison Motors Limited (trading as Benfield Motor Group)

On 2 September 2015 Lookers Motor Group Limited, a wholly owned subsidiary of Lookers plc, acquired the entire issued share capital of Addison Motors Limited (trading as Benfield Motor Group), a company incorporated in the UK for a total consideration of £87.5m. The acquisition has been accounted for by the acquisition method of accounting.

	Book value at acquisition £m	Fair value adjustment £m	Fair value at acquisition £m
Tangible fixed assets	53.5	-	53.5
Vehicle and other stocks	79.2	-	79.2
Debtors (gross contractual amounts receivable)	11.2	-	11.2
Cash and cash equivalents	1.3	-	1.3
Overdraft and loans	(15.9)	-	(15.9)
Payables	(73.6)	-	(73.6)
Corporation tax	(0.2)	-	(0.2)
Deferred tax	(1.5)	(13.4)	(14.9)
	54.0	(13.4)	40.6
Intangibles			29.1
Goodwill			17.8
Consideration in cash			87.5
Cash and cash equivalents			(1.3)
Overdrafts and loans			15.9
Net cash outflow			102.1

Notes to the Consolidated Financial Statements

28. ACQUISITIONS (continued)

The deferred tax adjustment is in relation to the intangible asset acquired on acquisition (note 9) and is calculated in line with IAS 12 Income Taxes. This liability crystallises if the intangible asset is either disposed of or impaired. The Directors do not expect this to be the case in the near future given the external valuation performed which concluded the intangible assets had an indefinite life.

The goodwill arising on the acquisition of the above company is attributable to the anticipated profitability of the distribution of the group's products in new markets and the anticipated operating synergies derived from the combination. The summarised Income statement and statement of changes in equity of Addison Motors Limited (trading as Benfield Motor Group), are disclosed below, for the year ended 31 December 2015.

	Period from 1 January to 2 September 2015 £m	Period from acquisition to 31 December 2015 £m	Total £m
Turnover	502.5	268.7	771.2
Operating profit	5.0	3.8	8.8
Net interest payable	(1.1)	(0.8)	(1.9)
Profit before taxation	3.9	3.0	6.9
Taxation	(0.8)	(0.6)	(1.4)
Profit and total recognised gains for the period	3.1	2.4	5.5

The business acquired during the year generated cash resources amounting to £6.2m.

(2) Acquisition of Vikings Canterbury Limited

On 29 May 2015, MB South Limited, a wholly owned subsidiary of Lookers plc, acquired the entire issued share capital of Vikings Canterbury Limited, a company incorporated in the UK for a total consideration of £4.3m. The acquisition has been accounted for by the acquisition method of accounting.

	Book value at acquisition £m	Fair value adjustment £m	Fair value at acquisition £m
Tangible fixed assets	0.1	-	0.1
Vehicle and other stocks	0.5	-	0.5
Cash and cash equivalents	2.0	-	2.0
Debtors	0.1	-	0.1
Payables	(0.5)	(0.1)	(0.6)
Deferred tax	(0.1)	-	(0.1)
	2.1	(0.1)	2.0
Goodwill			2.3
Consideration in cash			4.3

	Period from 1 January to 29 May 2015 £m	Period from acquisition to 31 December 2015 £m	Total £m
Turnover	7.4	15.4	22.8
Operating profit	0.1	0.3	0.4
Net interest payable	-	-	-
Profit before taxation	0.1	0.3	0.4
Taxation	-	-	-
Profit and total recognised gains for the period	0.1	0.3	0.4

The business acquired during the year generated cash resources amounting to £nil.

Notes to the Consolidated Financial Statements

28. ACQUISITIONS (continued)

(3) Acquisition of Amersham Jaguar

On 28 August 2015, Lookers Motor Group Limited acquired the trade and certain assets of Amersham Jaguar for a total consideration of £2.6m.

	Book value at acquisition £m
Tangible fixed assets	0.1
Vehicle and other stocks	1.0
	1.1
Goodwill	1.5
Total consideration in cash	2.6

	Period from 1 January to 28 August 2015 £m	Period from acquisition to 31 December 2015 £m	Total £m
Turnover	12.8	5.1	17.9
Operating profit	0.1	0.1	0.2
Net interest payable	-	-	-
Profit before taxation	0.1	0.1	0.2
Taxation	-	-	-
Profit and total recognised gains for the period	0.1	0.1	0.2

The business acquired during the year generated cash resources amounting to £nil.

(4) Acquisition of Eccles Skoda

On 30 October 2015, Lookers Motor Group Limited acquired the trade and assets of Eccles Skoda. The goodwill arising amounted to £0.3m.

29. PENSIONS

Pension Scheme - The Lookers Pension Plan

The pension plan "The Lookers Pension Plan", which is a defined benefit scheme, provides benefits based on final pensionable salary and is administered by Aon Hewitt Limited. The scheme has been registered with the Registrar of Pensions. The assets of the scheme are held separately from those of the group, being held in separate funds by the Trustees of the Lookers Pension Plan. The group has applied IAS 19 (Revised) to this scheme and the following disclosures relate to this standard. The group recognises any actuarial gains and losses in each period in the Statement of Comprehensive Income.

The pension charge for the scheme for 2015 was £1.6m (2014: £1.6m).

A valuation update was made as at 31 December 2015 by a qualified independent actuary to take account of the IAS 19 requirements. Scheme liabilities have been calculated using a consistent projected unit valuation method and compared to the scheme's assets at their 31 December market value.

Based on actuarial advice and using the assumptions below in calculating the scheme's liabilities, the total value of these liabilities under IAS 19 is £118.8m at 31 December 2015 (2014: £120.7m).

The fair value of assets of the scheme on each class of assets are:

	Market value 2015 £m	Market value 2014 £m
Equities	39.4	38.7
Target return funds	34.5	24.4
Corporate bonds	17.4	12.9
Gilts	-	14.9
Cash	0.8	0.4
Total fair value of assets	92.1	91.3

Notes to the Consolidated Financial Statements

29. PENSIONS (continued)

The amounts recognised in the Income Statements are as follows:

	2015 £m	2014 £m
Non investment expenses	0.5	0.5
Interest on obligation	4.5	5.0
Interest income on scheme assets	(3.4)	(3.9)
Total defined benefit expense	1.6	1.6

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

	2015 £m	2014 £m
Opening defined benefit obligation	120.7	106.5
Interest cost	4.5	5.0
Actuarial (gains)/losses	(1.3)	13.1
Benefits paid	(5.1)	(3.9)
Closing defined benefit obligation	118.8	120.7

Changes in the fair value of scheme assets are as follows:

	2015 £m	2014 £m
Opening fair value of scheme assets	91.3	81.8
Interest income	3.4	3.9
Actuarial (losses)/gains	(0.9)	6.3
Contributions by employer	3.9	3.7
Benefits paid	(5.1)	(3.9)
Non-investment expenses paid	(0.5)	(0.5)
Closing fair value of scheme assets	92.1	91.3

None of the scheme's assets were invested in Lookers plc or property occupied by Lookers plc. The company contributed an additional £3.9m in 2015 (2014: £3.7m) to fund accruing pensions and expects to maintain a similar level of pension contributions in 2016.

	2015 £m	2014 £m
Total amount of actuarial gains/(losses) recognised in the Statement of Comprehensive Income in the year	0.4	(6.8)
Cumulative amount of actuarial losses recognised in the Statement of Comprehensive Income at the year end	(38.5)	(38.9)

The major categories of scheme assets as a percentage of total scheme assets are as follows:

Equities	42.8%	42.4%
Target return funds	37.5%	26.7%
Bonds	18.9%	14.1%
Gilts	-	16.3%
Cash	0.8%	0.5%

Notes to the Consolidated Financial Statements

29. PENSIONS (continued)

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages) are as follows:

	2015	2014
Discount rate	3.9%	3.75%
Future pension increases	1.9% - 3.05%	1.8% - 2.95%
Life expectancy at age 65 for:		
current pensioners - males	87.0	87.0
current pensioners - females	89.4	89.4
future pensioners - males	88.0	87.9
future pensioners - females	90.6	90.4

Sensitivity analysis

For information, the table below gives a broad indication of the impact on the IAS 19 valuation for changes in the key assumptions:

Change in assumption	Approximate impact on current deficit
Reduce discount rate by 0.1% p.a.	+ £2.1m
Increase inflation assumptions by 0.1% p.a.	+ £1.3m
Change mortality assumption to SAPS SINA (-1 year) CMI 2011 (1%)	+ £3.7m

Amounts for the current and previous year are as follows:

	2015 £m	2014 £m
Defined benefit obligation	(118.8)	(120.7)
Scheme assets	92.1	91.3
Deficit	(26.7)	(29.4)
Experience (losses)/gains on plan assets	(0.9)	6.3

Defined Contribution Scheme

The group and company provide pension arrangements for certain Directors and employees under defined contribution schemes and have a defined contribution Stakeholder Pension Scheme for employees. The Income Statement account charge for the year in respect of defined contribution schemes was £3.9m (2014: £2.5m).

Pension Scheme - The Dutton Forshaw Group Pension Plan

The Dutton Forshaw Group's pension plan "The Dutton Forshaw Group Pension Plan", which is a defined benefit scheme provides benefits based on final pensionable salary and is administered by Aon Hewitt Limited. The scheme has been registered with the Registrar of Pensions. The assets of the scheme are held separately from those of the group, being held in separate funds by the Trustees of the Dutton Forshaw Group Pension Plan.

The group has applied IAS 19 (Revised) to this scheme and the following disclosures relate to this standard. The group recognises any actuarial gains and losses in each period in the Statement of Comprehensive Income.

A valuation update was made as at 31 December 2015 by a qualified independent actuary to take account of the IAS 19 requirements. Scheme liabilities have been calculated using a consistent projected unit valuation method and compared to the scheme's assets at their 31 December market value.

Based on actuarial advice and using the assumptions below in calculating the scheme's liabilities, the total value of these liabilities under IAS 19 is £120.3m at 31 December 2015 (2014: £119.4m).

Notes to the Consolidated Financial Statements

29. PENSIONS (continued)

The fair value of assets of the scheme and the expected rates of return on each class of assets are:

	Market value 2015 £m	Market value 2014 £m
Absolute / target Return Funds	25.2	24.5
Equities	31.6	32.9
Corporate Bonds	34.3	18.5
Gilts	-	13.4
Cash	0.6	1.9
Total fair value of assets	91.7	91.2

The amounts recognised in the Income Statements are as follows:

	2015 £m	2014 £m
Non investment expenses	1.3	0.6
Total included in administrative expenses	1.3	0.6
Interest on obligation	4.4	4.9
Interest income on scheme assets	(3.4)	(4.0)
Total included in finance costs	1.0	0.9
Total defined benefit expenses	2.3	1.5

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

	2015 £m	2014 £m
Opening defined benefit obligation	119.4	103.4
Interest cost	4.4	4.9
Actuarial losses	0.8	15.3
Benefits paid	(4.3)	(4.2)
Closing defined benefit obligation	120.3	119.4

Changes in the fair value of scheme assets are as follows:

	2015 £m	2014 £m
Opening fair value of scheme assets	91.2	83.9
Interest income	3.4	4.0
Actuarial (losses)/gains	(1.7)	6.0
Contributions by employer	4.4	2.1
Benefits paid	(4.3)	(4.2)
Non investment expenses paid	(1.3)	(0.6)
Closing fair value of scheme assets	91.7	91.2

Notes to the Consolidated Financial Statements

29. PENSIONS (continued)

None of the scheme's assets were invested in Lookers plc or property occupied by Lookers plc. The company contributed an additional £4.4m in 2015 (2014: £2.1m) to fund accruing pensions and expects to make a similar level of pension contribution in 2016.

	2015 £m	2014 £m
Total amount of actuarial losses recognised in the Statement of Comprehensive Income in the year	(2.5)	(9.3)
Cumulative amount of actuarial losses recognised in the Statement of Comprehensive Income at the year end	(24.7)	(22.2)

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2015	2014
Equities	34.4%	36.1%
Absolute / Target Return Funds	27.5%	26.8%
Corporate Bonds	37.4%	20.3%
Gilts	-	14.7%
Cash	0.7%	2.1%

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages) are as follows:

	2015	2014
Discount rate	3.9%	3.75%
Future pension increases	3.05%	2.95%
Life expectancy at age 65 for:		
current pensioners - males	87.0	87.0
current pensioners - females	89.4	89.4
future pensioners - males	88.0	87.9
future pensioners - females	90.6	90.4

Sensitivity analysis

For information, the table below gives a broad indication of the impact on the IAS 19 valuation for changes in the key assumptions:

Change in assumption	Approximate impact on current deficit
Reduce discount rate by 0.1% p.a.	+ £2.1m
Increase inflation assumptions by 0.1% p.a.	+ £1.2m
Change mortality assumption to SAPS SINA (-1 year) CMI 2011 (1%)	+ £3.7m

Where investments are held in bonds and cash, the expected long-term rate of return is taken to be the yields generally prevailing on such assets at the balance sheet date. A higher rate of return is expected on equity investments, which is based more on realistic future expectations than on the returns that have been available historically. The overall expected long-term rate of return on assets is then the average of these rates taking into account the underlying asset portfolio of the pension plan.

Amounts for the current period are as follows:

	2015 £m	2014 £m
Defined benefit obligation	(120.3)	(119.4)
Scheme assets	91.7	91.2
Deficit	(28.6)	(28.2)
Experience gains on plan assets	(1.7)	(6.0)

Notes to the Consolidated Financial Statements

29. PENSIONS (continued)

Pension Scheme - The Benfield Group Pension Plan

"The Benfield Motor Group Pension Plan" was acquired with the acquisition of Addison Motors Limited (note 29) and is a defined benefit scheme provides benefits based on final pensionable salary. The Plan, which is a funded scheme, is administered by Deloitte. The scheme has been registered with the Registrar of Pensions. The assets of the scheme are held separately from those of the group, being held in separate funds by the Trustees of the Benfield Motor Group Pension Plan.

The group has applied IAS 19 (Revised) to this scheme and the following disclosures relate to this standard. The group recognises any actuarial gains and losses in each period in the Statement of Comprehensive Income.

A valuation update was made as at 31 December 2015 by a qualified independent actuary to take account of the IAS 19 requirements. Scheme liabilities have been calculated using a consistent projected unit valuation method and compared to the scheme's assets at their 31 December market value.

Based on actuarial advice and using the assumptions below in calculating the scheme's liabilities, the total value of these liabilities under IAS 19 is £nil at 31 December 2015 (2014: £nil).

The fair value of assets of the scheme and the expected rates of return on each class of assets are:

	Market value 2015 £m	Market value 2014 £m
Equities	7.4	7.6
Corporate Bonds	3.0	3.0
Cash	-	0.1
Total fair value of assets	10.4	10.7

The amounts recognised in the Income Statements are as follows:

	2015 £m
Interest on obligation	0.35
Interest income on scheme assets	(0.35)
Total included in finance costs	-
Total defined benefit expenses	-

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

	2015 £m
Opening defined benefit obligation (on acquisition)	10.7
Interest cost	0.4
Actuarial gains	(0.3)
Benefits paid	(0.4)
Closing defined benefit obligation	10.4

Notes to the Consolidated Financial Statements

29. PENSIONS (continued)

Changes in the fair value of scheme assets are as follows:

	2015 £m
Opening fair value of scheme assets (on acquisition)	10.7
Interest income	0.3
Actuarial losses	(0.2)
Contributions by employer	
Benefits paid	(0.4)
Closing fair value of scheme assets	10.4

None of the scheme's assets were invested in Lookers plc or property occupied by Lookers plc. The company made no contribution to fund accruing pensions and expects to make no pension contribution in 2016.

	2015 £m
Total amount of actuarial (losses) / gains recognised in the Statement of Comprehensive Income in the year	-
Cumulative amount of actuarial losses recognised in the Statement of Comprehensive Income at the year end	-

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2015
Equities	71.3%
Corporate Bonds	28.7%

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages) are as follows:

	2015
Discount rate	3.9%
Future pension increases	3.05%
Life expectancy at age 65 for:	
current pensioners - males	87.0
current pensioners - females	89.4
future pensioners - males	88.7
future pensioners - females	91.4

Sensitivity analysis

For information, the table below gives a broad indication of the impact on the IAS 19 valuation for changes in the key assumptions:

Change in assumption	Approximate impact on current deficit
Reduce discount rate by 0.1% p.a.	+ £0.2m
Increase inflation assumptions by 0.1% p.a.	+ £0.1m
Change mortality assumption to SAPS SINA (-1 year) CMI 2011 (1%)	+ £0.3m

Amounts for the current period are as follows:

	2015 £m
Defined benefit obligation	10.4
Scheme assets	(10.4)
Deficit	-
Experience losses on plan assets	(0.2)

Notes to the Consolidated Financial Statements

30. RELATED PARTY TRANSACTIONS

The company bears certain administrative costs and interest costs centrally which are recharged to the group. In addition, the company charges management charges and receives dividends from its subsidiaries. The balances with group undertakings are summarised in the table below.

	Amounts owed by Group undertakings (Note 13)		Amounts owed to Group undertakings (Note 18)	
	2015 £m	2014 £m	2015 £m	2014 £m
Bolling Investments Limited	46.1	46.1	-	-
Lookers Motor Holdings Limited	80.5	80.5	-	-
Charles Hurst Limited	4.3	-	-	0.3
Charles Hurst (Dublin) Limited	0.5	-	-	-
Platts Harris Limited	0.3	0.1	-	-
FPS Distribution Limited	-	0.9	0.2	-
Apec Braking Limited	1.1	1.1	-	-
BTN Turbocharger Service Limited	0.5	0.5	-	-
Lookers Motor Group Limited	167.6	76.6	25.8	24.7
Lookers Birmingham Limited	2.8	-	-	1.6
MB South Limited	-	-	5.7	7.2
Dutton Forshaw Motor Company Limited	-	-	19.9	23.6
Shields Automotive Limited	-	0.1	-	4.3
Lookers Colborne Limited	5.2	0.5	-	-
Lomond Motors Limited	0.1	-	0.1	-
Addison Motors Limited	8.0	-	-	-
Lookers Leasing Limited	-	-	2.9	-
Dormant Companies	0.6	0.6	1.0	1.0
	317.6	207.0	55.6	62.7

Key management compensation is included in note 7.

Trading Transactions

During the year, the company entered into a number of re-charging activities for centrally incurred costs with related parties. Purchases of goods to related parties were made at market value. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

The values of the recharges made with group undertakings are summarised in the table below:

	2015 £m	2014 £m
Lookers Motor Group Limited	7.0	7.0
MB South Limited	1.5	1.4
Lookers Birmingham Limited	0.6	0.6
Dutton Forshaw Motor Company Limited	1.9	1.9
Lookers Colborne Limited	1.2	1.2
Lookers Leasing Limited	0.1	0.1
Charles Hurst Limited	2.8	2.8
Ferrari Piston Services Limited	0.1	0.1
Platts Harris Limited	0.1	0.1
Lomond Motors Limited	1.3	1.3
Charles Hurst (Dublin) Limited	0.1	0.1
Fleet Financial	0.1	0.1
	16.8	16.7

On 30 December 2015 the company sold, at arms length, the Toyota / Lexus businesses in Leeds and Wakefield to Meridian Motor Group Limited, a company of which P. M. White, chairman of the company, is a 30% shareholder. The net value of the transaction was £10.8m.

Notes to the Consolidated Financial Statements

31. FINANCIAL ASSETS AND LIABILITIES

The objectives, policies and strategies for holding or issuing financial instruments adopted by the Board are given in the Directors' Report. Details regarding the group's derivative financial instruments at 31 December 2015 and 2014 are given in note 21. The group's other financial assets and liabilities are detailed below.

Fair Values

The fair values of the group's trade receivables, cash and cash equivalents, trade payables (which include liabilities in respect of interest-bearing consignment stock), short-term provisions and loans and overdrafts with a maturity of less than one year are assumed to approximate to their book value. The fair value of the group's non-current provisions is not materially different from its fair value. The group's other non-current financial liabilities are all subject to floating interest rates and so their fair value also approximates to book value. The treatment of Fair Value of derivatives is discussed in section 20 of the Principal Accounting Policies.

Maturity of Financial Liabilities

The maturity profile of the carrying amount of the group's non-current financial liabilities at 31 December 2015 and 2014 are given in note 21.

Borrowing Facilities

The group has the following undrawn committed borrowing facilities available at 31 December 2015 and 2014 which expire:

	2015 £m	2014 £m
Within two to five years	83.3	80.6

The above facilities represent loans and overdrafts, for which the facilities have been confirmed.

Interest Rate Profile

Financial assets comprise cash of £8.3m (2014: £5.9m).

An analysis of the group's loans and overdrafts between fixed and floating rates is given below.

	2015 Financial liabilities £m	2014 Financial liabilities £m
Floating Rate	170.0	57.8

Interest rates on the group's floating rate liabilities are based on the London Interbank Rate. At 31 December 2015 all of the group's bank loans and overdrafts are potentially exposed to re-pricing within 12 months of the balance sheet date (2014: 12 months).

Foreign Currencies

The majority of the group's activities are transacted in sterling although some of its purchases are made in Euros. The group manages the foreign currency risk associated with these foreign currency purchases through the use of forward contracts as a commercial hedge. The group has not sought hedge accounting under IAS 39 in respect of these contracts.

32. OPERATING LEASE COMMITMENTS - MINIMUM LEASE PAYMENTS

Group	2015 Property £m	Plant & equipment £m	2014 Property £m	Plant & equipment £m
Commitments under non-cancellable operating leases expiring:				
Within one year	9.9	2.2	10.4	1.9
Within two to five years	33.1	1.2	34.4	1.5
After five years	45.5	-	46.9	-
	88.5	3.4	91.7	3.4

33. CONTINGENT GAIN

Additional amounts may be receivable from HM Revenue & Customs in respect of overpayments of VAT in previous years. These will not be recognised until they have been agreed. It is not practical to estimate the potential gain at the year end.

Trading Outlets and Interests in Major Subsidiary Companies

FRANCHISES

Alfa Romeo
Cardiff

Aston Martin
Belfast

Audi
Ayr
Basingstoke
Camberley
Dublin
Edinburgh
Glasgow
Guildford
Hamilton
Newcastle
Stirling
Teesside
Tyneside
Wearside

Bentley
Belfast

Chrysler
Belfast

Citroën
Belfast
Blackpool
Liverpool
Newport
Preston

Dacia
Belfast
Carlisle
Chester
Newcastle
Newtownabbey
Newtownards
Stockport

Ferrari
Belfast

Fiat
Stockport

Ford
Braintree
Chelmsford
Colchester
Guiseley
Harrogate
Leeds
Sheffield
South Woodham Ferrers
Sudbury
Sunderland

Honda
Orpington

Hyundai
Dundonald
Leeds
Motherwell
Newcastle

Jaguar
Amersham
Belfast
Glasgow
London - Park Royal
Motherwell

Jeep
Belfast
Cardiff

Kia
Belfast
Newcastle
Sheffield
Stockport

Land Rover
Belfast
Bishop's Stortford
Chelmsford
Chipperfield
Colchester
Glasgow North
Glasgow South
London - Battersea
London - Park Royal
Motherwell

Lexus
Belfast
Hatfield

Maserati
Belfast

Mercedes-Benz
Ashford
Brighton
Canterbury
Eastbourne
Gatwick
Maidstone
Tonbridge

Nissan
Belfast
Carlisle
Chester
Gateshead
Leeds
Motherwell

Nissan (cont.d)
Newcastle
Newtownabbey
Newtownards

Peugeot
Belfast
Carlisle
Cardiff
Motherwell
Newport

Renault
Belfast
Chester
Newcastle
Newcastle (Commercial)
Newtownabbey
Newtownards
Stockport

Seat
Manchester
Stockport

Skoda
Battersea
Eccles
Guildford
Harrogate
Manchester
Newcastle
Stockport

Smart
Brighton
Gatwick
Maidstone
Tonbridge

Toyota
Belfast
Dundonald
Newtownabbey

Vauxhall
Belfast
Birkenhead
Birmingham
Chester
Ellesmere Port
Lisburn
Liverpool
Portadown
Selly Oak
Speke
St. Helens
Warrington
Yardley

Trading Outlets and Interests in Major Subsidiary Companies

Volkswagen

Battersea
Blackburn
Blackpool
Carlisle
Dumfries
Darlington
Guildford
Hexham
Morden
Newcastle
Northallerton
Preston
Silverlink
Teesside
Walton-on-Thames

Volkswagen – Commercial Vehicles

Carlisle
Darnley
Glasgow
Guildford
Newcastle
Teesside

Volvo

Colchester
Glasgow
Motherwell

USED CAR SUPERMARKETS

Belfast
Dublin

MOTORCYCLES

BMW - Belfast
Yamaha - Belfast

TPS

Edinburgh
Glasgow
Newcastle
Teesside

TYRES

Belfast - Boucher Road
Belfast - Sydenham Road
Coleraine
Omagh
Portadown

SERVICE CENTRES

Renault Chelmsford
Volvo Chelmsford
Vauxhall Dundonald

LOOKERS LEASING

Harrogate
Manchester

FLEET FINANCIAL

Belfast

VEHICLE RENTAL SERVICES

Beaconsfield

PARTS DISTRIBUTION

FPS

Barking
Birmingham
Bristol
Cardiff
Charlton
Colchester
Glasgow
Leeds
Leicester
Liverpool
Luton
Maidstone
Manchester
Newcastle
Nottingham
Preston
Reading
Sheffield
Southampton
Staples Corner

Apec

Bristol

BTN Turbocharger Services

Uxbridge

AGRICULTURAL DIVISION

Darley Dale
Tuxford

Major Subsidiary Companies

Lookers Motor Holdings Limited
Bolling Investments Limited
Charles Hurst Limited
Charles Hurst Motors Limited
Fleet Financial Limited
Lookers Motor Group Limited
Lookers Birmingham Limited
MB South Limited
FPS Distribution Limited
Apec Limited
BTN Turbocharger
Service Limited
Dutton Forshaw Motor Company
Limited
Lookers Leasing Limited
Lomond Motors Limited
Platts Harris Limited
Ferraris Piston Service Limited
GET Motoring UK Limited
Charles Hurst Dublin Limited
Shields Automotive Limited
Lookers Colborne Limited
Addison Motors Limited
Colebrook and Burgess Limited

Website: www.lookers.co.uk

Five Year Record

	Year ended 31 December 2011 £m	Year ended 31 December 2012 £m	Year ended 31 December 2013 £m	Year ended 31 December 2014 £m	Year ended 31 December 2015 £m
Turnover	1,898.5	2,056.6	2,464.5	3,042.9	3,649.1
Profit before tax, amortisation, exceptional items, debt issue costs and pension costs	33.8	38.0	48.1	65.0	72.1
Amortisation	(1.3)	(1.1)	(1.1)	(1.2)	(1.6)
Net interest on pension scheme obligation	-	(2.2)	(2.7)	(3.1)	(3.9)
Debt issue costs	(1.1)	(0.4)	(0.4)	(0.4)	(0.4)
Impairment of goodwill	-	-	-	-	(3.6)
Exceptional items	-	-	-	-	1.7
Share based payments	-	-	-	(1.1)	(1.5)
Profit before taxation	31.4	34.3	43.9	59.2	62.8
Taxation	(6.2)	(8.0)	(7.7)	(12.4)	(12.0)
Profit attributable to shareholders	25.1	26.2	36.0	46.8	50.8
Non-controlling interests	0.1	0.1	0.2	-	-
Equity dividend per share†	2.18p	2.35p	2.58p	2.84p	3.12p
Basic earnings per ordinary share	6.54p	6.77p	9.28p	12.03p	12.88p
Adjusted earnings per ordinary share	7.17p	7.37p	10.36p	13.52p	15.24p
As at year end					
Shareholders' interests					
Share capital	19.3	19.4	19.4	19.7	19.8
Reserves					
- non-distributable	105.4	105.8	106.4	107.7	109.5
- distributable	72.4	78.6	102.2	129.5	168.5
Net assets	197.1	203.8	228.0	256.9	297.8

† Dividends per share are based on interim dividend paid and final dividend declared for the year.

Notice of Meeting

NOTICE IS HEREBY GIVEN that the one hundred and sixth Annual General Meeting of Lookers plc (the "company") will be held at Lookers plc, 776 Chester Road, Stretford, Manchester, M32 0QH on 26th May 2016 at 11.00am to transact the business set out below. Resolutions 1 to 15 below will be proposed as ordinary resolutions and resolutions 16 to 18 will be proposed as special resolutions.

- 1 To receive the financial statements for the year ended 31 December 2015 together with the reports thereon of the Directors and the Auditor.
- 2 To approve the Directors' Remuneration Report, other than the part containing the Directors' Remuneration Policy, for the year ended 31 December 2015.
- 3 To declare a final dividend of 2.05p per ordinary share.
- 4 To re-elect as a Director A. C. Bruce.
- 5 To re-elect as a Director R. A. Gregson.
- 6 To re-elect as a Director D. C. A. Bramall.
- 7 To re-elect as a Director W. Holmes.
- 8 To re-elect as a Director P. M. White.
- 9 To re-elect as a Director N. A. Davis.
- 10 To re-elect as a Director N. J. McMinn.
- 11 To re-elect as a Director R. S. Walker.
- 12 To elect as a Director S. J. Cabrini.
- 13 To re-appoint the Auditor.
- 14 To authorise the Audit and Risk Committee to determine the remuneration of the Auditor.

Ordinary resolution – authority to allot shares

- 15 That the directors are generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into such shares (Allotment Rights), but so that:
- (a) the maximum amount of shares that may be allotted or made the subject of Allotment Rights under this authority are shares with an aggregate nominal value of £13,205,391, of which one-half may be allotted or made the subject of Allotment Rights in any circumstances and the other half may be allotted or made the subject of Allotment Rights pursuant to any rights issue (as referred to in the Financial Conduct Authority's listing rules) or pursuant to any arrangements made for the placing or underwriting or other allocation of any shares or other securities included in, but not taken up under, such rights issue;
 - (b) this authority shall expire on 30 June 2017 or, if earlier, on the conclusion of the Company's next annual general meeting;
 - (c) the Company may make any offer or agreement before such expiry which would or might require shares to be allotted or Allotment Rights to be granted after such expiry; and
 - (d) all authorities vested in the directors on the date of the notice of this meeting to allot shares or to grant Allotment Rights that remain unexercised at the commencement of this meeting are revoked.

Special resolution – disapplication of pre-emption rights

- 16 That the directors are empowered pursuant to section 570 of the Companies Act 2006 to allot equity securities, as defined in section 560 of that Act, for cash, pursuant to the authority conferred on them by resolution 15 in the notice of this meeting or by way of a sale of treasury shares as if section 561 of that Act did not apply to any such allotment, provided that this power is limited to:
- (a) the allotment of equity securities in connection with any rights issue or open offer (each as referred to in the Financial Conduct Authority's listing rules) or any other pre-emptive offer that is open for acceptance for a period determined by the directors to the holders of ordinary shares on the register on any fixed record date in proportion to their

Notice of Meeting

Special resolution – disapplication of pre-emption rights (cont.d)

holdings of ordinary shares (and, if applicable, to the holders of any other class of equity security in accordance with the rights attached to such class), subject in each case to such exclusions or other arrangements as the directors may deem necessary or appropriate in relation to fractions of such securities, the use of more than one currency for making payments in respect of such offer, treasury shares, any legal or practical problems in relation to any territory or the requirements of any regulatory body or any stock exchange; and

- (b) the allotment of equity securities (other than pursuant to paragraph (a) above) with an aggregate nominal value of £1,980,808,

and shall expire on the revocation or expiry (unless renewed) of the authority conferred on the directors by resolution 15 in the notice of this meeting, save that, before the expiry of this power, the Company may make any offer or agreement which would or might require equity securities to be allotted after such expiry.

Special resolution – authority to purchase own shares on market

17 That the company is generally and unconditionally authorised pursuant to Section 701 of the Companies Act 2006 to make market purchases (as defined in Section 693 of that Act) of ordinary shares of 5p each in its capital, provided that:

- (i) the maximum aggregate number of such shares hereby authorised to be purchased is 39,616,173;
- (ii) the minimum price (exclusive of expenses) which may be paid for such a share is 5p;
- (iii) the maximum price (exclusive of expenses) which may be paid for such a share is an amount equal to 105 per cent of the average of the middle market quotations for an ordinary share of the Company (as derived from the London Stock Exchange Daily Official List) for the five business days immediately preceding the day on which the ordinary share is contracted to be purchased or (other than in the case of a tender offer), if higher, an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current bid for an ordinary share (as derived from the London Stock Exchange Trading System).
- (iv) this authority shall expire on 30 June 2017 or, if earlier, on the conclusion of the next Annual General Meeting of the company; and
- (v) before such expiry the company may enter into such a contract to purchase shares which will or may require a purchase to be completed after such expiry.

Special resolution – calling of general meetings on 14 clear days' notice

18 That any general meeting of the company that is not an Annual General Meeting may be called by not less than 14 clear days' notice.

Registered Office:
776 Chester Road
Stretford
Manchester
M32 0QH

By order of the Board
G. MacGeekie
Company Secretary
9 March 2016

Incorporated in England under the Companies Act 2006 Registered No. 111876

Notice of Meeting

Notes:

- 1 The right of a member of the company to vote at the Meeting will be determined by reference to the register of members. A member must be registered on that register as the holder of ordinary shares by 6.00pm on 24th May 2016 in order to be entitled to attend and vote at the Meeting as a member in respect of those shares.
- 2 A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to exercise all or any of his/her rights to attend, speak and vote at the Meeting. A proxy need not be a member of the company.
- 3 A member may appoint more than one proxy to attend the Meeting, provided that each proxy is appointed to exercise rights in respect of different shares held by the member.
- 4 Appointment of a proxy will not preclude a member from attending, speaking and voting in person at the Meeting should he/she wish to do so.
- 5 In accordance with Section 325 of the Companies Act 2006, the right to appoint proxies does not apply to persons nominated by a member of the company to receive information rights under Section 146 of that Act. Nominated persons who have been sent a copy of this notice of meeting may have a right under an agreement between him/her and that member to be appointed, or to have someone else appointed, as a proxy for the Meeting. If they have no such right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the member as to the exercise of voting rights. Nominated persons should contact the registered member by whom they were nominated in respect of these arrangements.
- 6 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the "CREST voting service" section of the CREST manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST voting service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with the specifications of CREST's operator, Euroclear UK & Ireland Limited ("Euroclear") and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent Capita Registrars (ID RA10) by the latest time for receipt of proxy appointments specified in this notice (see Note 12 below). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is first able to retrieve the message by enquiry through the CREST system in the prescribed manner. After this time, any change of instructions to a proxy appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

- 7 The company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertified Securities Regulations 2001.
- 8 Capita Asset Services maintain the company's share register. They also provide a telephone helpline service on 0871 664 0300. Calls cost 10p per minute plus network extras. Lines are open from 8.30am to 5.30pm, Monday to Friday. If you have any queries about voting or about your shareholding, please contact Capita Asset Services.
- 9 Members have the right to ask questions relating to the business being dealt with at the Meeting, which in accordance with Section 319A of the Companies Act 2006, and subject to certain exceptions, the Company must cause to be answered.

Notice of Meeting

- 10 It is possible that, pursuant to requests made by shareholders under Section 527 of the Companies Act 2006, the company may be required to publish on its website a statement in accordance with Section 528 of that Act, setting out any matter that such shareholders propose to raise at the Meeting relating to the audit of the company's latest audited accounts or any circumstances connected with the company's former auditor ceasing to hold office since the Company's last Annual General Meeting. The company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 and 528 of the Companies Act 2006. Where the company is required to place a statement on its website under Section 527 of that Act, it must forward the statement to the company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the company has been required under Section 527 of the Companies Act 2006 to publish on its website.
- 11 Members have the right (i) to require the company to give notice of a resolution to be moved at the meeting in accordance with section 338 of the Companies Act 2006 and (ii) to require the company to include a matter in the business to be dealt with at the meeting in accordance with section 338A of that Act.
- 12 A Form of Proxy is enclosed for use by shareholders. To be valid, a Form of Proxy must be completed in accordance with the instructions which accompany it and lodged with the company's Registrars at Capita Asset Services' Proxy Department, PXS, 34 Beckenham Road, Beckenham, BR3 4TU so as to be received by no later than 11.00am on 24th May 2016.
- 13 The company's issued share capital on 9th March 2016 (the latest practicable date prior to the printing of this document) was 396,161,730 ordinary shares of 5p each, such shares carrying one vote each, such that the total voting rights in the company on that date were 396,161,730.
- 14 Information relating to the Meeting which the company is required by the Companies Act 2006 to publish on a website in advance of the Meeting may be viewed at www.lookersplc.co.uk. A member may not use any electronic address provided by the company in this document or with any proxy appointment form or on any website for communicating with the company for any purpose in relation to the Meeting other than as expressly stated.

Shareholders, Bankers and Professional Advisors

Share Quotes

Share prices of the ordinary shares are shown in the *Financial Times* and also appear in several other newspapers.

Electronic Communication

Capita Asset Services provide a share portal service, which allows shareholders to access a variety of services online, including viewing shareholdings, buying and selling shares online, registering change of address details and bank mandates to have dividends paid directly into your bank account.

In addition, shareholders can register an email address and elect to receive future company reports and accounts in electronic form.

Any shareholder who wishes to register with Capita to take advantage of this service should visit www.capitashareportal.com

Principal Bankers

Bank of Ireland
Barclays Bank PLC
HSBC Bank plc
Lloyds Banking Group
The Royal Bank of Scotland plc
Yorkshire Bank

Registrars and Transfer Office

Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Auditor

Deloitte LLP
P.O. Box 500
2 Hardman Street
Manchester M60 2AT

Stockbrokers

Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London EC4M 7LT

Peel Hunt LLP
Moor House
120 London Wall
London EC2Y 5ET

Financial Advisors

NM Rothschild & Sons Limited
82 King Street
Manchester M2 4WQ