

Registration number: 00660644

Gerard Mann Limited
Annual Report and Financial Statements
for the Year Ended 31 December 2021

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Gerard Mann Limited

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Gerard Mann Limited

Company Information

Company name	Gerard Mann Limited
Company number	00660644
Incorporated	England and Wales
Domicile	United Kingdom
Legal form	Private Limited Company, Limited by Shares
Chief executive	George Ashford
Directors	George Ashford (Appointed 13 December 2021) Katie Martin-Hickey (Appointed 13 December 2021) James Brearley (Resigned 13 December 2021) Martin Wheatley (Resigned 30 June 2022)
Company secretary	Inchcape UK Corporate Management Limited
Registered office	First Floor Unit 3140 Park Square Solihull Parkway Birmingham Business Park Birmingham B37 7YN
Independent Auditor	Deloitte LLP, Statutory Auditor 4 Brindley Place Birmingham B1 2HZ United Kingdom

Gerard Mann Limited

Strategic Report for the Year Ended 31 December 2021

The Directors present their strategic report for the year ended 31 December 2021.

Principal activities

The principal activity of the Company is the retailing of cars and commercial vehicles, sales of oils and spare parts together with service repair facilities.

Fair review of the business

The results for the Company show a profit after tax for the financial year of £12,603,000 (2020: £2,408,000). The Company has net assets of £43,421,000 at the financial year end (2020: £30,818,000).

Revenue has increased to £440,917,000 (2020: £385,089,000) as a result of favourable market conditions and full year trading following the lifting of COVID-19 restrictions. Gross profit margin has increased to 15% (2020: 12%) as a result of the implementation of cost control measures and the increase in used vehicle prices. Operating profit has increased to £16,591,000 (2020: £4,517,000) driven by an increased gross profit percentage underpinned by strong used vehicle sales.

Key performance indicators

KPIs provide insight into how the Board monitors the Company's strategic and financial performance, as well as linking to the key measures for executive remuneration.

Revenue

Revenue is a key performance indicator for the Company and is defined as consideration receivable from the sale of goods and services. It is stated net of rebates and any discounts, and excludes sales related taxes. The Company is a trading subsidiary within Inchcape Group and measures revenue as a key financial metric, and is part of the overall Group's strategy of both 'Becoming the OEMs' ("Original Equipment Manufacturer") Partner of Choice' and 'Leading in Customer Experience'. During the year revenue has increased to £440,917,000 (2020: £385,089,000), due to enhanced used car margins and increased trade volumes following the reopening of all retail outlets.

Profit before tax

Profit before tax is a key performance indicator for the Company and is defined as the profit (or loss) before tax is charged. The Company measures profit before tax as it is a key driver of delivering sustainable earnings to shareholders. Profit before tax has increased to £15,094,000 (2020: £2,932,000) due to increased gross profit and the implementation of cost control measures.

Market share

Market share is a key performance indicator for the Company and is defined as the new vehicle registrations by the Company as a percentage of total new vehicle registrations in the market. During the year, market share increased year-on-year across the Mercedes brand and was broadly flat for total market registrations.

The Company is part of the Inchcape plc Group ("the Group"). Additional information about the development, performance and position of the UK segment, which includes this Company, are discussed in the Group's 2021 Annual Report and Accounts which does not form part of this report.

Gerard Mann Limited

Strategic Report for the Year Ended 31 December 2021 (continued)

Climate change

Being a responsible business is a fundamental part of our strategy of the Company. As part of this, the Directors have set out a number of priorities focused on the Company's impact on the climate.

- Increasing the proportion of the Company's electricity sourced from renewable tariffs as well as installing and measuring peak power output from on-site renewables, such as solar panels, and implementing energy efficiency measures to reduce its overall electricity consumption where possible
- Supporting the Company's OEM partners in their efforts to reduce greenhouse gas emissions and actively promote the sales of vehicles with lower emissions
- Incorporating environmental considerations into the Company's decision-making processes
- Installing EV charging facilities at a number of the Company's retail sites
- Dealing responsibly with the waste that the Company produces, ensuring it complies with all applicable laws and regulations, as a minimum. The Company will progressively increase the amount of waste products that it recycles in order to reduce its impact upon the planet over time.

Principal risks and uncertainties

The post COVID-19 pandemic recovery continued to cause some disruption to trade in 2021, however the Company recovered well and adapted to new ways of working, with particular focus on introducing safe operating practices.

One of the main challenges faced during the year was the disruption to the automotive supply chain caused by a shortage of components, particularly electronic chips, which progressively impacted OEM vehicle production. Despite the challenges caused by both the pandemic and supply constraints, the Company's performance was strong resulting in an improvement in profitability.

The global shortage of semiconductors had an impact on the Company's performance as it has directly affected the post-pandemic recovery of manufacturers. The inability to secure supply in order to match market demand has held back the Company's performance but, combined with proactive management of appropriate discounts and product mix, led to better margins on vehicle sales.

Demand for vehicles remains high however, constraints have continued into 2022 and recovery is not expected until early 2023. Despite this challenge, the Company has made significant developments to improve the business for the future, including significantly enhancing the Company's digital trading capabilities as well as streamlining back-office processes. Consequently, the Company is well placed to continue its recoverability from the pandemic and able to adapt and respond to challenges affecting the industry as they arise.

Inflationary pressures have been increasing linked to the conflict in Ukraine. This may result in increased costs which could reduce our operating profit margins. This increasing inflationary pressure could also flow through to consumer inflation expectations and drive a response from central banks in the coming year, which could impact upon the pace of future economic growth.

As the Company is a wholly owned subsidiary within the Inchcape Group, the impact of the risks associated with COVID-19 and global supply constraints on the Company and the mitigating actions were managed by the Directors of Inchcape plc.

Gerard Mann Limited

Strategic Report for the Year Ended 31 December 2021 (continued)

The Company considers emerging and significant risks throughout the year which include climate-related risks. The Directors also review the impact of climate change when considering significant judgements, such as impairment of plant, property and equipment, as part of the reporting of its financial information.

The most material climate change risk that the Company faces is where there is a misalignment between the speed at which our OEM partners are able to transition their model line up to New Energy Vehicles (NEVs) and the pace of adoption of NEVs in the UK. The Directors have concluded that they (and the wider Group) have relationships with OEMs that will successfully navigate the energy transition.

Further discussion of the risks and uncertainties of the Inchcape Group as a whole, is provided in the Group's 2021 Annual Report and Accounts which does not form part of this report.

Gerard Mann Limited**Strategic Report for the Year Ended 31 December 2021 (continued)****Statement on Section 172**

The Directors believe that, individually and together, they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members, as a whole, having regard to the stakeholders and matters set out in section 172(a)-(f) of the Companies Act 2006 in the decisions taken during the year ended 31 December 2021. The Company follows the Inchcape Group's ('the Group's') business standards and compliance with local corporate governance requirements, and is committed to acting if our business should fail to act in the manner we expect of it.

The Directors are responsible for monitoring and upholding the culture, values, standards, ethics and reputation of the Company to ensure that our obligations to our shareholder and to our stakeholders are met. For each matter, which comes before the Board, stakeholders who may be affected are identified and their interests are carefully considered as part of the Board's decision-making.

When making decisions the Directors considers what value will be created for shareholders, if the appropriate resources are available, how current and future employees will be impacted and what impacts these decisions will have on communities and the environment in which Inchcape Retail operates. Consideration is also given to the 'what ifs' as long-term decisions, by their nature, contain a degree of uncertainty about what may happen in the future. The management team provides detailed analysis to the Directors to aid in the decision-making process via performance reporting, industry and economic trends data, OEM ambitions, forecasting and scenario planning. The Directors also take into account market trends when making decisions.

The Directors are also mindful of the wider social context within which our businesses operate, including those issues related to climate change which are of fundamental importance to the planet's well-being.

Our culture and decision making

The Company is a trading company that directly and indirectly owns a number of subsidiaries within the Inchcape Group. Our culture is shaped by the Group's clearly defined values to help ensure we achieve our vision. It determines how we behave, how we make decisions and our attitude towards risk aligned with the Group's purpose, vision and values. In making such decisions the Directors have regard to a variety of matters including the interests of various stakeholders, the consequences of their decisions in the long term and the long-term reputation of the Company, the Group and its businesses.

Employee engagement

The Company had 682 employees at year ended 31 December 2021 (2020: 759). Due to the changing nature of the industry and the evolution of strategy over the longer term the Directors have regard to the interests of employees to make sure they have the training, skills and support to enable them to succeed. The Directors also focus on diversity and inclusion, safety and wellbeing, and skills and talent, to future-proof our people skills. Employees are regularly kept informed about what is happening across the company through the Group's intranet, email, newsletters, leadership blogs and briefings.

Fostering business relationships with our customers and suppliers

The Directors recognise that fostering business relationships with key stakeholders such as these is essential to the success of the Company and the Group and are satisfied that it has close relationships with all its stakeholders to meet its strategic priorities.

Our OEM relationships are of paramount importance and the length of these relationships is testament to their strength. The OEMs with which we partner are some of the most foremost drivers of technological innovation in the automotive industry, from advances in hybrid and battery electric drivetrains to future mobility. All these elements are taken into consideration by the Directors when considering acquisitions and new partnerships as they will be fundamental to achieve the Company's purpose

The Digital Analytics Platform has enabled new ways of reaching out to customers and the feedback obtained from them allows us to continually improve the customer journey.

The community and the environment

The Directors recognise the critical role the Company plays in the communities in which it operates and the growing worldwide focus on environmental and climate change issues which are of fundamental importance to the planet's well-being. In these as in all other areas, the Company's directors manage and govern the Company in accordance

Gerard Mann Limited
Strategic Report for the Year Ended 31 December 2021 (continued)

with the Group policies as approved by the Board of Directors of the Group, further details of which are available in SER report included in Inchcape plc Annual Report and Accounts 2021.

High standards of business conduct

The Directors recognised the importance of maintaining a reputation for high standards of business conduct. During the year, the Group approved the employee Code of Conduct and also implemented a new Supplier Code of Conduct. Combined with other statements on anti-bribery and corruption and modern slavery, these provide a strong governance framework in which to do business.

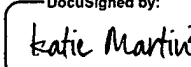
For the Group's section 172 statement please see page 18 of the Inchcape Annual Report and Accounts 2021.

Climate change

Being a responsible business is a fundamental part of our strategy of the Company. As part of this, the Directors have set out a number of priorities focused on the Company's impact on the climate.

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Approved by the Board on 22 December 2022 and signed on its behalf by:

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 22-12-2022 | 19:43:23 GMT
.....E7059C8A244F455:.....
Katie Martin-Hickey

Company Director

Gerard Mann Limited

Directors' Report for the Year Ended 31 December 2021

The Directors present their annual report and the audited financial statements for the year ended 31 December 2021.

Directors of the Company

The Directors of the Company who were in office during the year and up to the date of signing the financial statements, unless otherwise stated, were:

George Ashford (appointed 13 December 2021)

Katie Martin-Hickey (appointed 13 December 2021)

James Brearley (resigned 13 December 2021)

Martin Wheatley (Resigned 30 June 2022)

Company secretary

Inchcape UK Corporate Management Limited

Dividends

The Directors do not recommend the payment of a final dividend (2020: £nil). Dividends of £nil (£nil per share) were paid during the year.

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk.

Cash flow risk

The Company's activities expose it primarily to the financial risks of changes in interest rates. Financial exposure exists to the extent that a change in the underlying base rate of interest will affect the level of income received or paid on the interest bearing inter-company loans. The risk is not considered material and the Company does not employ the use of hedging instruments.

Credit risk

The Company's principal financial assets are bank balances and cash, and trade and other receivables.

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers, or are intercompany loans with companies within the Inchcape Plc group of companies, the ultimate owner of the Company.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses a mixture of long-term and short-term debt finance and intercompany loans from entities within the Inchcape Group of Companies.

Gerard Mann Limited

Directors' Report for the Year Ended 31 December 2021 (continued)

Employment of disabled persons

The Company is committed to a policy of treating all its colleagues and job applicants equally. We are committed to the employment of people with disabilities and will interview all those candidates who meet the minimum selection criteria. We provide training and career development for our employees, tailored where appropriate to their specific needs, to ensure they achieve their potential. If an individual becomes disabled while in our employment, we will do our best to ensure continued employment in their role, including consulting them about their requirements, making adjustments and providing alternative suitable positions.

Employee involvement

Arrangements exist to keep all employees informed on matters of concern to them and, following the publication of the results of Inchcape plc, information is disseminated widely. This includes performance statistics for both the Inchcape Group and individual business streams. Employee bulletins, the Group intranet "Inchcape Connect" and a weekly e-mail communication "HeadStart" facilitate communication with employees. Employees are regularly consulted upon matters concerning their employment.

Employees are provided with information on the performance of the pension fund. Company employees are eligible to participate in the Inchcape plc SAYE share option scheme, subject to the rules of that scheme. Employees are also offered an Inchcape Employee Advantage Scheme to promote their well-being.

Business relationships with our customers and suppliers

The Directors recognise that fostering business relationships with key stakeholders such as these is essential to the success of the Company and the Group and are satisfied that it has close relationships with all its stakeholders to meet its strategic priorities.

Post balance sheet events

On 24 February Russia invaded Ukraine with the ensuing conflict affecting Global markets. The resulting increase in energy costs has led to record levels of inflation and threat of recession.

No material adverse impact has been noted to date, but the impact of conflict continues to be closely monitored.

The company is currently in the process of transitioning to a new agency agreement with its OEM partner, Mercedes-Benz, which will become effective on 3 January 2023. The impact of this will be that New vehicle sales will no longer be made by the company and a commission will be received from Mercedes-Benz instead. There is no adverse impact on the Company's profitability expected as a result of this change.

Future developments

Looking ahead, the Company's 2022 performance to date has seen a continuation of the trends experienced last year, although there is ongoing uncertainty relating to vehicle supply and the impact of the pandemic. We expect the Company to continue to make good progress with its strategic priorities in 2022 and do not foresee any significant changes in the Company or its activities during 2022.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue as a going concern, as the Company meets its day to day working capital requirements through intra-group loans and funding. The funds are allocated to each subsidiary depending on the need for working capital and can fluctuate during the year depending on demand.

The Directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the capability of the company to continue as a going concern with its current banking and supplier financing arrangements.

The Company's 2022 performance up to the date of signing these financial statements was ahead of its forecasts with an increase in profit compared to the same period in 2021. There remains uncertainty around new vehicle supply availability for the remainder of 2022 and the start of 2023 however this has been offset by an increase in selling prices and improved gross margins.

Gerard Mann Limited

Directors' Report for the Year Ended 31 December 2021 (continued)

Going concern (continued)

In light of the current market headwinds, the Directors have also made enquiries to confirm that the Group are able to provide the support requested and a letter of support has been provided by Inchcape Plc confirming that they intend to provide financial resources, where requested, for at least 12 months from the date of signing and approving these financial statements, whilst the Company remains a subsidiary of Inchcape plc. Inchcape plc's recent reported financial performance has been strong and there are no indicators that group would be unable to support the company.

The Directors have a reasonable expectation that the Group has adequate resources to support the Company based on its net assets and forecast performance and financial position.

This assertion is based on the boards assessment of the medium-term profit & loss and cash flow forecast, which is compiled by retail site, consolidated by OEM brand and ultimately at Inchcape UK Division level. Forecasts are subsequently reviewed and approved by Group Finance prior to being incorporated into the Group's long term strategic plan.

As such, the Company continues to adopt the going concern basis in preparing the financial statements having taken into consideration the current Covid-19 pandemic as detailed in the Strategic report and Directors Report.

Directors' liabilities

A Qualifying Third Party Indemnity (QTPI), as permitted by the Company's Articles of Association and section 234 of the Companies Act 2006, has been granted by the Company to each of its Directors of the Company. Under the provisions of the QTPI, the Company undertakes to indemnify each Director against liability to third parties (excluding criminal and regulatory penalties) and to pay the Directors' costs as incurred, provided that they are reimbursed to the Company if the Director is found guilty or, in action brought by the Company, judgement is given against the Director. A QTPI was in force throughout the financial year and also at the date of approval of these financial statements.

Transactions with Directors

No transaction, arrangement or agreement required to be disclosed under the terms of the Companies Act 2006 was outstanding at 31 December 2021, or occurred during the year for any Director or connected person (2020: none).

Disclosure of information to the auditor

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them as auditor will be proposed at the forthcoming Annual General Meeting.

Gerard Mann Limited

Directors' Report for the Year Ended 31 December 2021 (continued)

Statement of Directors' Responsibilities


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 have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

Approved by the Board on 22 December 2022 and signed on its behalf by:

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Katie Martin-Hickey

Company Director

Gerard Mann Limited

Independent Auditor's Report to the members of Gerard Mann Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Gerard Mann Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Gerard Mann Limited

Independent Auditor's Report to the members of Gerard Mann Limited (continued)

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Gerard Mann Limited

Independent Auditor's Report to the members of Gerard Mann Limited (continued)

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

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included Financial Conduct Authority rules, Consumer Rights Act, Sale of Goods Act, General Data Protection Regulation, EU Emissions Standards, Health and Safety Regulations.

We discussed among the audit engagement team including relevant internal specialists such as tax, IT and real estate regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in manual adjustments to revenue, and our specific procedures performed to address it are described below:

- Testing a sample of manual adjustments to revenue to assess the accuracy of these entries;
- Assessing the design and implementation of controls over manual adjustments to revenue.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance

Gerard Mann Limited

Independent Auditor's Report to the members of Gerard Mann Limited (continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

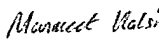
We have nothing to report in respect of these matters.

Gerard Mann Limited

Independent Auditor's Report to the members of Gerard Mann Limited (continued)

Use of our report

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

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 22-12-2022 | 21:36:45 GMT
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Manmeet Kalsi (Senior statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Birmingham
United Kingdom

22 December 2022

Gerard Mann Limited

Profit and Loss Account for the Year Ended 31 December 2021

	Note	2021 £000	2020 £000
Turnover	3a	440,917	385,089
Cost of sales		(374,834)	(338,983)
Gross profit		66,083	46,106
Distribution costs		(22,660)	(20,099)
Administrative expenses		(26,798)	(25,010)
Other Income - Government Grants	3b	-	3,520
Operating profit	3c	16,625	4,517
Interest payable and similar expenses	4	(1,530)	(1,585)
Profit before taxation		15,094	2,932
Tax on profit	8	(2,491)	(524)
Profit for the financial year		12,603	2,408

The above results were derived from continuing operations.

No other comprehensive income expenses/(income) reported in the year.

Gerard Mann Limited

(Registration number: 00660644)
Balance Sheet as at 31 December 2021

	Note	2021 £000	2020 £000
Intangible assets	9	2,021	2,639
Tangible assets	10	2,821	2,826
Deferred tax asset	16	1,577	-
		6,419	5,465
NC Trade and other receivables - Sublease receivable > 1yr		-	-
Total non-current assets		6,419	5,465
<u>Current assets</u>			
Stocks	11	63,490	115,816
Debtors	12	86,968	58,310
Deferred tax asset	16	-	1,210
Cash at bank and in hand	13	2,282	1,490
Current assets		152,740	176,826
Creditors: Amounts falling due within one year	14	(115,668)	(151,473)
Net current assets		37,072	25,353
Total assets less current liabilities		43,491	30,818
<u>Creditors: Amounts falling due after more than one year</u>			
Long term Finance Lease Liability		(70)	-
Net assets		43,421	30,818
<u>Capital and reserves</u>			
Called up share capital	17	10,250	10,250
Profit and loss account	17	33,171	20,568
Total shareholders' funds		43,421	30,818

The financial statements on pages 14 to 32 were approved and authorised for issue by the Board on 22 December 2022 and signed on its behalf by:

DocuSigned by:

Katie Martin 22-12-2022 | 19:43:23 GMT

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Katie Martin-Hickey

Company Director

Gerard Mann Limited

Statement of Changes in Equity for the Year Ended 31 December 2021

	Called up share capital	Share Premium Account	Profit and loss account	Total shareholders' funds
	£000	£000	£000	£000
At 1 January 2021	10,250	-	20,568	30,818
Profit for the financial year		-	12,603	12,603
Other comprehensive expenses			-	-
Total comprehensive income for the year	-	-	12,603	12,603
At 31 December 2021	10,250	-	33,171	43,421

	Called up share capital	Share Premium Account	Profit and loss account	Total shareholders' funds
	£000	£000	£000	£000
At 1 January 2020	10,250	-	18,160	28,410
Profit for the financial year	-	-	2,408	2,408
Other comprehensive expenses	-	-	-	-
Total comprehensive income for the year	-	-	2,408	2,408
At 31 December 2020	10,250	-	20,568	30,818

Gerard Mann Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

1 Accounting policies

Principal activities

Gerard Mann Limited ('the Company') is principally engaged in the retailing of cars and commercial vehicles, sales of oils and spare parts together with service repair facilities.

Background

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

The individual financial statements of Gerard Mann Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard FRS 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (FRS 102) and the Companies Act 2006.

Basis of preparation

Gerard Mann Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on page 1. These financial statements are prepared on a going concern basis, under the historical cost convention. The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in "Critical accounting judgements and estimation uncertainty" note 2. The financial currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

Summary of disclosure exemptions

The Company qualifies as a qualifying entity, as defined by paragraph 1.11 of FRS 102.

The Company has taken the following disclosure exemptions, as permitted by paragraph 1.12 of FRS 102:

- the requirement to prepare a statement of cash flows (section 7 of FRS 102 and paragraph 3.17(d))
- certain financial instrument disclosures (paragraphs 11.4(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c))
- certain share based payment disclosures (paragraphs 26.18(b), 26.19, 26.21 and 26.23)
- key management personnel compensation in total (paragraph 33.7)

Equivalent disclosures are provided in the financial statements of Inchcape Plc (Note 22).

Group financial statements not prepared

The Company is a wholly owned subsidiary of Inchcape plc and is included in the consolidated financial statements of Inchcape plc which are publicly available. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, Inchcape plc, a company incorporated in the United Kingdom.

Gerard Mann Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

1 Accounting policies (continued)

Going concern

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue as a going concern, as the Company meets its day to day working capital requirements through intra-group loans and funding. The funds are allocated to each subsidiary depending on the need for working capital and can fluctuate during the year depending on demand.

The Directors have a reasonable expectation that the Group has adequate resources to support the Company based on its net assets and forecast performance and financial position.

This assertion is based on the boards assessment of the medium-term profit and loss and cash flow forecast, which is compiled by CGU, consolidated by OEM brand and ultimately at Inchcape UK Division level. Forecasts are subsequently reviewed and approved by Group Finance prior to being incorporated into the company's long term strategic plan.

The Company's 2022 performance up to the date of signing these financial statements was ahead of its forecasts with an increase in profit compared to the same period in 2021. There remains uncertainty around new vehicle supply availability for the remainder of 2022 and the start of 2023 however this has been offset by an increase in selling prices and improved gross margins.

The Directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the capability of the company to continue as a going concern with its current banking and supplier financing arrangements.

In light of the current market headwinds, the Directors have also made enquiries to confirm that the Group are able to provide the support requested and a letter of support has been provided by Inchcape Plc that they intend to provide financial resources, where requested, for at least 12 months from the date of signing these financial statements, whilst the Company remains a subsidiary of Inchcape plc. Inchcape plc's recent reported financial performance has been strong and there are no indicators that group would be unable to support the company.

Gerard Mann Limited
Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

1 Accounting policies (continued)

Interest rates benchmark reform

The Company had a number of contracts with OEM's and third-party funding providers that make reference to LIBOR. At the end of the reporting period, all contracts in scope for amendment had been renegotiated to use the Sterling Overnight Index Average (SONIA) based rate. We will continue to monitor the renegotiation of vehicle funding arrangements throughout the Company that make reference to other Interbank Offered Rates (IBOR) based rates which did not expire during the reporting period.

Related party transactions

The Company has taken advantage of the disclosure exemption from disclosing transactions with wholly owned members of the Company's group.

Revenue

Revenue represents the invoiced value of goods and services provided, excluding Value Added Tax. The revenue is attributable to the principal activities of the Company and is primarily derived in the United Kingdom.

Revenue recognition and commission income

Revenue from the sale of goods and services sold is measured at the fair value of consideration receivable, net of rebates and any discounts, and includes lease rentals, agency sales and finance and insurance commission.

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured. In practice this means that revenue is recognised when vehicles or parts are invoiced and physically dispatched or when the service has been undertaken and invoiced to the customer.

Revenue from commission is recognised when receipt of payment can be assured.

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

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full (without discounting) based on current tax rates and law, on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax in the future. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding commitment to sell the asset.

A net deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Gerard Mann Limited
Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

1 Accounting policies (continued)

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction, on a straight line basis, over their estimated useful lives, as follows:

Asset class	Depreciation rate
Plant and equipment	10%-33% per annum

Goodwill

Goodwill represents the difference between the fair value of the consideration and the identifiable net assets at the date of acquisition, and is written off over the Directors' estimate of its useful economic life of up to twenty years.

The Company evaluates the carrying value of goodwill in each financial year to determine if there has been an impairment in value which would result in the inability to recover the carrying amount. When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the profit and loss account.

Investments

Investments in subsidiaries are held at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Stocks on consignment are deemed, in substance, to be assets of the Company. Stock on consignment and their related obligations are recognised in current assets and creditors respectively on adoption of the consignment stock when the risks and rewards of ownership pass to the Company.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Gerard Mann Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

1 Accounting policies (continued)

Defined benefit pension obligation

Each defined benefit plan is considered to be a group plan, that is a plan which shares risk between entities under common control. There is no contractual or stated policy for charging the net defined benefit costs of the plan as a whole to individual group entities. Therefore, the defined benefit plan, and associated costs are recognised in Inchcape International Holding Limited's financial statements and the cost of participation in the plan recognised in the Company's financial statements is the contributions payable in the period.

Further disclosure of the pension schemes, in the context of the Inchcape plc Group as a whole, is provided in the Group's 2021 Annual Report and Accounts which does not form part of this report.

Defined contribution schemes

For defined contribution schemes the amount charged to the profit and loss account in respect of the pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Gerard Mann Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

1- Accounting policies (continued)

Financial instruments (continued)

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs).

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the conditions of being 'basic' financial instruments as defined in paragraph 11.9 of FRS 102 are subsequently measured at amortised cost using the effective interest method.

Debt instruments that have no stated interest rate and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Government grants

For Income and Corporation tax purposes payments received under the scheme must be included as income in the calculation of its taxable profits.

In respect of grant income FRS 102 permits, on a class of grant basis, the adoption of the accrual method, on the basis that amounts receivable are paid in arrears and relate to continued employment.

Under company law FRS 102 prohibits the netting of grant income against related expenditure. Amounts receivable under the scheme should be presented in other income.

Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of transaction costs.

Gerard Mann Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Critical accounting judgements and estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

There are no critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Company's accounting policies that have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Stock provisioning

The Company retails vehicles, at the year ended 31 March 2021 the value of vehicle inventory was £63,490,000 (2020: £115,816,000). Such big-ticket items have increased seasonal demand which can be subject to changes in consumer demand and trends. As a result, it is necessary to consider the recoverability of the cost of the stock and the associated provisioning required.

In calculating the stock provision, the Company conducts an assessment on a monthly basis, comparing all inventory (considering both the age and condition) to external market data in conjunction with internal valuations and expectations. This assessment also takes into account the model, mix, current trends and expected holding periods.

Vehicle valuations are sensitive to the market and other factors above. As vehicles are subject to short term market distortions a material reduction in carrying value could occur due to changes in assumptions made in the Company's assessment of the valuation of vehicles.

3a Revenue

The analysis of the Company's revenue for the year from continuing operations is as follows:

	2021	2020
	£000	£000
Sales of goods	412,195	357,203
Rendering of services	28,722	27,886
	<u>440,917</u>	<u>385,089</u>
Revenue split		
UK	440,844	385,040
Overseas	73	49
	<u>440,917</u>	<u>385,089</u>

Gerard Mann Limited**Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)****3b Other income - Government grants**

	2021	2020
	£000	£000
Government Grants - Furlough	-	3,520
	<hr/>	<hr/>
	-	3,520

3c Operating Profit

Operating profit arrived at after charging

	2021	2020
	£000	£000
Depreciation expense	703	755
Amortisation expense	618	618
Operating lease expense	86	106
Gain on Disposal of Assets	33	3
Employee Costs	27,172	24,251
Rent Expense	4,810	4,877
Vehicle Write Downs	301	3,087

4 Interest payable and similar expense

	2021	2020
	£000	£000
Finance Interest	1,530	1,585
	<hr/>	<hr/>
	1,530	1,585

Gerard Mann Limited**Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)****5 Staff costs**

The aggregate payroll costs (excluding Directors' remuneration) were as follows:

	2021	2020
	£000	£000
Wages and Salaries	24,391	21,660
Social Security Costs	1,878	1,821
Other Pension Costs	903	770
	27,172	24,251

The monthly average number of persons employed by the company (excluding Directors) during the year, analysed by category was as follows:

	2021	2020
	No.	No.
Retail	192	219
Aftersales	350	369
Administration & Management	140	171
	682	759

6 Directors' remuneration

The emoluments of three of the Company's Directors are paid by Inchcape Retail Limited and one Director by Inchcape Estates Limited. All four were Directors of Inchcape Retail Limited and Inchcape Estates Limited and a number of fellow subsidiaries, and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly the above details include no emoluments in respect of the Directors. Total emoluments are included in the aggregate of Directors' emoluments disclosed in the financial statements of Inchcape Retail Limited and Inchcape Estates Limited.

7 Auditor's remuneration

	2021	2020
	£000	£000
Audit of the Financial Statements	51	31

Gerard Mann Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

8 Tax on profit

Tax charged to the profit and loss account

	2021	2020
	£000	£000
Current taxation		
UK corporation tax	2,955	966
UK corporation tax adjustment to prior years	(97)	212
Corporation tax	2,858	1,178
Deferred taxation		
Arising from origination and reversal of temporary differences	(367)	(437)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior years	-	(217)
Deferred tax	(367)	(654)
Tax expense in the profit and loss account	2,491	524

The tax on profit for the year is lower than the standard rate of corporation tax in the UK (2020 - lower than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021	2020
	£000	£000
Profit Before Taxation	15,094	2,932
Corporation tax at standard rate	2,868	557
Effect of expense not deductible in determining taxable profit / (tax loss)	102	63
Impact of tax rate changes	(382)	(91)
Prior period adjustments	(97)	(5)
Total tax charge	2,491	524

Gerard Mann Limited**Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)****9 Intangible Assets**

	Goodwill
	£000
Cost	
At 1 January 2021	10,785
Accumulated Amortisation	
At 1 January 2021	8,146
Charge for the year	618
At 31 December 2021	8,764
Carrying amount	
At 31 December 2020	2,639
At 31 December 2021	2,021

The balance is made up of goodwill previously acquired by the company when it purchased the assets and liabilities of Inchcape Midlands Limited and Inchcape Northwest Limited in the year ended 31 December 2009.

Gerard Mann Limited**Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)****10 Tangible Assets**

	Plant and equipment
	£000
Cost	
At 1 January 2021	8,522
Additions	719
Disposals	(191)
At 31 December 2021	9,050
Depreciation	
At 1 January 2021	(5,696)
Charge for the year	(703)
Impairment	-
Eliminated on disposals	170
At 31 December 2021	(6,229)
Carrying amount	
At 31 December 2020	2,826
At 31 December 2021	2,821
Leased assets included above:	
Net book value	
At 31 December 2020	-
At 31 December 2021	131

Gerard Mann Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

11 Stocks

	2021	2020
	£000	£000
Finished goods - purchased stocks	56,802	53,318
Finished goods - consignment stocks	6,509	62,466
Work in progress	179	32
	63,490	115,816

Vehicles on consignment have been included in finished goods with the corresponding liability included within trade creditors. Payment becomes due when the title passes to the Company, which is generally the earlier of six months from delivery or the date of sale.

Purchased stocks includes £31,687,000 (2020: 43,432,000) of stock that is pledged as security for vehicle financing liabilities.

12 Debtors

	2021	2020
	£000	£000
Amounts falling due within one year		
Trade receivables	6,303	5,093
Amounts owed by group undertakings	77,514	48,779
Prepayments and accrued income	3,151	4,160
Current Tax Asset	-	278
	86,968	58,310

Amounts owed by parent undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

13 Cash at Bank

	2021	2020
	£000	£000
Cash at bank	2,282	1,490
	2,282	1,490

Gerard Mann Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

14 Creditors: amounts falling due within one year

	2021	2020
	£000	£000
Trade payables	53,907	114,349
Amounts owed to group undertakings	38,202	18,754
Bank loans and overdrafts	9,199	8,596
Accrued expenses and deferred income	7,992	5,631
Social security and other taxes	832	1,580
Current Tax Liability	4,036	1,456
Contract Liabilities	1,443	1,107
Obligations under finance leases & hire purchase contracts	57	-
	115,668	151,473

Amounts owed to parent undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

The bank overdraft is part of the Inchcape plc Group's cash pooling arrangement, which incurred a weighted average floating interest rate of 2.25% over base rate in 2021 (2020: 2.25%). Further details of the cash pooling arrangement in the context of the Inchcape Group as a whole, is provided in the Group's 2021 Annual Report and Accounts which does not form part of these financial statements.

The Company enters into vehicle funding agreements whereby the Company is able to refinance interest bearing amounts due to suppliers on similar terms. The total balance payable under vehicle funding agreements, including amounts due to suppliers, as of 31 December 2021 is £40,836,000 (2020: £106,406,000) of which £27,452,000 (2020: £30,364,000) is outstanding under refinancing agreements. Such amounts are included within trade creditors above and interest charged on these agreements is included within cost of sales.

15 Creditors: amounts falling due after more than one year

Finance leases are repayable as follows:

Present value of minimum lease payments	2021	2020
	£000	£000
Within one year	(57)	-
In the second to fifth years inclusive	(70)	-
	(127)	-

Gerard Mann Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

16 Deferred tax asset

Analysis of deferred tax

Deferred Tax Asset

	2021	2020
	£000	£000
Accelerated tax depreciation	1,238	810
Other temporary differences	339	400

1,577 **1,210**

Deferred Tax Movement - In Year

	At 1 January 2021	Recognised in income	At 31st December 2021
	£000	£000	£000
Accelerated tax depreciation	810	428	1,238
Other temporary differences	400	(61)	339
	1,210	367	1,577

- ✓ The Finance Act 2021 enacted by the balance sheet date included a Corporation Tax rate increase to 25% from 1 April 2023.
- ✓ Deferred tax asset had previously been included in Current assets. However, following an internal assessment it was determined that there would be limited probability of the balance being fully recovered in a period of less than 12 month. As a result, the 2021 deferred tax balance has been restated as a non-current asset.

17 Called up share capital and reserves

Allotted, called up and fully paid shares

		2021		2020
	No. 000	£000	No. 000	£000
Ordinary Shares of £1 each	10,250	10,250	10,250	10,250
		10,250	10,250	10,250

The Company's other reserve is as follows:

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

Gerard Mann Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

18 Related party transactions

As per note 6, the disclosure of the Directors' remuneration can be found in the financial statements of Inchcape Retail Limited and Inchcape Estates Limited, both of whom are fellow subsidiaries within the group.

The Company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the group.

19 Post balance sheet events

On 24 February 2022, Russia invaded Ukraine with the ensuing conflict affecting Global markets. The resulting increase in energy costs has led to record levels of inflation and threat of recession.

No material adverse impact has been noted to date, but the impact of conflict continues to be closely monitored.

The company is currently in the process of transitioning to a new agency agreement with its OEM partner, Mercedes-Benz, which will become effective on 3 January 2023. The impact of this will be that New vehicle sales will no longer be made by the company and a commission will be received from Mercedes-Benz instead. There is no adverse impact on the Company's profitability expected as a result of this change.

20 Parent and ultimate holding company

The Company's immediate parent is Inchcape International Holdings Limited, incorporated in England and Wales, of which the Company is a wholly owned subsidiary.

The company is not relying on the Letter of Support. They are performing above forecasts and meet their capital requirements as needed.

The ultimate parent is Inchcape plc, incorporated in England and Wales.

Both the smallest and largest group of which the Company is a member and for which group financial statements are drawn up is that of Inchcape plc. Copies of the Annual Report and Accounts for that company are available from its registered address.

These financial statements are available upon request from Inchcape plc:

The Company Secretary
Inchcape plc
22A St James's Square
London
SW1Y 5LP

The ultimate controlling party is Inchcape plc.