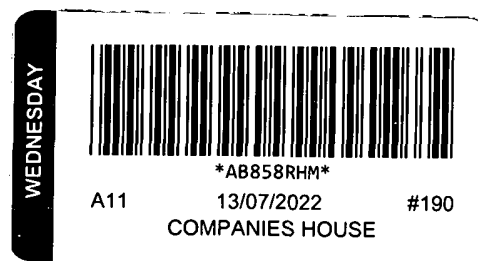


**Inchcape Management (Services) Limited**

**Annual Report and Financial Statements**

**for the year ended 31 December 2021**

**Registration number: 00785779**



Registered office  
22a St James's Square  
London  
SW1Y 5LP  
United Kingdom

## **Inchcape Management (Services) Limited**

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## **Inchcape Management (Services) Limited**

### **Company Information**

#### **Directors**

Michael Bowers  
Jonathan Greenwood  
Adrian Lewis  
Tamsin Waterhouse

#### **Company Secretary**

Inchcape Corporate Services Limited

#### **Registered office**

22a St James's Square  
London  
SW1Y 5LP  
United Kingdom

#### **Independent auditor**

Deloitte LLP  
Statutory Auditor  
Four Brindleyplace  
Birmingham  
B1 2HZ  
United Kingdom

## **Inchcape Management (Services) Limited**

### **Strategic Report for the Year Ended 31 December 2021**

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

#### **Fair review of the business**

The Company's principal activity during the year was to provide office administration services to several fellow subsidiaries and Inchcape plc and remains unchanged since prior years. The results for the Company show a loss for the financial year of £10,562,000 (2020: loss of £10,684,000). The Company had net liabilities at the end of the year of £54,813,000 (2020: £46,170,000).

The loss in the financial year and the increase in net liabilities were primarily due to key strategic decisions taken by the Group in the prior year that were implemented in 2021. The Company incurred significant costs in establishing Global Business Services, in partnership with Cognizant, to manage many of the Group's transactional finance operations and enable smarter business partnering within the finance function. Furthermore, the Group advanced its digital capabilities namely through:

- the development of its omni-channel platform, offering customers a seamless, continuous customer experience and establishing a digital analytics platform, that enables the Group to leverage data and drive smarter, faster and better business decisions resulting in improved performance; and
- the creation of two digital delivery centres (DDCs) as the Group embarked on technological transformation.

In 2021, Group performance was strong, as it traded successfully through the Covid-19 restrictions, with higher new and used vehicle prices supporting revenue and stronger margins resulting in a high level of profitability. As a result, employee costs substantially increased year on year, through higher remuneration paid to employees of the Company. During the year, the Group continued to implement its cost-restructuring programme targeting overheads reduction, due to the impact of COVID-19, in order to support profitability and create a leaner overhead base for the future. In 2021, the Company incurred restructuring costs of £1.1m (2020: £1.2m). Additionally, the Company sold £17.1m of intangible assets, to Inchcape Digital Limited, another Group company, reporting a gain on disposal of £1m.

#### **Key performance indicators (KPIs)**

Given the nature of the business, the Directors are of the opinion that the KPIs necessary for an understanding of the development, performance and position of the Company are net assets and profit for the year.

The Company is part of the Inchcape Group. The development, performance and position of the Group is discussed in the Group's Annual Report and Accounts 2021 which does not form part of this report.

#### **Principal risks and uncertainties**

The management of the business and the execution of the Company's strategy are subject to a number of risks. The financial risks of the Company and their management are outlined in the Directors' report on page 4.

The Company is a wholly owned subsidiary of Inchcape plc. The Directors of Inchcape plc manage the Group's risks at a Group level rather than at an individual business unit level. For this reason, the Company's Directors believe that disclosure of the Company's risks would not be appropriate for an understanding of the development, performance or position of Inchcape Management (Services) Limited.

The COVID-19 pandemic continued to cause some disruption to trading in 2021, however the Group recovered well and adapted to new ways of working. One of the 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 Group's performance was strong resulting in an improvement in profitability. 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.

The global shortage of semiconductors had an impact on the Group's performance as it has directly affected the post-pandemic recovery of manufacturers'. The inability to secure supply in order to match market demand held back the Group's performance but, combined with proactive management of

## **Inchcape Management (Services) Limited**

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

#### **Principal risks and uncertainties (continued)**

appropriate discounts and product mix, led to better margins on vehicle sales. Demand for vehicles remains high however, the expectation is that constraints will continue well into 2022. Despite this significant challenge, the Group has made significant developments to improve the business for the future, including significantly enhancing the Group's digital capabilities and streamlining back-office processes. Consequently, the Group is well placed to continue its recoverability from the pandemic and able to adapt and respond to challenges affecting the industry as they arise.

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.

#### **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.

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 provides office administration services to a number of fellow subsidiaries and its immediate parent. 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 employees of the Company are kept informed about what is happening across the Group through the Group's intranet, its 'Hive' collaborative platform, 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 suppliers 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.

#### **The community and the environment**

The Directors recognise the critical role the Group 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 with the Group policies as approved by the Board of Directors of the Group, further details of which are available 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.

Approved by the Board on 20 June 2022 and signed by order of the Board by:



.....  
Inchcape Corporate Services Limited  
Company Secretary

## **Inchcape Management (Services) Limited**

### **Directors' Report for the Year Ended 31 December 2021**

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

#### **Incorporation and Domicile**

The Company is incorporated and domiciled in the United Kingdom, (registration number 00785779). The registered address of the Company is 22a St James's Square, London, SW1Y 5LP, United Kingdom.

#### **Directors of the Company**

The Directors who held office during the year and up to the date of signing were as follows:

Michael Bowers

Jonathan Greenwood

Adrian Lewis

Bertrand Mallet (resigned 29 January 2021)

Tamsin Waterhouse

#### **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).

#### **Dividends**

The Directors do not recommend the payment of a final dividend (2020: £nil).

No dividends were paid during the year (2020: £nil).

#### **Future developments**

The Directors do not foresee any significant changes in the Company or its activities in 2022.

#### **Post balance sheet date events**

There have been no significant events after the balance sheet date which should be considered for a proper understanding of the financial statements.

#### **Financial risk management**

The Directors consider that the Company's key financial instruments are intercompany loans. Financial exposures exist to the extent that a change in the underlying base rate of interest will affect the level of income received or paid on the intercompany loans. The risk is not considered material and the Company does not employ the use of hedging instruments on intercompany loans.

#### **Going concern**

The Company's ability to operate as a going concern is assessed in conjunction with the Group as its viability is dependent upon the ability of the Group companies to settle their intercompany balances with the Company and to provide funds for working capital needs. 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 including an assessment of the effect of the worldwide pandemic of Covid-19. Inchcape plc has confirmed 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 Management (Services) Limited**

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

#### **Directors' indemnity**

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 the Directors of the Company. Under the provisions of the QTPI, the Company undertakes to indemnify each Director against liability to third parties (excluding criminal and regulatory penalties) and to pay the Directors' costs as incurred, provided that they are reimbursed to the Company if the Director is found guilty or, in an action brought by the Company, 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.

#### **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 101 "Reduced Disclosure Framework". 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 judgments and accounting estimates that are reasonable and prudent; 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.

#### **Statement of disclosure of information to the auditors**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

#### **Independent auditors**

Deloitte have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board on 20 June 2022 and signed by order of the Board by:



.....  
Inchcape Corporate Services Limited  
Company Secretary

## **Inchcape Management (Services) Limited**

### **Independent auditor's report to the members of Inchcape Management (Services) Limited**

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion the financial statements of Inchcape Management (Services) 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 loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; 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 statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (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.

##### **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.



## **Inchcape Management (Services) Limited**

### **Independent auditor's report to the members of Inchcape Management (Services) Limited (continued)**

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **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 the UK Companies Act and 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.

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

## **Inchcape Management (Services) Limited**

### **Independent auditor's report to the members of Inchcape Management (Services) Limited (continued)**

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, internal audit and legal counsel 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 and reviewing internal audit reports.

#### **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.

## **Inchcape Management (Services) Limited**

### **Independent auditors' report to the members of Inchcape Management (Services) 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.

DocuSigned by:

*Manmeet Kalsi*

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Manmeet Kalsi ACA (Senior statutory Auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Birmingham, United Kingdom  
20 June 2022

**Inchcape Management (Services) Limited****Profit and Loss Account for the Year Ended 31 December 2021**

	<b>Note</b>	<b>2021 £'000</b>	<b>2020 (restated)<sup>1</sup> £'000</b>
Revenue	3	<b>56,503</b>	48,243
Administrative expenses		<b>(68,802)</b>	(57,005)
<b>Operating loss</b>	4	<b>(12,299)</b>	(8,762)
Finance income	7	<b>69</b>	–
Finance costs	7	<b>(997)</b>	(1,257)
<b>Loss before taxation</b>		<b>(13,227)</b>	(10,019)
Tax on loss	8	<b>2,665</b>	(665)
<b>Loss for the financial year</b>		<b>(10,562)</b>	(10,684)

1. See note 21

The above results were derived from continuing operations.

# Inchcape Management (Services) Limited

## Statement of Comprehensive Income for the Year Ended 31 December 2021

	Note	2021 £'000	2020 (restated) <sup>1</sup> £'000
Loss for the financial year		(10,562)	(10,684)
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Re-measurement of post-employment benefit obligations	17	9	(86)
Tax recognised in statement of comprehensive income		(2)	18
Other comprehensive income / (expense)		7	(68)
Total comprehensive expense for the year		(10,555)	(10,752)

1. See note 21

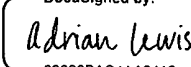
**Inchcape Management (Services) Limited****Balance Sheet as at 31 December 2021**

	Note	2021 £'000	2020 (restated) <sup>1</sup> £'000
<b>Non-current assets</b>			
Intangible assets	9	372	14,908
Tangible assets	10	624	767
Right-of-use assets	11	483	1,085
Investments	12	—	—
		<b>1,479</b>	<b>16,760</b>
<b>Current assets</b>			
Deferred tax assets	8	4,157	814
Trade and other receivables: Amounts falling due within one year	13	84,615	52,817
Cash and cash equivalents		1,054	3,852
		<b>89,826</b>	<b>57,483</b>
<b>Trade and other payables: Amounts falling due within one year</b>	14	<b>(49,240)</b>	<b>(24,189)</b>
<b>Net current assets</b>		<b>40,586</b>	<b>33,294</b>
<b>Total assets less current liabilities</b>		<b>42,065</b>	<b>50,054</b>
<b>Trade and other payables: Amounts falling due after more than one year</b>	15	<b>(96,417)</b>	<b>(95,681)</b>
Pensions and similar obligations	17	(461)	(543)
<b>Net liabilities</b>		<b>(54,813)</b>	<b>(46,170)</b>
<b>Capital and reserves</b>			
Share capital	19	5	5
Hedging reserve		945	—
Profit and loss account		(55,763)	(46,175)
<b>Total shareholders' deficit</b>		<b>(54,813)</b>	<b>(46,170)</b>

1. See note 21

The notes on pages 14 to 30 are an integral part of these financial statements

The financial statements on pages 10 to 30 were approved by the Board on 20 June 2022 and signed on its behalf by:

DocuSigned by:  
  
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Adrian Lewis

Director

**Inchcape Management (Services) Limited**

Registration number: 00785779

# Inchcape Management (Services) Limited

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

	Share capital £'000	Hedging reserve £'000	Profit and loss Account £'000	Total shareholders' deficit £'000
At 1 January 2020	5	–	(21,959)	(21,954)
Adjustment for IFRIC ("SaaS")	–	–	(13,614)	(13,614)
At 1 January 2020 (restated) <sup>1</sup>	5	–	(35,573)	(35,568)
Loss for the financial year	–	–	(10,684)	(10,684)
Other comprehensive expense	–	–	(68)	(68)
Total comprehensive expense for the year	–	–	(10,752)	(10,752)
Share-based payments, net of tax	–	–	150	150
<b>At 1 January 2021(restated)<sup>1</sup></b>	<b>5</b>	<b>–</b>	<b>(46,175)</b>	<b>(46,170)</b>
Loss for the financial year	–	–	(10,562)	(10,562)
Other comprehensive income	–	–	7	7
Total comprehensive expense for the year	–	–	(10,555)	(10,555)
Fair value movements		945	–	945
Share-based payments, net of tax	–	–	967	967
<b>At 31 December 2021</b>	<b>5</b>	<b>945</b>	<b>(55,763)</b>	<b>(54,813)</b>

1. See note 21

## **Inchcape Management (Services) Limited**

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

#### **1 Accounting policies**

##### **General Information**

Inchcape Management (Services) Limited (the Company) 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.

The nature of the Company's operations and its principal activities are set out in the strategic report on page 2.

These financial statements are presented in Pound Sterling which is the currency of the primary economic environment in which the Company operates.

##### **Basis of preparation**

These financial statements were prepared under the historical cost convention as modified by financial instruments recognised at fair value and in accordance with the Companies Act 2006 and Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The principal accounting policies of the Company have been applied consistently.

The Company now applies the relevant presentation requirements of IAS 1 in presenting the balance sheet. The change did not have a material impact on the Company's financial statements.

As a qualifying entity the following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise of share options, and how the fair value of goods and services received was determined);
- IFRS 7, 'Financial Instruments: Disclosures';
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  - paragraph 73(e) of IAS 16 Property, plant and equipment;
  - paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period);
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows);
  - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B-D (additional comparative information);
  - 40A-D (requirements for a third statement of financial position);
  - 111 (cash flow statement information); and
  - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows';
- Paragraph 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation);
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group; and
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15.



## **Inchcape Management (Services) Limited**

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

#### **1 Accounting policies (continued)**

##### **Newly adopted accounting policies**

The Company has changed its accounting policy related to the capitalisation of certain software costs. This change follows the IFRS Interpretations Committee's agenda decisions published in April 2021 and relates to the capitalisation of costs of configuring or customising application software under 'Software as a Service' ('SaaS') arrangements.

The Company's accounting policy has historically been to capitalise costs directly attributable to the configuration and customisation of such arrangements as intangible assets on the balance sheet. Following the adoption of the IFRIC agenda guidance, current SaaS arrangements were identified and assessed to determine if the Company had control of the software. For those arrangements where it was determined that the Company did not have control of the developed software, to the extent that the services were considered distinct from the access to the software, the Company derecognised the intangible asset previously capitalised. Amounts paid to the supplier for implementation and customisation services that cannot be performed by third parties, are amortised over the underlying contract period.

The change in accounting policy has resulted in a reduction in the value of the intangible assets recognised as at 1 January 2020 and 31 December 2020 by £13.6m and £17.1m respectively. The comprehensive expense reported for the year ended 31 December 2020 has increased by £3.5m on account of a corresponding increase in operating expenses within administrative expenses.

There are no other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2021 that have a material impact on the Company's financial statements.

##### **Going concern**

The Company's ability to operate as a going concern is assessed in conjunction with the Group as its viability is dependent upon the ability of the Group companies to settle their intercompany balances with the Company and to provide funds for working capital needs. 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 including an assessment of the effect of the worldwide pandemic of Covid-19. Inchcape plc has confirmed 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.

##### **Group financial statements**

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. In accordance with the exemption permitted by Section 400 of the Companies Act 2006 no Group financial statements have been prepared.

##### **Revenue**

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for good supplied or services provided, stated net of discounts, returns and value added taxes. The Company recognises revenue when performance obligations have been satisfied and for the Company this is when the good or services have been transferred to the Group customer, and the customer has control of these. Revenue is attributable to the principal activities of the Company, and from provision of goods and/or services to Group undertakings.

##### **Finance income and costs policy**

Interest is included in the profit and loss account on an accrual basis.

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Borrowing costs are capitalised from the date on which expenditure is incurred on the asset, borrowing costs are incurred and activities are undertaken to prepare the asset for its intended use.

## Inchcape Management (Services) Limited

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

#### 1 Accounting policies (continued)

##### Tax

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 income tax is accounted for using the liability method in respect of temporary differences arising from differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference is due to an asset or liability, the initial recognition of which does not affect either taxable or accounting income.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled using rates enacted or substantively enacted at the end of the reporting period. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to shareholders' equity, in which case the deferred tax is also dealt with in shareholders' equity. Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle balances net.

##### Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment. Cost includes the original net purchase price of the asset and the costs attributable to bringing the asset to its working condition for intended use.

##### Depreciation

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Asset class	Depreciation method and rate
Land and buildings: leasehold improvements	Over the period of the lease
Office equipment	25%

Tangible fixed assets are subject to impairment tests where, in the opinion of the Directors, there has been an indication of impairment. When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the profit and loss account.

##### Computer software and other intangible assets

Computer software and other intangible assets, when acquired separately from a business, are carried at cost less accumulated amortisation and impairment losses. Costs comprise purchase price from third parties as well as internally generated development costs where relevant. Software customisation and configuration costs relating to software not controlled by the Group are expensed over the period such services are received.

Amortisation is provided on a straight-line basis to allocate the cost of the asset over its estimated useful economic life, which in the case of computer software is three to eight years. Amortisation is recognised in the profit and loss account within 'administrative expenses'.

Development costs incurred on projects are capitalised only if specific criteria are met. Computer software under development is held at cost less any recognised impairment loss. Any impairment in value is recognised within the income statement.

## **Inchcape Management (Services) Limited**

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

#### **1 Accounting policies (continued)**

##### **Computer software and other intangible assets (continued)**

Computer software and other intangible assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. Any impairment losses are included within 'administrative expenses' in the profit and loss account. Computer software and other intangible assets, which have previously been impaired, are reviewed for possible reversal of the impairment at each reporting date.

##### **Investments**

Fixed asset investments are shown at cost less provision for impairment. Current asset investments are stated at the lower of cost and net realisable value. Net realisable value is that price at which the investments can be sold in the normal course of business after allowing for the costs of realisation.

Fixed asset investments are reviewed for impairment whenever events or 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 and is charged to the profit and loss account, the recoverable amount being the higher of net realisable value and value in use.

Shares in other Group companies are stated at cost, less provision for impairment in value.

##### **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand and short-term bank deposits.

##### **Provisions**

A provision is recognised when the Company has a present obligation that arises from a past event, when it is more likely than not to result in the transfer of economic benefits and where the amount can be reliably estimated. Provisions are discounted where the time value of money is considered to be material.

##### **Leases**

Lease liabilities are initially measured at the present value of the lease payments. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. Subsequently, lease liabilities are adjusted for interest and lease payments. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are initially measured at cost and subsequently measured at cost less accumulated depreciation. The costs include the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date less lease incentives received, any direct costs and an estimate of dismantling costs. The carrying amount is further adjusted for any re-measurement of the lease liability. Depreciation is expensed to the profit and loss account on a straight-line basis over the lease term. The lease term includes the non-cancellable period of lease together with any extension or termination options that are reasonably certain to be exercised.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

##### **Dividends**

Interim dividends are recognised in the period in which they are paid. Final dividends are recognised in the period they are approved by the Company's shareholder.

## **Inchcape Management (Services) Limited**

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

#### **1 Accounting policies (continued)**

##### **Defined benefit pension obligation**

The Company participates in various Group pension schemes, which are defined benefit in nature with assets held in separately administered funds. The cost of providing such benefits is determined separately for each plan using the projected unit credit actuarial valuation method, in accordance with the advice of an independent qualified actuary.

The schemes are valued every three years by a professionally qualified independent actuary. For accounting purposes, a valuation is prepared annually for each scheme under IAS 19, 'Employee Benefits'.

The current service cost, any past service costs and gains and losses on settlements and curtailments are included in 'administrative expenses' in the profit and loss account. Administrative scheme expenses associated with the plans are similarly recognised when incurred. Net interest income or interest cost relating to the schemes is included within 'finance income' or 'finance costs', as relevant, in the profit and loss account.

Changes in the retirement benefit obligation or asset due to experience and changes in actuarial assumptions are included in the statement of comprehensive income, as actuarial gains and losses, in full in the period in which they arise.

Where scheme assets exceed the defined benefit obligation, a net asset is only recognised to the extent that an economic benefit is available, in accordance with the terms of the scheme and, where relevant, statutory requirements.

The Company also operates plans in the United Kingdom to provide medical benefits and ex-gratia pension payments after retirement. The actuarial accrued liabilities in respect of past employees under the scheme, which is closed to new entrants, have been included on the balance sheet.

##### **Share based payments**

For equity settled share-based awards, the cost of services received from employees are measured by reference to the fair value of the awards granted. The fair value at the date at which the share-based awards are granted is recognised in the profit and loss account on a straight-line basis over the vesting period, based on an estimate of the number of shares that will eventually vest. With the exception of the Inchcape plc SAYE share option scheme, the vesting of all share-based awards under all schemes is solely reliant upon non-market conditions therefore no expense is recognised for awards that do not ultimately vest. Where an employee cancels an SAYE award, the charge for that award is recognised as an expense immediately, even though the award does not vest.

##### **Financial Instruments**

The Company classifies its financial instruments as measured at amortised cost. The classification is determined at initial recognition and depends on the purpose for which the financial instruments are required.

Measured at amortised cost includes non-derivative financial assets and liabilities with fixed or determinable payments that are not quoted in an active market. Financial assets are included in current assets, except where the maturity date is more than 12 months after the end of the reporting period. They are initially recorded at fair value and subsequently recorded at amortised cost. Financial liabilities are included in current liabilities, except where the maturity date is more than 12 months after the end of the reporting period. They are initially measured at original cost, less amortisation or provisions raised.

##### **Derivative financial instruments**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

## Inchcape Management (Services) Limited

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

#### 1 Accounting policies (continued)

For cash flow hedges that meet the conditions for hedge accounting, the portion of the gains or losses on the hedging instrument that is determined to be an effective hedge is recognised directly in other comprehensive income and the ineffective portion is recognised within administrative expenses in the profit & loss account. The gains or losses that are recognised in other comprehensive income are transferred to the profit & loss account in the same period in which the hedged forecast transaction affects the profit & loss account.

#### 2 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in accordance with the generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge, actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. The Directors do not consider that there are any critical accounting judgements or key sources of estimation uncertainty.

#### 3 Revenue

The geographical analysis of revenue by destination is as follows:

	2021 £'000	2020 £'000
United Kingdom	36,420	34,220
Russia	3,260	2,503
Australasia	1,902	1,650
South America	4,184	3,013
Western Europe	1,952	1,113
Africa	1,442	1,139
Other	7,343	4,605
	<b>56,503</b>	<b>48,243</b>

#### 4 Operating loss

Stated after charging:

	2021 £'000	2020 (restated) <sup>1</sup> £'000
Depreciation:		
- Property, plant and equipment	283	–
- Right-of-use assets	602	643
Amortisation of intangible assets	1,406	448
Impairment of intangible assets	259	8,838
Operating lease expense – short term	106	763
Audit of the financial statements	41	40

1. See note 21

The auditors' remuneration does not include any non-audit services.

## Inchcape Management (Services) Limited

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

#### 5 Employee costs

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

	2021 £'000	2020 £'000
Wages and salaries	25,363	14,514
Social security costs	3,642	1,900
Other pension costs	1,166	1,702
Termination costs	1,141	881
Share based payments charge	4,353	2,003
	<b>35,665</b>	<b>21,000</b>

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

	2021 No.	2020 No.
Administration and management	139	160

#### 6 Directors' remuneration

No emoluments (2020: £nil) were paid to the Directors of the Company whose services are provided to several Group companies. Accordingly, no details in respect of their remuneration have therefore been included in these financial statements.

#### 7 Net finance costs

	2021 £'000	2020 £'000
Bank and other interest receivable	(69)	–
<b>Total finance income</b>	<b>(69)</b>	<b>–</b>
Interest on bank overdrafts and borrowings	–	65
Interest on post-retirement liabilities	19	8
Finance costs on lease liabilities	23	42
Interest payable to fellow group undertakings	955	1,142
<b>Total finance costs</b>	<b>997</b>	<b>1,257</b>
<b>Net finance costs</b>	<b>928</b>	<b>1,257</b>

## Inchcape Management (Services) Limited

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

#### 8 Tax on loss

Tax (credited) / charged in the profit and loss account:

	2021 £'000	2020 £'000
<b>Current taxation</b>		
UK corporation tax on losses for the year	(234)	(858)
Adjustments in respect of prior years	(530)	(330)
Foreign taxes	477	318
	(287)	(870)
<b>Deferred taxation</b>		
Origination and reversal of timing differences	(2,958)	1,094
Adjustments in respect of prior years	580	441
	(2,378)	1,535
<b>Tax (credited) / charged in the profit and loss account</b>	<b>(2,665)</b>	<b>665</b>

The actual tax (credit) / charge assessed for the year is higher (2020 – lower) than the standard rate of corporation tax in the UK of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £'000	2020 (restated) <sup>1</sup> £'000
Loss before taxation	(13,227)	(10,019)
Corporation tax at standard rate of 19% (2020: 19%)	(2,513)	(1,904)
Non-deductible expenses	1,951	553
Overseas withholding taxes written off	389	253
Derecognition of deferred tax asset	(1,810)	4,469
SaaS adjustment for IFRIC	–	(2,587)
Impact of tax rate changes	(732)	(231)
Adjustments in respect of prior years	50	111
<b>Tax (credited) / charged in the profit and loss account</b>	<b>(2,665)</b>	<b>665</b>

#### Deferred tax

Deferred tax movement during the year:

	1 Jan 2021 £'000	Recognised in income £'000	Recognised in OCI and Equity £'000	31 Dec 2021 £'000
Accelerated tax depreciation	118	27	–	145
Other items	696	2,351	965	4,012
<b>Net tax assets</b>	<b>814</b>	<b>2,378</b>	<b>965</b>	<b>4,157</b>

At 31 December 2021, the Company had £14.0m of trading losses carried forward (2020: £nil). Due to uncertainty over when taxable profits may arise a deferred tax asset in relation to the losses has not been recognised.

#### Factors that may affect future tax charges

The Finance Act 2021, enacted by the balance sheet date, included a rate increase to 25% from 1 April 2023.

# Inchcape Management (Services) Limited

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

### 9 Intangible assets

	Computer software £'000	Assets under development £'000	Total £'000
<b>Cost</b>			
At 1 January 2021	14,891	29,819	44,710
Adjustment for IFRIC ("SaaS")	(10,730)	(8,574)	(19,304)
At 1 January 2021 (restated) <sup>1</sup>	4,161	21,245	25,406
Additions	–	4,183	4,183
Transfers	355	(355)	–
Disposals	(2,203)	(25,073)	(27,276)
<b>At 31 December 2021</b>	<b>2,313</b>	<b>–</b>	<b>2,313</b>
<b>Accumulated amortisation and impairment</b>			
At 1 January 2021	(3,877)	(8,838)	(12,715)
Adjustment for IFRIC ("SaaS")	2,217	–	2,217
At 1 January 2021 (restated) <sup>1</sup>	(1,660)	(8,838)	(10,498)
Amortisation charge	(1,406)	–	(1,406)
Impairment	(82)	(177)	(259)
Disposals	1,207	9,015	10,222
<b>At 31 December 2021</b>	<b>(1,941)</b>	<b>–</b>	<b>(1,941)</b>
<b>Net book value</b>			
<b>At 31 December 2021</b>	<b>372</b>	<b>–</b>	<b>372</b>
At 31 December 2020 (restated) <sup>1</sup>	2,501	12,407	14,908

1. See note 21

Additions relate to the development of computer software assets on behalf of the Inchcape Group. Development costs are capitalised when it can be demonstrated that the asset will become commercially viable and will create future benefits to the company and the Group.

During the year, the Company sold £17.1m of intangible assets, to Inchcape Digital Limited, another Group company, reporting a gain on disposal of £1m.



# Inchcape Management (Services) Limited

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

### 10 Tangible assets

	Land and buildings: leasehold improvements £'000	Office equipment £'000	Assets under construction £'000	Total £'000
<b>Cost</b>				
At 1 January 2021	902	111	767	1,780
Additions	139	–	1	140
Transfers	768	–	(768)	–
<b>At 31 December 2021</b>	<b>1,809</b>	<b>111</b>	<b>–</b>	<b>1,920</b>
<b>Accumulated depreciation and impairment</b>				
At 1 January 2021	(902)	(111)	–	(1,013)
Depreciation	(283)	–	–	(283)
<b>At 31 December 2021</b>	<b>(1,185)</b>	<b>(111)</b>	<b>–</b>	<b>(1,296)</b>
<b>Net book value</b>				
<b>At 31 December 2021</b>	<b>624</b>	<b>–</b>	<b>–</b>	<b>624</b>
At 31 December 2020	–	–	767	767

## Inchcape Management (Services) Limited

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

#### 11 Right-of-use assets and lease liabilities

Amounts recognised in the balance sheet

	Land and Building £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>			
At 1 January 2021	1,669	126	1,795
Derecognition	–	(49)	(49)
<b>At 31 December 2021</b>	<b>1,669</b>	<b>77</b>	<b>1,746</b>
<b>Accumulated depreciation and impairment</b>			
At 1 January 2021	(657)	(53)	(710)
Depreciation charge	(556)	(46)	(602)
Derecognition	–	49	49
<b>At 31 December 2021</b>	<b>(1,213)</b>	<b>(50)</b>	<b>(1,263)</b>
<b>Net book value</b>			
<b>At 31 December 2021</b>	<b>456</b>	<b>27</b>	<b>483</b>
At 31 December 2020	1,012	73	1,085

Lease liabilities	2021 £'000	2020 £'000
Current	(459)	(659)
Non-current	(5)	(464)
	<b>(464)</b>	<b>(1,123)</b>

#### 12 Investments

Shares in subsidiary undertakings is £nil (2020: £nil).

Details of the subsidiaries as at 31 December 2021 are below. All holdings have one type of ordinary share capital.

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest held
Inchcape UK Corporate Management Limited <sup>1</sup>	Dormant	United Kingdom	100%

<sup>1</sup> Address: First Floor, Unit 3140, Park Square, Solihull Parkway, Birmingham Business Park, Birmingham, B37 7YN.

## Inchcape Management (Services) Limited

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

#### 13 Trade and other receivables: Amounts falling due within one year

	2021 £'000	2020 £'000
Amounts owed by fellow group undertakings	73,672	44,917
Current tax asset	2,000	1,188
Prepayments and accrued income	4,907	2,797
Derivative financial instruments	945	–
Other debtors	3,091	3,915
	<b>84,615</b>	<b>52,817</b>

Amounts owed by fellow group undertakings are unsecured and are due for repayment on demand.

#### 14 Trade and other payables: Amounts falling due within one year

	2021 £'000	2020 £'000
Amounts owed to fellow group undertakings	3,492	–
Trade creditors	4,551	7,300
Accruals and deferred income	36,177	11,028
Current tax payable	298	298
Lease liabilities (note 11)	459	659
Other creditors	4,263	4,904
	<b>49,420</b>	<b>24,189</b>

Amounts owed by fellow group undertakings are unsecured and are due for repayment on demand.

#### 15 Trade and other payables: Amounts falling due after more than one year

	2021 £'000	2020 £'000
Amounts owed to fellow group undertakings	96,412	95,217
Lease liabilities (note 11)	5	464
	<b>96,417</b>	<b>95,681</b>

Amounts owed to Group undertakings are unsecured, bear interest at rates linked to a risk-free swap rate and are due for repayment after more than one year.

## Inchcape Management (Services) Limited

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

#### 16 Operating lease commitments

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

	2021 £'000	2020 £'000
Within one year	–	102

#### 17 Pensions and similar obligations

The Company operates two unfunded post-retirement health and medical plans in respect of past employees. For more information on the risks to which the plan exposes the Company, please refer to the Inchcape Group's Annual Report and Accounts 2021.

##### *Principal actuarial assumptions*

The principal assumptions used by the actuaries were:

	2021	2020
Discount rate	1.7%	1.8%
Inflation	5.0%	4.9%
Rate of increase in healthcare costs	6.0%	6.0%

##### *Post retirement mortality assumptions*

	2021 Years	2020 Years
Current pensioners	22.2	22.0
Current non pensioners	23.6	n/a

# Inchcape Management (Services) Limited

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

### 17 Pensions and similar obligations (continued)

#### *Reconciliation of scheme liabilities to liabilities recognised*

The amounts recognised in the Balance Sheet are as follows:

	2021 £'000	2020 £'000
Present value of scheme liabilities	461	543

#### *Scheme liabilities*

Changes in the present value of scheme liabilities are as follows:

	2021 £'000	2020 £'000
Present value at start of year	543	536
Actuarial losses arising from experience adjustments	–	68
Interest cost	5	8
Actuarial (gains) / losses arising from financial assumptions	(9)	15
Actuarial losses arising from demographic assumptions	–	3
Benefits paid	(78)	(87)
Present value at end of year	461	543

#### *Amounts recognised through the profit and loss account*

	2021 £'000	2020 £'000
<b>Amounts recognised in finance income or costs</b>		
Net interest	5	8
Total recognised through the profit and loss account	5	8

#### *Amounts taken to the Statement of Comprehensive Income*

	2021 £'000	2020 £'000
Actuarial losses arising from experience adjustments	–	68
Actuarial (gains) / losses arising from financial assumptions	(9)	15
Actuarial losses arising from demographic assumptions	–	3
Amounts recognised in the Statement of Comprehensive Income	(9)	86

## Inchcape Management (Services) Limited

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

#### 17 Pensions and similar obligations (continued)

##### **Sensitivity analysis**

The disclosures above are dependent on the assumptions used. The table below demonstrates the sensitivity of the defined benefit obligation to changes in the assumptions used for UK schemes. Changes in assumptions have an immaterial effect on the overseas schemes.

Impact on the defined benefit obligation

	2021 %	2020 %
Discount rate -0.25%	+1.1	+1.2
Discount rate +0.25%	-1.0	-1.1
Inflation -0.25%	-0.9	-1.0
Inflation +0.25%	+1.0	+1.0
Medical inflation -1.00%	-1.0	-1.1
Medical inflation +1.00%	+1.0	+1.1

The above analysis is based on a change in assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. The above variances have been used as they are believed to be reasonably possible fluctuations.

##### **Defined contribution plans**

The total expense recognised in the profit and loss account is £1.2m (2020: £1.7m). There are no outstanding contributions at 31 December 2021 (2020: nil).

#### 18 Share-based payments

The terms and conditions of the Group's share-based payment plans are detailed in the Inchcape plc Directors' report on remuneration.

The charge arising from share-based payment transactions during the year was £4.4m (2020: £2.0m), all of which is equity-settled.

260,179 options were exercised during the year (2020: 179,729), with the following weighted average share prices at the date of exercise:

2021	Performance Share Plan	Executive Share Option Plan	Save As You Earn Plan	Other Share Plans
<b>Weighted average share price</b>	<b>7.79</b>	<b>£0.00</b>	<b>£7.48</b>	<b>8.55</b>

2020	Performance Share Plan	Executive Share Option Plan	Save As You Earn Plan	Other Share Plans
<b>Weighted average share price</b>	<b>£4.95</b>	<b>£4.35</b>	<b>£6.29</b>	<b>£4.56</b>

At the end of the year there were 2,238,100 share options outstanding (2020: 2,472,206). The weighted average remaining contractual life for the options outstanding at 31 December 2021 is 2.3 years (2020: 2.3 years).

The range of exercise prices for options outstanding at the end of the year was £3.77 to £7.31 (2020: £3.10 to £6.66).

## Inchcape Management (Services) Limited

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

#### 19 Share capital

##### Allotted, authorised, called up and fully paid shares

		2021		2020
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	5	5	5	5

#### 20 Parent and ultimate parent undertaking

The Company's immediate parent is Inchcape plc, a company incorporated in the United Kingdom and registered in England and Wales.

The ultimate parent undertaking and controlling party is Inchcape plc, a company incorporated in the United Kingdom and registered in England and Wales.

Both the smallest and the 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 Financial Statements for that company are available from its registered address:

The Company Secretary  
Inchcape plc  
22a St James's Square  
London  
SW1Y 5LP  
United Kingdom

## Inchcape Management (Services) Limited

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

#### 21 Restatement following change in accounting policy relating to the recognition of configuration and customisation costs in respect of software as a service

The principal restatements as a result of the change in accounting policy are set out in the following tables. The tables show the adjustments recognised for each individual line item as at 31 December 2020. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided.

The impacts on the consolidated income statement are:

	Year to 31 Dec 2020 £000	IFRIC £000	Year to 31 Dec 2020 (restated) £000
Administrative expenses	(53,532)	(3,473)	(57,005)
Operating loss	(5,289)	(3,473)	(8,762)
Loss before tax	(6,546)	(3,473)	(10,019)
Loss for the year	(7,211)	(3,473)	(10,684)

The impacts on the statement of financial position are:

	As at 1 Jan 2020 £000	IFRIC £000	As at 1 Jan 2020 (restated) £000	As at 31 Dec 2020 £000	IFRIC £000	As at 31 Dec 2020 (restated) £000
<b>Non-current assets</b>						
Intangible assets	27,387	(13,614)	13,773	31,995	(17,087)	14,908
<b>Total assets less current liabilities</b>	66,002	(13,614)	52,388	67,141	(17,087)	50,054
<b>Net liabilities</b>	(21,954)	(13,614)	(35,568)	(29,083)	(17,087)	(46,170)
<b>Equity</b>						
Retained earnings	(21,959)	(13,614)	(35,573)	(29,088)	(17,087)	(46,175)
<b>Total equity</b>	(21,954)	(13,614)	(35,568)	(29,083)	(17,087)	(46,170)