

## **Inchcape Finance plc**

A public company limited by shares, incorporated in the United Kingdom and registered in England and Wales.  
Registered Number: 02153225

### **Annual Report and Accounts**

**For the year ended 31 December 2019**

22a St James's Square  
London  
SW1Y 5LP



## **Inchcape Finance plc Strategic Report**

The Directors present their strategic report and the audited financial statements of the Company for the year ended 31 December 2019.

### **Business review and principal activities**

The Company's principal activity during the financial year was that of a finance Company for companies within the Inchcape Group (the 'Group'). The Company borrows and lends money on behalf of Group companies that are involved in the retail and distribution of motor vehicles across the globe. The Company also enters into derivative financial instruments that manage the foreign exchange and interest rate exposures of the Group.

The Company's revenue arises mainly from interest income from loans to Group companies or short-term money market deposits and thus varies with changes in the applicable base rate. Costs relate primarily to interest payments on deposits from Group companies and loan facilities from third party banks and financial institutions. The Company's trading results are also affected by the volume of business which can vary over time depending on market conditions affecting the automotive industry, changes to the fair value of derivatives, changes in foreign exchange rates and changes in the Group's funding requirements.

For the financial year ended 31 December 2019, the Company reported a profit before taxation of £9.1m. This compares with a profit of £4.3m before taxation in 2018, an increase of £4.7m.

Unrealised fair value losses of £3.7m (2018: gain £2.6m) were recognised on derivatives held to hedge the Group's US dollar private placement loan notes and net unrealised foreign exchange losses of £3.0m (2018: £12.1m loss) arose on un-hedged loans and deposits with other Group companies. All other activities produced a gain of £15.8m (2018: £13.8m gain).

The net assets of the Company as at 31 December 2019 were £127.1m (2018: £119.6m).

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

The Company is part of the Inchcape Group and its function is to serve as the Group's finance company. For this reason, its standalone performance can only be objectively measured in the context of the Inchcape Group. The development, performance and position of the Group is discussed in the Group's 2019 Annual Report and Accounts 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 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 Finance plc.

In early 2020, the existence of a new coronavirus, now known as COVID-19, was confirmed and subsequently declared a pandemic. During the first quarter of 2020, it has spread from China to a significant number of countries in which the Inchcape Group operates. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. As the Company is a wholly owned subsidiary within the Inchcape Group, which borrows and lends money on behalf of Group companies, the impact of the risks associated with COVID-19 on the Company and the mitigating actions are managed by the Directors of Inchcape plc. To date, the actions taken by the Group to mitigate the impact of COVID-19 have included a reduction in discretionary costs and capex (benefiting from the flexibility of our Distribution model), a 20% reduction in fees / salary during the second quarter by the Directors of Inchcape plc and senior management, the cancellation of a share buyback programme and the cancellation of the final dividend for the year ending 31 December 2019. The Group has also established a Commercial Paper Programme allowing access to the Covid Corporate Financing Facility provided by HM Treasury and the Bank of England.

Further discussion of the risks and uncertainties of the Inchcape Group as a whole, is provided in the Group's 2019 Annual Report and Accounts which does not form part of this report.

## **Inchcape Finance plc Strategic Report**

### **Statement on S 172**

A director of a company must act in the way he/she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- a) the likely consequences of any decision in the long term;
- b) the interests of the company's employees;
- c) the need to foster the company's business relationships with suppliers, customers and others;
- d) the impact of the company's operations on the community and the environment;
- e) the desirability of the company maintaining a reputation for high standards of business conduct; and
- f) the need to act fairly as between members of the company.

The Directors of Inchcape Finance plc are responsible for its s172 statement.

The Company is a finance company that performs treasury activities exclusively on behalf of the Inchcape Group. It has no direct employees or any customers or clients that are not subsidiaries of the Inchcape Group. It has no direct suppliers as such and its only relationship with counterparties outside of the Inchcape Group are those with the Group's bankers and other funders. The Company's Directors manage and govern the Company in accordance with the Inchcape Group Treasury Policy and all other Inchcape Group policies as approved by the board of Directors of the Inchcape Group.

It is for this reason that the Company's Directors believe that disclosure of the Company's statement under s172 should be read in conjunction with the Inchcape Groups' s172 statement which can be found on page 3 of its 2019 Annual Report and Accounts which is available at:

<https://www.inchcape.com/content/dam/inchcape/corporate/annualreport/2019/pdfs/Full-Annual-Report.pdf>

## **Inchcape Finance plc**

### **Directors' Report**

#### **Directors**

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

Michael Bowers  
Kathryn Mecklenburgh  
Jonathan Greenwood  
Bertrand Mallet  
Tamsin Waterhouse

#### **Results and dividends**

The results for the Company show a profit for the financial year of £7.5m (2018: a profit of £2.2m).  
The Directors do not recommend the payment of a final dividend (2018: £nil).

#### **Future developments**

The Directors do not foresee any significant changes in the Company or its activities for the foreseeable future.

#### **Financial risk management**

The Company's operations expose it to a variety of financial risks that include the effects of changes in debt market prices, credit risk, liquidity risk and interest rate risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company by monitoring levels of debt finance and the related finance costs. The Company's financial risk management through the use of derivative financial instruments falls into three categories. The Company purchases foreign currency derivatives to provide economic hedging for its inter-company borrowings. The Company enters into inter-company foreign currency forward contracts with Group companies to provide them with hedges for their sales and purchases denominated in non-functional currencies and then subsequently enters into matching external foreign currency forward contracts to manage the Group's exposure. The Company also held cross currency interest rate derivatives to hedge the Group's US dollar denominated fixed rate Private Placement that matured in May 2019.

The policies set by the Group's board of Directors are implemented by the Company's finance department. The department has a policy and procedures manual that sets out specific guidelines to manage interest rate risk and credit risk and circumstances where it would be appropriate to use financial instruments to manage these. The accounting policies applied by the Company are described in further detail on pages 12 and 13 of these financial statements.

#### *Price risk*

The Company has no exposure to equity securities as it holds no listed or other equity investments.

#### *Credit risk*

The amount due from counterparties, arising from cash deposits and the use of financial instruments, creates credit risk. Limits are in place which reduces credit risk by stipulating the aggregate amount and duration of exposure to any one counterparty, dependent upon the applicable credit rating. Credit ratings and the appropriate limits are reviewed regularly.

#### *Liquidity risk*

The Company actively maintains a mixture of long-term and short-term debt finance arrangements that are designed to ensure the Company has sufficient available funds for operations.

At 31 December 2018, the committed funding facilities of the Company comprised a syndicated revolving credit facility of £400m and four bi-lateral revolving credit facilities totalling £221m. At 31 December 2018 £158.2m was drawn on these facilities.

In February 2019, all these facilities were replaced with a syndicated revolving credit facility of £700m with an initial expiry date of February 2024 and options to renew until 2026. At 31 December 2019 £60.0m was drawn on the facility.

## **Inchcape Finance plc Directors' Report (continued)**

### **Financial risk management (continued)**

Short-term liquidity on derivatives is managed by ensuring arrangements are back to back. The Group also has in place funding with private placement notes.

#### *Interest rate cash flow risk*

The Company's interest rate policy has the objective of minimising net interest expense and protecting the Group from material adverse movements in interest rates. Throughout 2019 the Company has borrowed at a mix of floating and fixed rates. This approach balances the continuing low interest rate environment with certainty at the current level of net debt. Where interest rate hedging activities are deemed appropriate in the future, the Group's board of Directors has approved the use of interest rate swaps, forward rate agreements and options.

### **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 2019 or occurred during the year for any Director or connected person (2018: none).

### **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.

### **Events after the balance sheet date**

In January 2020, the existence of a new coronavirus, now known as Covid-19, was confirmed and subsequently declared a pandemic by the World Health Organisation. During the first quarter of 2020, it has spread from China to a significant number of countries in which the Inchcape Group operates. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. The Company has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as at and for the year ended 31 December 2019 have not been adjusted to reflect their impact.

In the period since the balance sheet date, the Covid-19 pandemic has materially impacted the performance of the Inchcape Group, with either partial or complete shutdowns affecting a substantial proportion of the Group's operations. During this time, the Company has continued to provide finance to companies within the Inchcape Group and as at 30 June 2020, the Company had net assets of c£139m, cash and cash equivalents of c£183m and had drawn down £170m under the syndicated revolving credit facility.

### **Going concern**

The Company is an integral part of the Inchcape Group, borrowing from and lending to other Group companies and, when necessary, drawing down on the Group's facilities, principally the syndicated revolving credit facility. The Company's ability therefore to continue as a going concern is therefore closely linked to the going concern assessment for the Inchcape Group, for which a detailed assessment has been performed for the period to December 2021.

In assessing whether the Company was a going concern, the implications of Covid-19 were considered and the measures taken to mitigate its impact on the Group and the Company. In making this assessment the directors of the Company considered available liquidity in relation to net debt and committed facilities and the latest forecasts for the Inchcape Group together with Covid-19 adjusted scenarios. These forecasts indicated that the Company and the Inchcape Group were expected to have sufficient funds to meet cash flow requirements over the forecast period. As a result, the Directors concluded that the Company will be able to operate for the foreseeable future and that it was appropriate to adopt the going concern basis of accounting in preparing the financial statements of the Company.

### **Donations**

Donations of £nil (2018: £nil) to charitable causes were made during the financial year. There were no political donations made during the year (2018: £nil).

## **Inchcape Finance plc**

### **Directors' Report (continued)**

#### **Disclosure of information to the auditor**

So far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware. The Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006. Under section 487(2) of the Companies Act 2006, Deloitte LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

#### **Statement of Directors' responsibilities**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). 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 the financial statements, the Directors are required to:

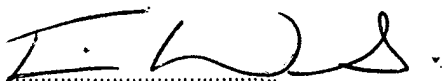
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and 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.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

**Approved by the Board and signed on its behalf by:**



Tamsin Waterhouse  
Director  
12 August 2020

# **Independent auditor's report to the members of Inchcape Finance plc**

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

### **Opinion**

In our opinion the financial statements of Inchcape Finance plc (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 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 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:

- Income Statement;
- the Statement of Financial Position;
- the Statement of Changes in Equity; and
- the related notes 1 to 16.

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**

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

### **Other information**

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

## **Independent auditor's report to the members of Inchcape Finance plc (continued)**

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 respect of these matters.

### **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.

### **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 and 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.



**Independent auditor's report to the members of  
Inchcape Finance plc (continued)**

We have nothing to report in respect of these matters.

**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.

*Manmeet Kalsi*

Manmeet Kalsi (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
Birmingham  
United Kingdom  
12 August 2020

**Inchcape Finance plc**  
**Income Statement**  
For the year ended 31 December 2019

	Notes	2019 £m	2018 £m
<b>Revenue</b>	1	<b>40.0</b>	27.5
Cost of sales	2	(30.8)	(23.1)
<b>Gross profit</b>		<b>9.2</b>	4.4
Net operating expenses		(0.1)	(0.1)
<b>Profit before taxation</b>		<b>9.1</b>	4.3
Tax on profit	5	(1.6)	(2.1)
<b>Profit for the financial year</b>		<b>7.5</b>	2.2

The notes on pages 12 to 26 are an integral part of these financial statements.

There is no other comprehensive income for the year (2018: £nil).

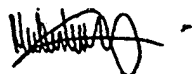
All activities in the financial year and prior year are from continuing operations.

**Inchcape Finance plc**  
**Statement of Financial Position**  
As at 31 December 2019

	Note	2019 £m	2018 £m
<b>Current assets</b>			
Trade and other receivables:			
– Amounts due within one year	6	83.4	119.3
– Amounts due after more than one year	6	1,821.2	1,829.5
Derivative financial instruments	10	21.6	88.5
Cash and cash equivalents	7	1.0	71.0
		<b>1,927.2</b>	<b>2,108.3</b>
<b>Total assets</b>		<b>1,927.2</b>	<b>2,108.3</b>
<b>Current liabilities</b>			
Trade and other payables – amounts falling due within one year	8	(687.4)	(951.1)
Derivative financial instruments	10	(23.8)	(44.1)
		<b>(711.2)</b>	<b>(995.2)</b>
<b>Net current assets</b>		<b>1,216.0</b>	<b>1,113.1</b>
<b>Total assets less current liabilities</b>		<b>1,216.0</b>	<b>1,113.1</b>
<b>Non-current liabilities</b>			
Trade and other payables – amounts falling due after more than one year	9	(1,088.9)	(993.2)
Provisions for deferred taxation	12	–	(0.3)
		<b>(1,088.9)</b>	<b>(993.5)</b>
<b>Total liabilities</b>		<b>(1,800.1)</b>	<b>(1,988.7)</b>
<b>Net assets</b>		<b>127.1</b>	<b>119.6</b>
<b>Equity</b>			
Share capital	13	27.5	27.5
Retained earnings		99.6	92.1
<b>Total shareholders' funds</b>		<b>127.1</b>	<b>119.6</b>

The notes on pages 12 to 26 are an integral part of these financial statements.

The financial statements on pages 9 to 26 were approved by the Board of Directors on 12 August 2020 and were signed on its behalf by:



Kathryn Mecklenburgh,  
Director

Registered Number: 2153225  
Inchcape Finance plc

**Inchcape Finance plc**  
**Statement of Changes in Equity**

	Note	Called up share capital £m	Retained earnings £m	Total shareholders' funds £m
At 1 January 2018		27.5	89.9	117.4
Profit for the financial year		-	2.2	2.2
Total comprehensive income for the year		-	2.2	2.2
At 31 December 2018		27.5	92.1	119.6
Profit for the financial year		-	7.5	7.5
Total comprehensive income for the year		-	7.5	7.5
<b>At 31 December 2019</b>		<b>27.5</b>	<b>99.6</b>	<b>127.1</b>

The notes on pages 12 to 26 are an integral part of these financial statements.

## **Inchcape Finance plc**

### **Accounting policies**

#### **General information**

These financial statements are prepared for Inchcape Finance plc (the Company) for the year ended 31 December 2019.

Inchcape Finance Plc (hereafter 'the Company') is a public company limited by shares, and incorporated in the United Kingdom under the Companies ACT 2006 and is registered in England and Wales. The address of its registered office is 22a St James's Square, London SW1Y 5LP.

The principal activity of the Company during the financial year was that of a finance company for companies within the Inchcape Group (the 'Group'). The Company also holds derivative financial instruments that manage the foreign exchange and interest rate exposure of the Group. The functional currency of the Company is Pound Sterling.

#### **Basis of preparation**

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and under the historical cost convention modified for fair values in accordance with the Companies Act 2006.

Accounting policies have been consistently applied throughout the reporting and comparative periods.

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);
- 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; and
  - 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);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 111 (cash flow statement information);
  - 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.

#### **Consolidation**

The company is a wholly owned subsidiary of Inchcape Plc and is included in the financial statements of Inchcape Plc which are publicly available from its address at 22a St James Square, London SW1Y 5LP.

#### **Going concern**

The Company is an integral part of the Inchcape Group, borrowing from and lending to other Group companies and, when necessary, drawing down on the Group's facilities, principally the syndicated revolving credit facility. The Company's ability therefore to continue as a going concern is therefore closely linked to the going concern assessment for the Inchcape Group, for which a detailed assessment has been performed for the period to December 2021.

## **Inchcape Finance plc**

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

#### **Going concern (continued)**

In assessing whether the Company was a going concern, the implications of Covid-19 were considered and the measures taken to mitigate its impact on the Group and the Company. In making this assessment the directors of the Company considered available liquidity in relation to net debt and committed facilities and the latest forecasts for the Inchcape Group together with Covid-19 adjusted scenarios. These forecasts indicated that the Company and the Inchcape Group were expected to have sufficient funds to meet cash flow requirements over the forecast period. As a result, the Directors concluded that the Company will be able to operate for the foreseeable future and that it was appropriate to adopt the going concern basis of accounting in preparing the financial statements of the Company.

#### **New standards, amendments and IFRIC interpretations**

No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2019, have had a material effect on the Company.

#### **Revenue**

Revenue represents interest and other finance income including related foreign exchange and derivative gains and losses, together with commissions and fees.

Interest and other finance income are recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. It is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable.

#### **Cost of sales**

Cost of Sales represents interest costs and other finance costs including related foreign exchange and derivative gains and losses, premiums payables on financial instruments, together with commissions and fees. It is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable.

#### **Foreign currencies**

Transactions in currencies other than Sterling have been translated into Sterling at the rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into Sterling at closing rates of exchange and differences are taken to the income statement.

#### **Current 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 tax**

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

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.

#### **Share capital**

Ordinary shares are classified as equity.

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

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

## **Inchcape Finance plc**

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

#### **Financial instruments**

The Company classifies its financial instruments in the following categories: loans and receivables; held at fair value through profit and loss; and financial liabilities measured at amortised cost. The classification is determined at initial recognition and depends on the purpose for which the financial instruments are required.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except where the maturity date is more than 12 months after the end of the reporting period. They are initially recorded at fair value and subsequently recorded at amortised cost.

Held at fair value through profit and loss includes derivative financial assets and liabilities, which are further explained below. They are classified according to maturity date, within current and non-current assets and liabilities respectively.

Financial liabilities measured at amortised cost include non-derivative financial liabilities which are held at original cost, less amortisation or provisions raised.

#### **Derivative financial instruments**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value with any gains or losses recognised at each balance sheet date in profit and loss. Currency swap agreements are retranslated at the rates ruling in the agreements, with resulting gains and losses being offset against foreign exchange gains or losses on the related borrowing.

#### **Critical accounting judgements and key sources of estimation**

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.

**Inchcape Finance plc**  
**Notes to the financial statements**

**1 Revenue**

	2019 £m	2018 £m
Interest receivable and similar income from Inchcape group companies	30.0	24.8
Interest receivable and similar income from external counterparties	9.2	1.2
Foreign exchange gains	0.8	1.4
Finance revenue	40.0	27.5

Revenue by destination is as follows:

	2019 £m	2018 £m
United Kingdom	28.7	17.8
Rest of Europe	0.7	0.5
Rest of the World	10.6	9.2
	40.0	27.5

All revenue by origin arises in the United Kingdom.

**2 Cost of sales**

	2019 £m	2018 £m
Interest payable and similar costs from Inchcape group companies	19.5	14.9
Interest payable and similar costs from external counterparties	5.7	1.1
Foreign exchange losses	5.6	7.1
Finance Costs	30.8	23.1

**3 Auditor remuneration**

Auditor remuneration has been borne by a fellow subsidiary undertaking. Of this remuneration £27,000 (2018: £26,000) is deemed to be attributable to the Company.

**4 Directors and employees**

The Company has no employees (2018: none) except the Directors and hence no salary, social security or pension costs (2018: £nil).

No emoluments (2018: £nil) were paid to the Directors by the Company, whose services are provided to a number of Group companies. The proportion of their emoluments attributable to the Company cannot be reasonably estimated, and these costs are borne entirely within the Inchcape Group.



**Inchcape Finance plc**  
**Notes to the financial statements (continued)**

**5 Tax**

**a. Tax credit / (charge) for the year**

	2019 £m	2018 £m
<b>Current tax:</b>		
UK Corporation tax on profits for the year	(1.3)	(0.3)
Foreign taxes	(0.6)	(0.6)
Adjustments in respect of prior years	-	0.6
Current tax charge for the year	(1.9)	(0.3)
<b>Deferred tax:</b>		
Origination and reversal of timing differences	0.3	0.7
Adjustments in respect of prior years	-	(2.4)
Effect of tax rate changes	-	(0.1)
Deferred tax credit/(charge) for the year	0.3	(1.8)
<b>Tax charge for the year</b>	<b>(1.6)</b>	<b>(2.1)</b>

**b. Factors affecting the tax charge for the year**

The tax (charge) assessed for the period is lower (2018: greater) than the standard rate of Corporation Tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £m	2018 £m
Profit before tax	9.1	4.3
Profit before tax multiplied by the standard rate of tax of 19% (2018: 19%)	(1.7)	(0.8)
Effects of:		
Adjustments in respect of prior years	-	(1.8)
Non-taxable income	0.4	0.9
Impact of changes in rates	-	(0.1)
Overseas withholding tax	(0.3)	(0.3)
<b>Tax charge for the year</b>	<b>(1.6)</b>	<b>(2.1)</b>

**c. Factors that may affect future tax charges:**

The Finance Act 2016 included legislation to reduce the rate of UK corporation tax to 17% from 1 May 2020.

An increase of the UK Corporation Tax rate to 19%, with effect from 1 April 2020, was substantively enacted on 17 March 2020.

**Inchcape Finance plc**  
**Notes to the financial statements (continued)**

**6 Trade and other receivables**

	2019 £m	2018 £m
<b>Amounts due within one year</b>		
Amounts owed by Group undertakings	82.5	117.7
Other debtors	0.4	1.2
Prepayments	0.5	0.4
	<b>83.4</b>	<b>119.3</b>
<b>Amounts due after more than one year</b>		
Amounts owed by Group undertakings	917.9	910.7
Amounts owed by parent company	901.8	918.4
Prepayments	1.5	0.4
	<b>1,821.2</b>	<b>1,829.5</b>

Amounts owed by Group undertakings that are due within one year consist of current account balances that are interest free and repayable on demand, as well as intercompany loans that bear interest at rates linked to source currency base rates plus margins of 0 to 200bps.

Amounts owed by Group undertakings that are due after more than one year bear interest at rates linked to source currency base rates plus margins of 0 to 63bps.

The book value of amounts owed by Group undertakings approximates to their fair value.

**7 Cash and cash equivalents**

	2019 £m	2018 £m
Cash at bank and cash equivalents	1.0	1.0
Short-term deposits	-	70.0
	<b>1.0</b>	<b>71.0</b>

**Inchcape Finance plc**  
**Notes to the financial statements (continued)**

**8 Trade and other payables – amounts falling due within one year**

	2019 £m	2018 £m
Bank overdrafts	20.9	89.7
Interest payable	0.6	1.1
Bank loans	-	158.2
Amounts owed to parent company (see also note 9)	-	126.4
Amounts owed to Group undertakings	665.9	575.7
	<b>687.4</b>	<b>951.1</b>

The carrying value of overdrafts, banks loans and amounts owed to Group undertakings are approximate to their fair value.

The 2018 bank loans of £158.2m were repaid during the year (see note 11). The weighted average variable interest rate at 31 December 2018 was 0.95%.

Amounts owed to Group undertakings consist of balances that are interest free and repayable on demand, together with balances that bear interest at rates linked to source currency base rates and have maturity terms of up to six months.

The Company's borrowings are unsecured.

**9 Trade and other payables – amounts falling due after more than one year**

	2019 £m	2018 £m
Amounts owed to parent company	220.3	238.7
Amounts owed to Group undertakings	808.6	754.5
Bank loans	60.0	-
	<b>1,088.9</b>	<b>993.2</b>

The amounts owed to the parent company (see also note 8) include accrued interest and include:

	2019 £m	2018 £m
USD loans at 6.04% fixed interest rate maturing in 2019	-	126.4
GBP loans at 3.0% fixed interest rate maturing in 2027-2029	210.7	210.7
	<b>210.7</b>	<b>337.1</b>

The USD loans were repaid during the year (2018: Fair Value £125.6m).

The amounts owed to Group undertakings classified as falling due after more than one year of £808.6m (2018: £754.5m) represents deposits received from subsidiaries on up to six monthly maturity terms but which are not expected to be settled within one year. Interest is not payable on deposits totalling £297.4m (2018: £326.9m). Interest rates on all other deposits are currently source currency base rates less margins of 0 to 50bps.

The carrying value of the amounts owed to Group undertakings approximate to their fair value.

The bank loans have a weighted average variable interest rate at 31 December 2019 of 1.1% (see note 11).

**Inchcape Finance plc**  
**Notes to the financial statements (continued)**

**10 Financial instruments**

The Company's financial liabilities, other than derivatives, comprise overdrafts and intragroup borrowings. The main purpose of these instruments is to raise finance for the Inchcape Group's operations. The Company also has various financial assets such as intragroup receivables, cash and short-term deposits that arise from its activities.

The Company's primary derivative transactions are forward and swap currency contracts, and cross currency interest rate swaps. The purpose is to manage the currency and interest rate risks arising from the Company's activities and its sources of finance. Company policy is that there is no trading or speculation in derivatives.

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

**a. Classes of financial instruments.**

	Measured at Amortised Cost £m	Measured at fair value through Other Comprehensive Income £m	Measured at fair value through profit or loss £m	Total £m
<b>2019</b>				
<b>Financial assets</b>				
Trade and other receivables	1,902.6	–	–	1,902.6
Derivative financial instruments	–	–	21.6	21.6
Cash and cash equivalents	1.0	–	–	1.0
<b>Total financial assets</b>	<b>1,903.6</b>	<b>–</b>	<b>21.6</b>	<b>1,925.2</b>
<b>Financial liabilities</b>				
Trade and other payables	(1,695.4)	–	–	(1,695.4)
Derivative financial instruments	–	–	(23.8)	(23.8)
Borrowings	(80.9)	–	–	(80.9)
<b>Total financial liabilities</b>	<b>(1,776.3)</b>	<b>–</b>	<b>(23.8)</b>	<b>(1,800.1)</b>
	<b>127.3</b>	<b>–</b>	<b>(2.2)</b>	<b>125.1</b>

	Measured at Amortised Cost £m	Measured at fair value through Other Comprehensive Income £m	Measured at fair value through profit or loss £m	Total £m
<b>2018</b>				
<b>Financial assets</b>				
Trade and other receivables	1,947.9	–	–	1,947.9
Derivative financial instruments	–	–	88.5	88.5
Cash and cash equivalents	71.0	–	–	71.0
<b>Total financial assets</b>	<b>2018.9</b>	<b>–</b>	<b>88.5</b>	<b>2,107.4</b>
<b>Financial liabilities</b>				
Trade and other payables	(1,695.3)	–	–	(1,695.3)
Derivative financial instruments	–	–	(44.1)	(44.1)
Borrowings	(249.0)	–	–	(249.0)
<b>Total financial liabilities</b>	<b>(1,944.3)</b>	<b>–</b>	<b>(44.1)</b>	<b>(1,988.4)</b>
	<b>74.6</b>	<b>–</b>	<b>44.4</b>	<b>119.0</b>

**Inchcape Finance plc**  
**Notes to the financial statements (continued)**

**10 Financial instruments (continued)**

**b. Offsetting financial assets and financial liabilities**

The following financial assets are subject to offsetting, enforceable netting arrangements and similar agreements:

	Gross amounts of financial assets £m	Gross amounts of financial liabilities set off in the statement of financial position £m	Net amounts of financial assets presented in the statement of financial position £m	Related amounts not set off in the statement of financial position		Net amount £m
				Financial instruments £m	Cash collateral received £m	
<b>As at 31 December 2019</b>						
Derivative financial assets	21.6	–	21.6	(5.6)	–	16.0
Cash and cash equivalents	1.0	–	1.0	(1.0)	–	–
Other receivables	–	–	–	–	–	–
<b>Total</b>	<b>22.6</b>	<b>–</b>	<b>22.6</b>	<b>(6.6)</b>	<b>–</b>	<b>16.0</b>
<b>As at 31 December 2018</b>						
Derivative financial assets	94.1	(5.6)	88.5	(16.3)	–	72.2
Cash and cash equivalents	71.0	–	71.0	(1.0)	–	70.0
Other receivables	–	–	–	–	–	–
<b>Total</b>	<b>165.1</b>	<b>(5.6)</b>	<b>159.5</b>	<b>(17.3)</b>	<b>–</b>	<b>142.2</b>

The following financial liabilities are subject to offsetting, enforceable netting arrangements and similar agreements:

	Gross amounts of financial liabilities £m	Gross amounts of financial assets set off in the statement of financial position £m	Net amounts of financial liabilities presented in the statement of financial position £m	Related amounts not set off in the statement of financial position		Net amount £m
				Financial instruments £m	Cash collateral paid £m	
<b>As at 31 December 2019</b>						
Derivative financial liabilities	(23.8)	–	(23.8)	5.6	–	(18.2)
Bank overdrafts	(20.9)	–	(20.9)	1.0	–	(19.9)
Other payables	–	–	–	–	–	–
<b>Total</b>	<b>(44.7)</b>	<b>–</b>	<b>(44.7)</b>	<b>6.6</b>	<b>–</b>	<b>(38.1)</b>
<b>As at 31 December 2018</b>						
Derivative financial liabilities	(49.7)	5.6	(44.1)	16.3	–	(27.8)
Bank overdrafts	(89.7)	–	(89.7)	1.0	–	(88.7)
Other payables	–	–	–	–	–	–
<b>Total</b>	<b>(139.4)</b>	<b>5.6</b>	<b>(133.8)</b>	<b>17.3</b>	<b>–</b>	<b>(116.5)</b>

For the financial assets and liabilities subject to enforceable netting arrangements or similar agreements above, each agreement between the Company and the counterparty allows for net settlement of the relevant financial assets and liabilities if the amounts relate to the same transaction and are in the same currency. If the parties subject to the agreement do not elect to settle on a net basis, financial assets and liabilities will be settled on a gross basis. However, each party to the netting agreement will have the option to settle all such amounts on a net basis in the event of a default of the other party.

**Inchcape Finance plc**  
**Notes to the financial statements (continued)**

**10 Financial instruments (continued)**

**c. Interest rate risk and sensitivity analysis**

The Company's interest rate policy has the objective of minimising the Group's net interest expense and protecting the Group from material adverse movements in interest rates. Throughout 2019, the Company has borrowed at a mixture of fixed and floating rates. The Company's exposure to the risk of changes in market interest rates arises primarily from the floating rate interest payable on the Company's intragroup borrowings, external borrowings and the returns available on surplus cash and intragroup deposits.

**Interest rate risk table**

The following table demonstrates the sensitivity of the Company's profit before tax to a reasonably possible change in interest rates on bank borrowings, intragroup borrowings, cash balances, intragroup deposits and associated derivative financial instruments as at 31 December 2019 with all other variables held constant.

	Increase in basis points	Effect on profit before tax £m
<b>2019</b>		
Sterling	75	8.5
Euro	50	(0.1)
Singapore Dollar	50	(0.1)
Russian Rouble	500	2.4
Australian Dollar	100	0.7
<b>2018</b>		
Sterling	75	7.2
Euro	50	(0.1)
Singapore Dollar	50	(0.1)
Russian Rouble	500	1.3
Australian Dollar	100	1.1

**Inchcape Finance plc**  
**Notes to the financial statements (continued)**

**10 Financial instruments (continued)**

**d. Foreign currency risk**

The Company publishes its financial statements in Sterling and faces currency risk on the translation of its monetary assets and liabilities that are denominated in currencies other than Sterling.

The Company uses forward and swap currency contracts, and cross currency interest rate swaps (matured May 2019) to hedge the forward foreign currency risk associated with monetary assets and liabilities that are denominated in currencies other than Sterling. These instruments are initially recognised at fair value on the date they are entered into and are subsequently re-measured at their fair value with any gains or losses recognised in the income statement to offset the gain or loss arising on the underlying hedged transaction.

**Foreign currency risk table**

The following table shows the Company's sensitivity to a reasonably possible change in foreign exchange rates on its assets and liabilities. In this table, financial assets and liabilities are only considered sensitive to foreign exchange rates when there is no associated forward and swap currency contracts, or cross currency interest rate swaps.

	Increase / (decrease) in exchange rate	Effect on equity £m
<b>2019</b>		
Australian Dollar	+10%	7.7
Australian Dollar	-10%	(6.3)
Singapore Dollar	+10%	(3.0)
Singapore Dollar	-10%	2.5
Russian Rouble	+10%	1.7
Russian Rouble	-10%	(1.4)
Euro	+10%	(1.4)
Euro	-10%	1.1
<b>2018</b>		
Australian Dollar	+10%	12.5
Australian Dollar	-10%	(10.2)
Singapore Dollar	+10%	(3.0)
Singapore Dollar	-10%	2.5
Russian Rouble	+10%	0.3
Russian Rouble	-10%	(0.3)
Euro	+10%	(1.4)
Euro	-10%	1.2

**Inchcape Finance plc**  
**Notes to the financial statements (continued)**

**10 Financial instruments (continued)**

**e. Credit risk**

The amount due from counterparties arising from cash deposits and the use of financial instruments creates credit risk. The Company monitors its credit exposure to its counterparties via their credit ratings (where applicable) and through its policy of limiting its exposure to any one party where the counterparties' credit rating is not 'A' or better ensures that there are no significant concentrations of credit risk.

The notional amounts of financial instruments used in interest rate and foreign exchange management do not represent the credit risk arising through the use of these instruments. The immediate credit risk of these instruments is generally estimated by the fair value of contracts with a positive value. Credit limits are reviewed regularly.

The table below analyses the Company's short-term deposits and derivative assets by credit exposure excluding bank balances and cash in hand:

Credit rating of counterparty	2019		2018	
	Derivative assets £m	Short-term deposits £m	Derivative assets £m	Short-term deposits £m
AA-	0.5	—	43.4	—
A+	—	—	28.5	38.2
A	3.2	—	—	—
A-	1.6	—	12.0	31.8
BBB+	0.1	—	0.1	—
No rating – Inchcape Group Companies	16.2	—	4.5	—
	<b>21.6</b>	<b>—</b>	<b>88.5</b>	<b>70.0</b>

Management does not expect any losses from non-performance by these counterparties.

The maximum exposure to credit risk for cash at bank, cash equivalents, receivables and other financial assets is represented by their carrying amount. The majority of the Company's receivables are represented by amounts owed by Group undertakings for which there is no credit rating.



**Inchcape Finance plc**  
**Notes to the financial statements (continued)**

**10 Financial instruments (continued)**

**f. Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the Inchcape Group's operations, the Company aims to maintain flexibility in funding by keeping committed credit lines available.

The table below summarises the maturity profile of the Company's financial assets and liabilities at 31 December 2019 and 2018 based on expected contractual undiscounted cash flows:

	Less than 3 months £m	Between 3 to 12 months £m	Between 1 to 5 years £m	Total £m
<b>2019</b>				
<b>Financial assets</b>				
Trade and other receivables	92.7	0.4	1,888.2	1,981.3
Derivative financial instruments	14.6	7.0	–	21.6
Cash and cash equivalents	1.0	–	–	1.0
	<b>108.3</b>	<b>7.4</b>	<b>1,888.2</b>	<b>2,003.9</b>
<b>Financial liabilities</b>				
Trade and other payables	(778.7)	(16.5)	(949.0)	(1,744.2)
Derivative financial instruments	(16.8)	(7.0)	–	(23.8)
Bank borrowings	(80.9)	–	–	(80.9)
	<b>(876.4)</b>	<b>(23.5)</b>	<b>(949.0)</b>	<b>(1,848.9)</b>
<b>Net (outflows)/inflows</b>	<b>(768.1)</b>	<b>(16.1)</b>	<b>939.2</b>	<b>155.0</b>
	Less than 3 months £m	Between 3 to 12 months £m	Between 1 to 5 years £m	Total £m
<b>2018</b>				
<b>Financial assets</b>				
Trade and other receivables	52.3	1.2	1,961.0	2,014.5
Derivative financial instruments	24.0	64.5	–	88.5
Cash and cash equivalents	71.0	–	–	71.0
	<b>147.3</b>	<b>65.7</b>	<b>1,961.0</b>	<b>2,174.0</b>
<b>Financial liabilities</b>				
Trade and other payables	(388.5)	(159.1)	(1,050.5)	(1,598.1)
Derivative financial instruments	(31.8)	(12.3)	–	(44.1)
Bank borrowings	(248.0)	–	–	(248.0)
	<b>(668.3)</b>	<b>(171.4)</b>	<b>(1,050.5)</b>	<b>(1,890.2)</b>
<b>Net (outflows)/inflows</b>	<b>(521.0)</b>	<b>(105.7)</b>	<b>910.5</b>	<b>283.8</b>

**Inchcape Finance plc**  
**Notes to the financial statements (continued)**

**10 Financial instruments (continued)**

**g. Derivative financial instruments**

	2019			2018		
	Asset £m	Liability £m	Impact on profit and (loss) £m	Asset £m	Liability £m	Impact on profit and (loss) £m
<b>Financial instruments:</b>						
Hedging balance sheet positions	4.9	(7.1)	5.8	1.0	(8.9)	(7.2)
Hedging forward contracts	16.7	(16.7)	–	35.2	(35.2)	–
Cross currency interest rate swaps	–	–	(3.7)	52.3	–	2.6
	<b>21.6</b>	<b>(23.8)</b>	<b>2.1</b>	<b>88.5</b>	<b>(44.1)</b>	<b>(4.6)</b>

Financial instruments managing balance sheet positions are foreign currency derivatives that mature within 12 months and outstanding instruments have a nominal principal amount of £966.1m as at 31 December 2019 (2018: £809.0m).

Financial instruments managing forward contracts are back-to-back foreign currency derivatives that mature within 12 months. External outstanding instruments have a nominal principal amount of £552.7m as at 31 December 2019 (2018: £697.7m), with a corresponding intragroup derivative of the same principal amount.

The cross-currency interest rate derivatives matured in May 2019.

The Company's financial instruments held at fair value are not traded in an active market. Fair value is determined by using valuation techniques that include the present value of estimated future cash flows. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

**h. Capital management**

The Company's capital structure consists of equity and debt. Equity represents funds raised from shareholders and debt represents funds raised from banks and other Group companies. The primary objective of the Company's management of debt and equity is to ensure that it has sufficient resources available to meet the funding requirements of companies within the Inchcape Group.

**11 Facilities and Borrowings**

At 31 December 2018, the committed funding facilities of the Company comprised a syndicated revolving credit facility of £400m and four bi-lateral revolving credit facilities totalling £221m. At 31 December 2018 £158.2m was drawn on these facilities.

In February 2019, all these facilities were replaced with a syndicated revolving credit facility of £700m with an initial expiry date of February 2024 and options to renew until 2026. At 31 December 2019 £60.0m was drawn on the facility.

**Inchcape Finance plc**  
**Notes to the financial statements (continued)**

**12 Deferred tax asset/(provision)**

	Other timing differences £m	Total £m
At 1 January 2019	(0.3)	(0.3)
Credited to the income statement	0.3	0.3
<b>At 31 December 2019</b>	-	-

**13 Called up share capital**

**Allotted, called up and fully paid up**

	2019 Number	2018 Number	2019 £m	2018 £m
<b>Ordinary shares (nominal value of £1 each)</b>				
At 1 January	27,500,000	27,500,000	27.5	27.5
<b>At 31 December</b>	<b>27,500,000</b>	<b>27,500,000</b>	<b>27.5</b>	<b>27.5</b>

**14 Contingent liabilities**

The Company has given performance guarantees in the normal course of business in respect of the obligations of Group undertakings relating to:

- GBP private placement loan notes £210.0m (2018: £210.0m).
- US Dollar private placement loan notes £nil (2018: £125.6m).
- Supplier related credit £46.8m (2018: £51.9m); and
- Leasehold property £2.0m (2018: £2.1m).

**15 Financial commitments**

The Company has, in the ordinary course of business, commitments under foreign exchange instruments relating to the hedging of transactions and overseas earnings (see note 10f and 10g).

**16 Parent undertaking and controlling party**

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

The Directors regard the ultimate parent undertaking and controlling party to be Inchcape plc, a company 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 Annual Report and Accounts for that company are available from The Company Secretary at the Company's registered address being:

Inchcape plc  
22a St James's Square  
London  
SW1Y 5LP