

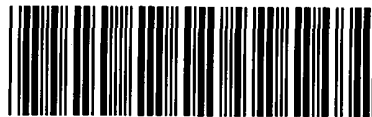
Registration number: 3580629

Inchcape International Holdings Limited

Annual Report and Financial Statements

for the year ended 31 December 2015

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22a St James's Square
London
SW1Y 5LP

Inchcape International Holdings Limited

Strategic Report for the Year Ended 31 December 2015

The Directors present their strategic report for the year ended 31 December 2015.

Fair review of the business

The results for the Company show a profit for the financial year of £129,561,000 (2014: £191,787,000).

The Company's principal activity during the year was that of an intermediate holding and property company. The Company receives dividends from Group companies and rental income from a portfolio of property, plant and equipment acquired from Inchcape Estates Limited. The principal activity remains unchanged from prior years.

Key performance indicators (KPIs)

The Company is part of the Inchcape Group. The development, performance and position of the UK segment, which includes this Company, is discussed in the Group's Annual Report and Accounts 2015 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 Directors of Inchcape plc manage the Group's risk at a group level rather than at an individual business unit or company level. Further discussion on these risks and uncertainties, in the context of the Inchcape Group as a whole, is provided in the Group's Annual Report and Accounts 2015 which does not form part of this report.

Approved by the Board on 28 September 2016 and signed by order of the Board by:



Inchcape Corporate Services Limited
Company secretary

Inchcape International Holdings Limited

Directors' Report for the Year Ended 31 December 2015

The Directors present their report and the audited financial statements for the year ended 31 December 2015.

Incorporation and Domicile

The Company is limited by share capital and is incorporated in England and Wales. It is also domiciled in England and Wales.

Directors of the Company

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

Christopher Davies

Tony George (resigned 14 May 2015)

Jonathan Greenwood (appointed 14 May 2015)

Anton Jeary

Bertrand Mallet (appointed 19 October 2015)

Mark Thomas (resigned 16 October 2015)

Tamsin Waterhouse

Martin Wheatley

The following Directors were appointed after the year end:

Michael Bowers (appointed 5 February 2016)

Alison Clarke (appointed 5 February 2016)

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 2015, or occurred during the year for any Director or connected person (2014: none).

Dividends

The Directors have paid interim dividends for the year ended 31 December 2015 of £0.101 per share, totalling £146,183,000 (2014: £0.097 per share, totalling 140,331,000).

The Directors do not recommend the payment of a final dividend (2014: £nil).

Future developments

The Directors do not foresee any significant changes in the Company or its activities in 2016.

Financial instruments 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.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

First time adoption of FRS 101

These financial statements were prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The Company has transitioned to FRS 101 for all periods presented.

Inchcape International Holdings Limited

Directors' Report for the Year Ended 31 December 2015

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 disclosure of information to the auditors

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board on 28 September 2016 and signed by order of the Board by:



Inchcape Corporate Services Limited
Company secretary

Inchcape International Holdings Limited

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report and Directors' 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101) 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 these financial statements, the Directors are required to:

- select suitable accounting policies and 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 notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Inchcape International Holdings Limited

Independent Auditors' Report to the members of Inchcape International Holdings Limited

Report on the financial statements

Our opinion

In our opinion Inchcape International Holdings Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- Balance Sheet as at 31 December 2015;
- Profit and Loss Account and the Statement of Comprehensive Income for the year then ended;
- Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements; which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Inchcape International Holdings Limited

Independent Auditors' Report to the members of Inchcape International Holdings Limited

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

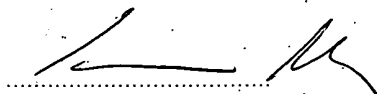
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Simon Morley (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP,
Chartered Accountants and Statutory Auditor
London

Inchcape International Holdings Limited

Profit and Loss Account for the Year Ended 31 December 2015

	Note	2015 £ 000	2014 £ 000
Administrative expenses		(7,152)	(4,624)
Other operating income		<u>8,694</u>	<u>8,965</u>
Operating profit	3	1,542	4,341
Income from shares in group undertakings		123,913	188,915
Interest receivable and similar income	5	11,625	8,957
Interest payable and similar charges	6	<u>(10,158)</u>	<u>(9,843)</u>
Profit on ordinary activities before taxation		126,922	192,370
Tax on profit on ordinary activities	7	<u>2,639</u>	<u>(583)</u>
Profit for the financial year		<u><u>129,561</u></u>	<u><u>191,787</u></u>

The above results were derived from continuing operations.

Inchcape International Holdings Limited

Statement of Comprehensive Income for the Year Ended 31 December 2015

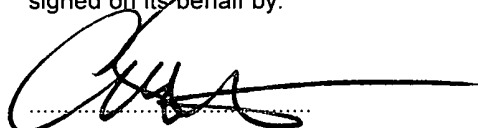
	Note	2015 £ 000	2014 £ 000
Profit for the financial year		<u>129,561</u>	<u>191,787</u>
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of post employment benefit obligations	14	(33,316)	6,166
Tax recognised in statement of comprehensive income		<u>2,141</u>	<u>(1,440)</u>
Other comprehensive (expense)/income		<u>(31,175)</u>	<u>4,726</u>
Total comprehensive income for the year		<u><u>98,386</u></u>	<u><u>196,513</u></u>

Inchcape International Holdings Limited

Balance Sheet as at 31 December 2015

	Note	2015 £ 000	2014 £ 000
Fixed assets			
Tangible assets	8	97,788	110,728
Investments	9	<u>1,670,645</u>	<u>1,676,412</u>
		<u>1,768,433</u>	<u>1,787,140</u>
Current assets			
Debtors: Amounts falling due within one year	10	44,856	24,146
Cash and cash equivalents	11	<u>3,667</u>	<u>11,826</u>
		48,523	35,972
Creditors: Amounts falling due within one year	12	<u>(7,280)</u>	<u>(1,103)</u>
Net current assets		<u>41,243</u>	<u>34,869</u>
Total assets less current liabilities		1,809,676	1,822,009
Creditors: Amounts falling due after more than one year	13	(542,431)	(529,447)
Provisions for liabilities	7	(24,970)	(27,904)
Pensions and similar obligations	14	<u>111,652</u>	<u>137,066</u>
Net assets		<u>1,353,927</u>	<u>1,401,724</u>
Capital and reserves			
Share capital	15	451,350	451,350
Share premium account		39,036	39,036
Profit and loss account		<u>863,541</u>	<u>911,338</u>
Total shareholders' funds		<u>1,353,927</u>	<u>1,401,724</u>

The financial statements on pages 7 to 30 were approved by the Board on 28 September 2016 and signed on its behalf by:



 Christopher Davies
 Director

Inchcape International Holdings Limited

Statement of Changes in Equity for the Year Ended 31 December 2015

	Share capital £ 000	Share premium account £ 000	Profit and loss account £ 000	Total shareholders' funds £ 000
At 1 January 2015	451,350	39,036	911,338	1,401,724
Profit for the financial year	-	-	129,561	129,561
Other comprehensive expense	-	-	(31,175)	(31,175)
Total comprehensive income	-	-	98,386	98,386
Dividends	-	-	(146,183)	(146,183)
At 31 December 2015	451,350	39,036	863,541	1,353,927
	Share capital £ 000	Share premium account £ 000	Profit and loss account £ 000	Total shareholders' funds £ 000
At 1 January 2014	451,350	39,036	855,156	1,345,542
Profit for the financial year	-	-	191,787	191,787
Other comprehensive expense	-	-	4,726	4,726
Total comprehensive income	-	-	196,513	196,513
Dividends	-	-	(140,331)	(140,331)
At 31 December 2014	451,350	39,036	911,338	1,401,724

Inchcape International Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

1 Accounting policies

Basis of preparation

These financial statements were prepared under the historical cost convention 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 has transitioned from old UK GAAP to FRS 101 for all years presented. Transition tables showing material adjustments are disclosed in note 19.

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.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue as a going concern for the foreseeable future. As such, the Company continues to adopt the going concern basis in preparing the financial statements.

Inchcape International Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

1 Accounting policies (continued)

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.

Rental income and expense

Rental income represents the revenue from the letting of land and buildings, is wholly derived in the United Kingdom and is recognised within other operating income. Rental expense is charged to the profit and loss account on a straight line basis over the lease term.

Finance income and costs policy

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

Foreign currency transactions and balances

Transactions in overseas currencies have been translated into Sterling at the rate ruling at the date of the transaction. Assets and liabilities are translated into Sterling at the rate ruling at the balance sheet date.

Tax

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

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

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

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

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

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. 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.

Inchcape International Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

1 Accounting policies (continued)

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
Freehold and long leasehold buildings	2% per annum
Short leasehold properties	over the period of the lease

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.

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.

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 International Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

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.

2 Critical accounting judgements and key sources of estimation uncertainty

The Directors have made some estimates and judgements in applying the accounting policies. The most significant relate to:

Impairment of investments

Investments are reviewed for impairment on an annual basis. The carrying value at the end of the year is compared with the recoverable value for each investment. The recoverable value is determined based on the higher of net asset value or value in use. Value in use calculations require estimates to be made of future cash flows.

Pensions and post-retirement benefits

Pension and other post-retirement benefit liabilities are determined based on actuarial assumptions. A number of these assumptions required a degree of judgement, including the discount rate, rate of inflation and expected mortality rates. These assumptions are subject to a review on an annual basis and are determined in conjunction with an external actuary. The use of different assumptions could have a material effect on the value of the relevant liabilities and could result in a material change to amounts recognised in the profit and loss account over time.

Inchcape International Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

3 Operating profit

Stated after charging/(crediting):

	2015 £ 000	2014 £ 000
Depreciation of tangible assets	2,022	1,987
Profit on disposal of property, plant and equipment	(1,468)	-
Impairment of investments	<u>-</u>	<u>1,174</u>

Auditors' remuneration has been borne by a fellow subsidiary undertaking. Of this remuneration £13,000 (2014: £10,000) is deemed to be attributable to the Company.

4 Directors and employees

The Company has no employees except the Directors (2014: none) and hence no salary or social security costs (2014: £nil).

No emoluments (2014: £nil) were paid to the Directors of the Company whose services are provided to a number of Group companies. The proportion of their emoluments attributable to the Company can not be reasonably estimated and these costs are borne entirely within the Inchcape Group.

5 Interest receivable and similar income

	2015 £ 000	2014 £ 000
Interest income on post-retirement assets and liabilities	4,775	5,601
Foreign exchange gains	<u>6,850</u>	<u>3,356</u>
	<u>11,625</u>	<u>8,957</u>

6 Interest payable and similar charges

	2015 £ 000	2014 £ 000
Interest payable to group undertakings	<u>10,158</u>	<u>9,843</u>

Inchcape International Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

7 Tax on profit on ordinary activities

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

	2015 £ 000	2014 £ 000
Current taxation		
UK corporation tax on profits for the year	(699)	(1,688)
Adjustments in respect of prior years	271	87
	<u>(428)</u>	<u>(1,601)</u>
Deferred taxation		
Origination and reversal of timing differences	939	2,397
Adjustments in respect of prior years	(1,890)	(213)
Tax rate changes	(1,260)	-
	<u>(2,211)</u>	<u>2,184</u>
Tax (credit)/charge for the year	<u>(2,639)</u>	<u>583</u>

The tax on profit on ordinary activities before taxation for the year is lower than the standard rate of corporation tax in the UK (2014 - lower than the standard rate of corporation tax in the UK) of 20.25% (2014 - 21.5%).

The differences are reconciled below:

	2015 £ 000	2014 £ 000
Profit on ordinary activities before taxation	<u>126,922</u>	<u>192,370</u>
Corporation tax at standard rate	25,702	41,360
Adjustments in respect of prior years	(1,619)	(126)
Income exempt from taxation	(25,815)	(40,996)
Expenses not deductible for tax purposes	353	525
Impact of change in tax rates	<u>(1,260)</u>	<u>(180)</u>
Total tax (credit)/charge	<u>(2,639)</u>	<u>583</u>

Inchcape International Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

7 Tax on profit on ordinary activities (continued)

Deferred tax

Deferred tax movement during the year:

	1 January 2015 £ 000	Recognised in income £ 000	Recognised in other comprehensive income £ 000	31 December 2015 £ 000
Accelerated tax depreciation	(772)	256	-	(516)
Other items	(27,132)	1,955	723	(24,454)
Net tax assets/(liabilities)	<u>(27,904)</u>	<u>2,211</u>	<u>723</u>	<u>(24,970)</u>

Factors that may affect future tax charges

The standard rate of Corporation Tax in the UK reduced from 21% to 20% with effect from 1 April 2015. Accordingly the Company's profits for this year are taxed at an effective rate of 20.25%.

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. The deferred tax liability as at 31 December 2015 has been calculated based on these rates.

An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the company's future current tax charge accordingly and reduce the deferred tax liability at 31 December 2015 by £1,387,000.

8 Tangible assets

	Land and buildings £ 000	Total £ 000
Cost		
At 1 January 2015	123,564	123,564
Additions	1,618	1,618
Transferred to group companies	(9,322)	(9,322)
Disposals	<u>(5,190)</u>	<u>(5,190)</u>
At 31 December 2015	<u>110,670</u>	<u>110,670</u>
Accumulated depreciation		
At 1 January 2015	(12,836)	(12,836)
Charge for the year	(2,022)	(2,022)
Eliminated on disposal	920	920
Transferred to group companies	<u>1,056</u>	<u>1,056</u>
At 31 December 2015	<u>(12,882)</u>	<u>(12,882)</u>

Inchcape International Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

8 Tangible assets (continued)

	Land and buildings £ 000	Total £ 000
Net book value		
At 31 December 2015	<u>97,788</u>	<u>97,788</u>
At 31 December 2014	<u>110,728</u>	<u>110,728</u>

9 Investments

Shares in subsidiary undertakings	£ 000
Cost	
At 1 January 2015	2,611,870
Disposals	<u>(5,767)</u>
At 31 December 2015	<u>2,606,103</u>
Provisions	
At 1 January 2015	<u>(935,463)</u>
At 31 December 2015	<u>(935,463)</u>
Net book value	
At 31 December 2015	<u>1,670,640</u>
At 31 December 2014	<u>1,676,407</u>

During the year the Company disposed of its investment in Nova Motors Limited. At the time of disposal this investment had a net book value of £nil. The shares were transferred to another Group subsidiary, Inchcape South China Limited, for £nil consideration.

Inchcape International Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

9 Investments (continued)

Details of the direct subsidiaries as at 31 December 2015 are detailed below. All direct holdings have one type of ordinary share capital, except for the holding in Inchcape Australia Limited which is in ordinary A and ordinary B shares. A list of all other significant holdings can be seen in note 20.

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of nominal value of shares held
Autobytel UK Limited	Motors retail	England & Wales	100%
Autoproducts NV	Motors retail	Belgium	94%
Chapelgate Motors Limited	Motors retail	England & Wales	100%
European Motor Holdings Limited	Holding company	England & Wales	100%
Gerard Mann Limited	Motors retail	England & Wales	100%
Inchcape Australia Limited	Motors import and distribution	Australia	100%
Inchcape Corporate Services Limited	Holding company	England & Wales	100%
Inchcape Estates Limited	Property holding company	England & Wales	100%
Inchcape Fleet Solutions Limited	Vehicle contract hire	England & Wales	100%
Inchcape Investment and Asset Management Limited	Holding company	Scotland	100%
Inchcape Motors Finland OY	Motors import and distribution	Finland	100%
Inchcape Retail Limited	Motors retail	England & Wales	100%
Inchcape Transition Limited	Dormant	England & Wales	100%
Kenning Motor Group Limited	Dormant	England & Wales	100%
SMLB Pty Limited	Financing company	Australia	100%

Inchcape International Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

9 Investments (continued)

Associates

£ 000

Cost or valuation

At 1 January 2015 5

At 31 December 2015 5

Provision

At 1 January 2014 -

At 31 December 2014 -

Carrying amount

At 31 December 2015 5

At 31 December 2014 5

10 Debtors: amounts falling due within one year

	2015 £ 000	2014 £ 000
Amounts owed by group undertakings	44,394	24,134
Other debtors	<u>462</u>	<u>12</u>
	<u>44,856</u>	<u>24,146</u>

11 Cash and cash equivalents

	2015 £ 000	2014 £ 000
Cash at bank	<u>3,667</u>	<u>11,826</u>

12 Creditors: amounts falling due within one year

	2015 £ 000	2014 £ 000
Accruals and deferred income	7,000	-
Amounts owed to group undertakings	-	691
Other creditors	<u>280</u>	<u>412</u>
	<u>7,280</u>	<u>1,103</u>

13 Creditors: amounts falling due after more than one year

	2015 £ 000	2014 £ 000
Amounts owed to group undertakings	<u>542,431</u>	<u>529,447</u>

Inchcape International Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

14 Pensions and similar obligations

Defined benefit pension schemes

During the year, the Company participated in the following defined benefit final salary pension schemes, based in the UK: the Inchcape Motors Pension Scheme (comprising the Group, Motors, Normand and Cash+ sections) and the TKM Group Pension Scheme.

Full details relating to each scheme can be found in the Group's Annual Report and Accounts 2015.

Risks

Full details of risk management for the defined benefit pension schemes can be found in the Group's Annual Report and Accounts 2015.

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the balance sheet are as follows:

	2015 £ 000	2014 £ 000
Fair value of scheme assets	945,081	1,023,802
Present value of scheme liabilities	(833,429)	(886,736)
Defined benefit pension scheme surplus	<u>111,652</u>	<u>137,066</u>

Scheme assets

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

	2015 £ 000	2014 £ 000
Fair value at start of year	1,023,802	928,996
Interest income	34,990	39,991
Actuarial (losses)/gains: return on plan assets	(78,712)	90,403
Employer contributions	6,802	5,912
Employee contributions	26	10
Benefits paid	(40,028)	(38,245)
Plan settlements	-	(957)
Scheme expenses	(1,799)	(2,308)
Fair value at end of year	<u>945,081</u>	<u>1,023,802</u>

Analysis of assets

The major categories of scheme assets are as follows:

Inchcape International Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

14 Pensions and similar obligations (continued)

Asset type	2015	2014
Equities	5.1%	4.0%
Corporate bonds	25.4%	27.3%
Government bonds	0.1%	26.8%
Diversified growth funds	19.1%	21.4%
Investment funds	14.3%	8.2%
Insurance policy settlements	25.5%	0.0%
Cash	0.5%	4.2%
Other	10.0%	8.1%
Total	100%	100%

The pension scheme has not invested in any of the Company's own financial instruments or in properties or other assets used by the Company.

Scheme liabilities

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

	2015 £ 000	2014 £ 000
Present value at start of year	886,736	808,938
Current service cost	8,876	5,689
Past service cost	-	(7,326)
Actuarial (gains)/losses: changes in financial assumptions	(53,209)	83,343
Actuarial losses: experience adjustments	813	894
Interest cost	30,215	34,390
Benefits paid	(40,028)	(38,245)
Employee contributions	26	10
Plan settlements	-	(957)
Present value at end of year	833,429	886,736

Principal actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the balance sheet date are as follows:

	2015 %	2014 %
Discount rate	3.9	3.4
Future salary increases	3.6	3.6
Future pension increases	3.1	3.1
Inflation	3.1	3.1

Inchcape International Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

14 Pensions and similar obligations (continued)

Post retirement mortality assumptions

	2015 Years	2014 Years
Current pensioners	23.9	23.8
Current non-pensioners	<u>25.7</u>	<u>25.6</u>

Amounts recognised through the profit and loss account

	2015 £ 000	2014 £ 000
Amounts recognised in operating profit		
Current service cost	8,876	5,689
Past service cost	-	(7,326)
Scheme expenses	<u>1,799</u>	<u>2,308</u>
Recognised in arriving at operating profit	<u>10,675</u>	<u>671</u>
Amounts recognised in finance income or costs		
Net interest	<u>(4,775)</u>	<u>(5,601)</u>
Total recognised through the profit and loss account	<u>5,900</u>	<u>(4,930)</u>

Amounts taken to the Statement of Comprehensive Income

	2015 £ 000	2014 £ 000
Actuarial (gains)/losses: changes in financial assumptions	(53,209)	83,343
Actuarial losses: experience adjustments	813	894
Actuarial losses/(gains): return on plan assets	<u>78,712</u>	<u>(90,403)</u>
Amounts recognised in the Statement of Comprehensive Income	<u>26,316</u>	<u>(6,166)</u>

In 2015, investment management expenses of £7.0m (2014: £nil) were borne by the Company. These have been recognised within the remeasurements of post employment benefit obligations line in the Statement of Comprehensive Income.

Inchcape International Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

14 Pensions and similar obligations (continued)

Sensitivity analysis

Impact on the defined benefit obligation

	2015 %	2014 %
Discount rate -0.25%	+4.0	+4.2
Discount rate +0.25%	-3.8	-4.0
Inflation -0.25%	-3.4	-3.6
Inflation +0.25%	+3.6	+3.8
Life expectancy +1 year	+3.4	+3.3

15 Share capital

Allotted, called up and fully paid shares

	2015		2014	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £0.05 each	1,045,000	52,250	1,045,000	52,250
Ordinary shares of £1 each	399,100	399,100	399,100	399,100
	<u>1,444,100</u>	<u>451,350</u>	<u>1,444,100</u>	<u>451,350</u>

16 Dividends

	2015 £ 000	2014 £ 000
Interim dividend of £0.101 (2014 - £0.097) per ordinary share	146,183	140,331
	<u>146,183</u>	<u>140,331</u>

17 Contingent liabilities

The Company is party to composite cross guarantees between banks, its ultimate parent undertaking and fellow subsidiaries. The Company's contingent liability under these guarantees at the year end was £3,667,000 (2014: £11,826,000).

Inchcape International Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

18 Parent and ultimate parent undertaking

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

19 Transition to FRS 101

As disclosed within the Basis of Preparation section on page 11, these financial statements for the year ended 31 December 2015 are the first that the Company has prepared in accordance with FRS 101. Accordingly, the Company has prepared individual financial statements that comply with FRS 101 applicable for all periods beginning on or after 1 January 2014.

In preparing these financial statements, the Company has started from an opening balance sheet as at 1 January 2014 and made those changes in accounting policies and other restatements required for the first-time adoption of FRS 101.

The only material adjustments to the Company's financial statements as a result of the transition from UK GAAP to FRS 101 have been in respect of defined benefit pension schemes and deferred tax. Under UK GAAP the defined benefit pension asset was not recognised, while under FRS 101 we bring this onto the balance sheet. Deferred tax under FRS 101 is defined in relation to temporary differences between carrying values and their related tax bases, rather than timing differences in the income statement.

The table below shows a reconciliation of total shareholders' funds as at 1 January 2014 and 31 December 2014:

	1 Jan 2014 £000	31 Dec 2014 £000
UK GAAP - as previously reported	1,249,501	1,292,284
Impact of deferred benefit pension schemes	120,059	137,066
Deferred tax impact	(24,018)	(27,626)
FRS 101	<u>1,345,542</u>	<u>1,401,724</u>

The table below shows a reconciliation of total comprehensive income for the year ended 31 December 2014:

Inchcape International Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

19 Transition to FRS 101 (continued)

	31 Dec 2014 £000
<i>Profit for the financial year</i>	
UK GAAP - as previously reported	183,114
Reverse pension contributions expensed under UK GAAP	5,911
Pension scheme expenses	(2,308)
Pension service cost - current	(5,689)
Pension service cost - past	7,326
Pension interest	5,601
Deferred tax movement	<u>(2,168)</u>
FRS 101	<u><u>191,787</u></u>
<i>Other comprehensive income</i>	
UK GAAP - as previously reported	-
Actuarial gain on post-retirement liability	6,166
Deferred tax movement	<u>(1,440)</u>
FRS 101	<u><u>4,726</u></u>
Total comprehensive income - FRS 101	<u><u>196,513</u></u>

Inchcape International Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

20 Significant holdings

Company	Country of incorporation or registration	Proportion of nominal value of shares held
Indirect subsidiary undertakings		
Inchcape Baltic Motors Limited	England & Wales	100%
Inchcape BMI Limited	England & Wales	100%
BM Lizings SIA	Latvia	100%
Ventmotors SIA	Latvia	100%
Inchcape Motor Leasing Limited	Hong Kong	100%
Yat Fung Motors Limited	Macau	100%
Automobiles of Distinction Limited	England & Wales	100%
Castle Motors (York) Limited	England & Wales	100%
Dane Motor Company (Chester) Limited	England & Wales	100%
James Edwards (Chester) Limited	England & Wales	100%
Malton Motors Fleet Limited	England & Wales	100%
Malton Motors Limited	England & Wales	100%
Mill Garages Limited	England & Wales	100%
Normand Motor Group Limited	England & Wales	100%
Normand Trustees Limited	England & Wales	100%
Northfield Garage (Tetbury) Limited	England & Wales	100%
Packaging Industries Limited	England & Wales	100%
Smith Knight Fay (Holdings) Limited	England & Wales	100%
Wyvern (Wrexham) Limited	England & Wales	100%
Inchcape North West Group Limited	England & Wales	100%
Champion Motors (Brunei) Sdn Bhd	Brunei	70%
NBT (Brunei) Sdn Bhd	Brunei	70%
AutoNexus Pty Limited	Australia	100%
Inchcape Automotive Australia Pty Limited	Australia	100%
Inchcape Automotive Retail Pty Limited	Australia	100%
Keystar Motors Pty Limited (i)	Australia	100%
Subaru (Australia) Pty Limited	Australia	90%
TCH Unit Trust	Australia	100%
Trivett Classic Holdings Pty Limited (ii)	Australia	100%
Ermans Real Estate Holder SIA	Latvia	100%
Baltic Motors Corporation	USA	100%
Inchcape Hellas UK	England & Wales	100%
Inchcape Imperial	England & Wales	100%
Inchcape International Group BV	Netherlands	100%
Inchcape Investments (No 1) Limited	England & Wales	100%
Inchcape Moscow Holdings BV	Netherlands	100%
UAB Inchcape Motors	Lithuania	67%
Inchcape East (Acre) Limited	England & Wales	100%
Inchcape East (Brook) Limited	England & Wales	100%
Inchcape East (Hill) Limited	England & Wales	100%
Inchcape East (Properties) Limited	England & Wales	100%
Inchcape East Limited	England & Wales	100%
Inchcape East (2) Limited	England & Wales	100%

Inchcape International Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

Autoproject LLC	Russia	100%
Borishof 1 LLC	Russia	100%
Musa Motors JLR LLC	Russia	100%
Musa Motors Volvo LLC	Russia	100%
Baltic Motors Imports SIA	Latvia	100%
Baltijas Ipasumum Fonds SIA	Latvia	100%
British Motors Limited	Hong Kong	100%
Car Security NV	Belgium	100%
Crown Motors Development Limited	Hong Kong	100%
Crown Motors Limited	Hong Kong	100%
Eurolease Fleet Services SA	Greece	100%
Future Motors Limited	Hong Kong	100%
GGE Francorchamps SA	Belgium	90%
Inchcape BM Auto SIA	Latvia	100%
Inchcape Finance (HK) Limited	Hong Kong	100%
Inchcape Investments (No 2) Limited	England & Wales	100%
Inchcape Motors Estonia OU	Estonia	100%
Inchcape Motors Latvia SIA	Latvia	100%
Inchcape Motors Poland Sp Zoo	Poland	100%
Inchcape Motors Private Limited	Singapore	100%
Inchcape Motors Srl	Romania	100%
Inchcape Hong Kong Limited	Hong Kong	100%
Inchcape T BV	Netherlands	100%
Jaguar Luxembourg SA	Luxembourg	100%
Olimp BV	Netherlands	100%
TM Auto EOOD	Bulgaria	100%
Toyota Auto Centre DOOEL	Macedonia	100%
Toyota Balkans EOOD	Bulgaria	100%
Toyota Belgium NV/SA	Belgium	100%
Toyota Hellas SA	Greece	100%
Toyota Romania Srl	Romania	100%
UnitFinance SA	Greece	60%
Cavendish 1 Limited	England & Wales	100%
Inchcape Motors International Limited	England & Wales	100%
Distribution Services Cote d'Ivoire Limited	Ivory Coast	100%
Inchcape Moscow Motors BV	Netherlands	100%
Autopark LLC	Russia	100%
Inchcape Holding LLC	Russia	100%
Enterprise Car Finance Limited	England & Wales	50%
Inchcape Motors Pension Trust Limited	England & Wales	100%
Penta Watford Limited	England & Wales	88%
Tozer Kemsley and Millbourn Automotive Limited	England & Wales	100%
Interim Cars Sp Zoo	Poland	100%
Borneo Motors (Singapore) Pte Limited	Singapore	100%
Century Motors (Singapore) Pte Limited	Singapore	100%
Champion Motors (1975) Pte Limited	Singapore	100%
IB Enterprises	Cook Islands	100%
Inchcape (Singapore) Limited	England & Wales	100%
Inchcape Automotive Services Pte Limited	Singapore	100%
Inchcape Real Estate Srl	Romania	100%
Inchcape North West Limited	England & Wales	100%
Inchcape Russia (UK) Limited	England & Wales	100%
Armstrong Massey (York) Limited	England & Wales	100%

Inchcape International Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

Armstrong Massey Holding Limited		England & Wales	100%
Chapelgate Holdings Limited		England & Wales	100%
Inchcape East (Holdings) Limited		England & Wales	100%
Inchcape Park Lane Limited		England & Wales	100%
Inchcape Trade Parts Limited		England & Wales	100%
Inchcape UK Limited		England & Wales	100%
The Cooper Group Limited		England & Wales	100%
Nova Motors Limited		Hong Kong	100%
Inchcape Motor Services Limited		Hong Kong	100%
Inchcape T LLC		Russia	100%
Inchcape T Property BV		Russia	100%
Bates Motors (Belcher) Limited		England & Wales	100%
Casemount Holdings Limited		England & Wales	100%
Inchcape Midlands Limited		England & Wales	100%
L&C Auto Services (Croydon) Limited	(iv)	England & Wales	100%
L&C Auto Services Limited	(v)	England & Wales	100%
L&C Banstead Limited		England & Wales	100%
Notneeded No. 144 Limited		England & Wales	100%
St. Mary Axe Securities Limited		England & Wales	100%
Notneeded No. 145 Limited		England & Wales	100%
NBT Services Sdn Brhd		Brunei	100%
HA Fox Limited		England & Wales	100%
Normand Heathrow Limited		England & Wales	100%
Normand Limited		England & Wales	100%
Nova Motors (Macao) Limited		Macao	100%
Concord LLC		Russia	100%
Inchcape Olimp LLC		Russia	100%
Orgtekhstroy LLC		Russia	100%
D J Smith Limited		England & Wales	100%
Smith Knight Fay Limited		England & Wales	100%
Inchcape Brokerage Bulgaria EOOD		Bulgaria	100%
Inchcape (Belgium) Limited	(vi)	England & Wales	99%
Inchcape Retail Belgium NV/SA		Belgium	100%
British Providence SA		Greece	100%
Inchcape Hellas Funding		England & Wales	100%
Inchcape Insurance SA		Greece	100%
Polis Inchcape Athens SA		Greece	100%
Polis Inchcape Thessaloniki SA		Greece	100%
Teffin SA		Greece	50%
Nexus Corporation Limited		England & Wales	100%
Tozer International Holdings Limited		England & Wales	100%
Bespoke Automotive Australia Pty Limited		Australia	100%
Trivett Automotive Group Pty Limited		Australia	100%
Trivett Bespoke Automotive Pty Limited		Australia	100%
Trivett Classic Garage Pty Limited		Australia	100%
Trivett Classic Pty Limited	(vii)	Australia	100%
Trivett Tyres Pty Limited		Australia	100%
Trivett Classic Group Finance Pty Limited		Australia	100%
Trivett Motorcycles Pty Limited		Australia	100%
Trivett P/L		Australia	100%
UAB Auto Vista		Lithuania	67%
UAB Auto Vytautas		Lithuania	67%

Inchcape International Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

Indirect significant holdings

Inchcape Financial Services Limited	(viii)	England & Wales	49%
Inchcape Latvia Limited		Latvia	40%

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

- (i) Ordinary shares, B class shares, J class shares and L class shares
- (ii) Ordinary shares and E class shares
- (iii) Ordinary shares and redeemable cumulative preference shares
- (iv) Ordinary A and ordinary B shares
- (v) Ordinary A and ordinary B shares
- (vi) Ordinary shares and redeemable cumulative preference shares
- (vii) Ordinary shares, A class shares, C class shares, D class shares and E class shares
- (viii) Ordinary A and ordinary B shares