

Inchcape International Holdings Limited
(Registered number: 3580629)

Annual Report and Financial Statements

For the year ended 31 December 2013

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22a St James's Square
London
SW1Y 5LP

Inchcape International Holdings Limited

Strategic Report

The Directors present their strategic report for the year ended 31 December 2013.

Fair review of the business

The results for the Company show a profit for the financial year of £399,314,000 (2012: a profit of £127,271,000).

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 2013 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 Directors of Inchcape plc manage the Group's risks 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 which does not form part of this report.

Approved by the Board on 10 September 2014 and signed on its behalf by:



Inchcape Corporate Services Limited
Company secretary

Inchcape International Holdings Limited

Directors' Report

The Directors present their Directors' report together with the audited financial statements for the year ended 31 December 2013.

The Directors have paid interim dividends for the year ended 31 December 2013 of £0.285 per share, totalling £411,939,000 (2012: £0.09 per share, totalling £129,835,000).

The Directors do not recommend the payment of a final dividend (2012: £nil).

Future developments

The Directors do not foresee any significant changes in the Company or its activities during 2014.

Financial risk management

The Directors consider that the Company's key financial instruments are inter-company 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 inter-company loans. The risk is not considered material and the Company does not employ the use of hedging instruments.

Directors

The directors who held office during the year were as follows:

Tony George

Paul James (resigned 3 January 2014)

Anton Jeary

Katherine Milliken (resigned 10 January 2013)

Christopher Parker (resigned 31 January 2013)

Alison Phillips

Mark Thomas (appointed 31 October 2013)

Tamsin Waterhouse

Martin Wheatley

The following director was appointed after the year end:

Christopher Davies (appointed 6 January 2014)

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 2013, or occurred during the year for any Director or connected person (2012: 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.

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.

Inchcape International Holdings Limited

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 auditors are 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 auditors are aware of that information.

Statement of Directors' responsibilities

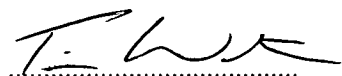
The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

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 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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.

By Order of the Board



For and on behalf of
Inchcape Corporate Services Limited
Company secretary

Date: 10 September 2014

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 the financial statements, defined below:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Inchcape International Holdings Limited, comprise:

- the balance sheet as at 31 December 2013;
- the profit and loss account 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 their preparation is applicable law and United Kingdom Accounting Standards (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.

What an audit of the financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("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.

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Inchcape International Holdings Limited

Independent auditors' report to the members of Inchcape International Holdings Limited (continued)

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.


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 3, 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 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.



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Mark Gill (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date: 10 September 2014

Inchcape International Holdings Limited

Profit and loss account

For the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Administrative expenses		(874,873)	(6,969)
Other operating income		<u>8,902</u>	<u>9,261</u>
Operating (loss) / profit	2	(865,971)	2,292
Income from shares in group undertakings		1,243,043	128,641
Interest receivable and similar income	4	28,699	1,770
Interest payable and similar charges	5	<u>(7,954)</u>	<u>(4,070)</u>
Profit on ordinary activities before taxation		397,817	128,633
Tax on profit on ordinary activities	6	<u>1,497</u>	<u>(1,362)</u>
Profit for the financial year		<u><u>399,314</u></u>	<u><u>127,271</u></u>

The turnover and operating profit is derived wholly from continuing operations.

There are no recognised gains or losses for the current and preceding financial years other than the profit of £399,314,000 (2012: £127,271,000) shown above. There is no material difference between the profit on ordinary activities before taxation and the retained profit for the financial year stated above and their historical cost equivalents, and therefore no separate statement of total recognised gains and losses has been presented.

Inchcape International Holdings Limited

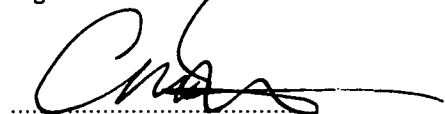
Balance sheet

As at 31 December 2013

	Note	2013 £'000	2012 £'000
Fixed assets			
Tangible assets	8	112,265	116,357
Fixed asset investments	9	1,677,586	2,382,707
		<u>1,789,851</u>	<u>2,499,064</u>
Current assets			
Debtors	10	14,070	49,038
Cash at bank and in hand	11	1,181	141
		<u>15,251</u>	<u>49,179</u>
Current liabilities			
Creditors: amounts falling due within one year	12	(3,277)	(402,544)
Net current assets / liabilities		<u>11,974</u>	<u>(353,365)</u>
Total assets less current liabilities		1,801,825	2,145,699
Creditors: amounts falling due after more than one year	13	(552,062)	(882,541)
Provisions for liabilities and charges	14	(262)	(1,032)
Net assets		<u>1,249,501</u>	<u>1,262,126</u>
Capital and reserves			
Called up share capital	16	451,350	451,350
Share premium account	17	39,036	39,036
Profit and loss account	18	759,115	771,740
Total Shareholders' Funds	19	<u>1,249,501</u>	<u>1,262,126</u>

The financial statements on pages 6 to 22 were approved by the Board of Directors on 10 September 2014.

Signed on behalf of the Board of Directors



Christopher Davies

Director

Inchcape International Holdings Limited

Registered no. 3580629

Inchcape International Holdings Limited

Notes to the financial statements

For the year ended 31 December 2013

1 Accounting policies

Basis of accounting

The financial statements have been prepared on a going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards. The particular accounting policies adopted are as described below. The principal accounting policies of the Company have been applied consistently and reviewed in accordance with Financial Reporting Standard 18 'Accounting Policies'.

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.

Cash flow statement and related party disclosures

The Company is a wholly owned subsidiary of Inchcape plc, a company registered in England and Wales, and is included in the consolidated financial statements of Inchcape plc which are publicly available. Consequently, the Company has taken advantage of the exemption in paragraph 5(a) of FRS 1 (Revised 1996), 'Cash Flow Statements', and not published its own cash flow statement. The Company is also exempt under the terms of paragraph 3 of FRS 8, 'Related Party Disclosures', from disclosing related party transactions with entities that are part of the Inchcape plc group.

The Directors consider that there are no other relationships, transactions or balances which are required to be disclosed by FRS8.

Rental income and expense

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

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.

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:

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.

Inchcape International Holdings Limited

Notes to the financial statements

For the year ended 31 December 2013

..... continued

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.

Foreign currencies

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 except where rates of exchange are fixed under contractual agreements.

Interest

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.

Taxation

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 future except as otherwise required by FRS 19, Deferred Tax. 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.

Inchcape International Holdings Limited

Notes to the financial statements

For the year ended 31 December 2013

..... continued

Pension and other post retirement benefits

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'. No separate valuation is performed under FRS 17, 'Retirement Benefits'.

FRS 17 has been adopted in full with effect from 1 January 2005. However, due to certain members of the schemes working for a number of Group companies as well as a number of changes to the Group's structure, formed of acquisitions, disposals and restructurings, it is not possible for the Company to separately identify its share of the underlying assets and liabilities of the pension schemes on a reasonable and consistent basis. As such, the Company, as a subsidiary to Inchcape plc, has taken advantage of the multi-employer exemption provided by FRS 17 and accounted for the schemes as if they were defined contribution schemes whereby contributions are charged to the profit and loss account on an accruals basis as they fall due.

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.

2 Operating (loss) / profit

Operating (loss) / profit is stated after charging:

	2013 £'000	2012 £'000
Pension costs in respect of former employees	7,691	2,487
Depreciation of tangible fixed assets	1,958	1,946
Impairment of investments (see note 9)	<u>851,972</u>	<u>2,260</u>

Auditors' remuneration has been borne by a fellow subsidiary undertaking. Of this remuneration £10,000 (2012: £10,000) is deemed to be attributable to the Company.

Inchcape International Holdings Limited

Notes to the financial statements

For the year ended 31 December 2013

..... *continued*

3 Directors and employees

The Company has no employees except the Directors and hence no salary, social security or pensions costs (2012: £nil).

No emoluments (2012: £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.

4 Interest receivable and similar income

	2013 £'000	2012 £'000
Foreign exchange gains	<u>28,699</u>	<u>1,770</u>

5 Interest payable and similar charges

	2013 £'000	2012 £'000
Interest payable to group undertakings	<u>7,954</u>	<u>4,070</u>
	<u>7,954</u>	<u>4,070</u>

Inchcape International Holdings Limited

Notes to the financial statements

For the year ended 31 December 2013

..... continued

6 Tax on profit on ordinary activities

a) Taxation (credit) / charge for the year

The taxation (credit) / charge based on the results for the year is made up as follows:

	2013 £'000	2012 £'000
Current tax:		
UK corporation tax on profits for the year	(138)	1,262
Adjustments in respect of prior years	(589)	(82)
Current tax (credit) / charge for the year	(727)	1,180
Deferred tax:		
Origination and reversal of timing differences	(665)	216
Adjustments in respect of prior years	(105)	(34)
Deferred tax (charge) / credit for the year	(770)	182
Tax (credit) / charge for the year	(1,497)	1,362

b) Factors affecting tax (credit) / charge for the year

The tax assessed for the year is lower than (2012 - lower than) the standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%). The differences are explained below:

	2013 £'000	2012 £'000
Profit on ordinary activities before taxation	397,817	128,633
Corporation tax at standard rate	92,492	31,515
Accelerated capital allowances	(167)	(216)
Short term timing differences	832	-
Adjustments in respect of prior years	(589)	(82)
Non-taxable income	(293,045)	(31,517)
Expenses not deductible for tax purposes	199,642	1,494
Impact of changes in tax rates	108	(14)
Current tax (credit) / charge for the year (as above)	(727)	1,180

Inchcape International Holdings Limited

Notes to the financial statements

For the year ended 31 December 2013

..... *continued*

c) Factors that may affect future tax charges

The standard rate of Corporation Tax in the UK reduced from 24% to 23% with effect from 1 April 2013. Accordingly the Company's profits for this accounting period are taxed at an effective rate of 23.25%.

The rate of writing down allowances on the main pool of plant and machinery and on the special rate pool fell from 20% and 10% to 18% and 8% respectively with effect from 1 April 2012.

The March 2012 Budget Announcement proposed that the main rate of Corporation Tax would be reduced to 24% from 1 April 2012 and 23% from 1 April 2013, with a further reduction of the rate to 21% by 1 April 2014. The March 2013 Budget Announcement included a further proposal to reduce the main rate of Corporation Tax to 20% from 1 April 2015. As this change of the reduction to 20% from 1 April 2015 had been substantively enacted at the balance sheet date the deferred tax asset has been remeasured to reflect the reduced tax rate of 20% (2012: 23%).

7 Dividends

Equity - ordinary

	2013 £'000	2012 £'000
First interim dividend paid of £0.044 per share (2012: £0.035)	63,635	50,130
Second interim dividend paid of £0.018 per share (2012: £0.024)	26,128	35,059
Third interim dividend paid of £0.015 per share (2012: £0.031)	22,176	44,646
Fourth interim dividend paid of £0.208 per share (2012: £Nil)	300,000	-
	411,939	129,835

Inchcape International Holdings Limited

Notes to the financial statements

For the year ended 31 December 2013

..... *continued*

8 Tangible fixed assets

	Land and Buildings £'000	Total £'000
Cost		
At 1 January 2013	126,264	126,264
Additions	1,649	1,649
Disposals	(4,799)	(4,799)
At 31 December 2013	123,114	123,114
Accumulated depreciation		
At 1 January 2013	9,907	9,907
Depreciation charge for the year	1,958	1,958
Eliminated on disposals	(1,016)	(1,016)
At 31 December 2013	10,849	10,849
Net book value		
At 31 December 2013	112,265	112,265
At 31 December 2012	116,357	116,357

Inchcape International Holdings Limited

Notes to the financial statements

For the year ended 31 December 2013

..... continued

9 Fixed asset investments

	Shares in subsidiary undertakings £'000	Joints ventures and associates £'000	Total £'000
Cost			
At 1 January 2013	2,468,548	5	2,468,553
Additions	146,851	-	146,851
Disposals	(3,529)	-	(3,529)
At 31 December 2013	2,611,870	5	2,611,875
Provisions			
At 1 January 2013	(85,846)	-	(85,846)
Provisions for impairment	(851,972)	-	(851,972)
Reversal of provisions for impairment	3,529	-	3,529
At 31 December 2013	(934,289)	-	(934,289)
Net book value			
At 31 December 2013	1,677,581	5	1,677,586
At 31 December 2012	2,382,702	5	2,382,707

The Directors believe that the carrying value of the individual investments are supported by their underlying net assets.

During the year, the Company increased its investment in SMLB Pty Limited by £84,351,000.

Also during the year, the Company purchased Inchcape Fleet Solutions Limited from a fellow group company for a consideration of £62,500,000.

The Group undertook a reorganisation of its UK businesses during 2013 and as a consequence the net assets of Inchcape Investment and Asset Management Limited were reduced to £2,060,000. Accordingly the Company has recorded an impairment charge of £819,976,000 against the carrying value of this investment.

Additionally, an impairment charge of £2,801,000 has been recognised in relation to the investment in Inchcape Motors Finland OY and £29,195,000 in relation to the investment in SMLB Pty Limited. This is to ensure the carrying value represents the underlying net assets of the investments.

The Company has disposed of its investment of £3,529,000 in Gilman Trading Limited. The balance had already been provided in full.

Inchcape International Holdings Limited

Notes to the financial statements

For the year ended 31 December 2013

..... *continued*

Principal subsidiaries and other investments

The Company has investments in the following undertakings:

Company	Country of incorporation or registration	Proportion of nominal value of shares held	Principal activity
Subsidiary undertakings			
Inchcape Investment and Asset Management Limited	Scotland	100%	Holding company
Autoproducts NV	Belgium	100%	Motors Retail
Inchcape Corporate Services Limited	England & Wales	100%	Holding company
Inchcape Transition Limited	England & Wales	100%	Dormant
Inchcape Retail Limited	England & Wales	100%	Motor retail
Inchcape Motors Finland OY	Finland	100%	Motors import and distribution
Inchcape (Australia) Limited	Australia	100%	Motors import and distribution
Nova Motors Limited	Hong Kong	100%	Holding Company
Inchcape Estates Limited	England & Wales	100%	Property company holding
Gerard Mann Limited	England & Wales	100%	Motors Retail
European Motor Holdings Limited	England & Wales	100%	Holding Company
Chapelgate Motors Limited	England & Wales	100%	Motors Retail
Kenning Motor Group Limited	England & Wales	100%	Dormant
Autobytel UK Limited	England & Wales	100%	Vehicle sales
SMLB Pty Limited	Australia	100%	Financing company
Inchcape Fleet Solutions Limited	England & Wales	100%	Vehicle contract hire

Inchcape International Holdings Limited

Notes to the financial statements

For the year ended 31 December 2013

..... *continued*

10 Debtors

	2013 £'000	2012 £'000
Amounts owed by group undertakings	14,058	49,026
Other debtors	<u>12</u>	<u>12</u>
	<u>14,070</u>	<u>49,038</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

11 Cash at bank and in hand

	2013 £'000	2012 £'000
Bank current accounts	<u>1,181</u>	<u>141</u>
	<u>1,181</u>	<u>141</u>

12 Creditors: amounts falling due within one year

	2013 £'000	2012 £'000
Amounts owed to group undertakings	2,506	402,203
Other creditors	<u>771</u>	<u>341</u>
	<u>3,277</u>	<u>402,544</u>

Amounts owed to group undertakings are unsecured, interest free and are repayable on demand.

Inchcape International Holdings Limited

Notes to the financial statements

For the year ended 31 December 2013

..... continued

13 Creditors: amounts falling due after more than one year

	2013 £'000	2012 £'000
Amounts owed to group undertakings	<u>552,062</u>	<u>882,541</u>

Amounts owed to group undertakings classified as falling due after more than one year include £482,601,000 (2012: £74,984,000) which represents deposits received from subsidiaries on six monthly maturity terms but which are not expected to be settled within one year. This amount bears interest at rates linked to LIBOR.

Also included within amounts owed to group undertakings due after more than one year are loan notes of £68,890,000 owed to a subsidiary undertaking which are due in 2018. This amount bears interest at rates linked to Australian bank bill short term rates.

The remaining balance is unsecured and interest free.

14 Deferred tax

Deferred tax

The movement in the deferred tax liability in the year is as follows:

	£'000
As at 1 January 2013	1,032
Tax charge to profit and loss	<u>(770)</u>
As at 31 December 2013	<u>262</u>

	2013 £'000	2012 £'000
Difference between accumulated depreciation and amortisation and capital allowances	1,094	1,032
Other timing differences	<u>(832)</u>	<u>-</u>
Deferred tax asset	<u>262</u>	<u>1,032</u>

Inchcape International Holdings Limited

Notes to the financial statements

For the year ended 31 December 2013

..... *continued*

15 Pensions and other post retirement benefits

Pension benefits

During the year, the Company participated in the Inchcape Cash+ Scheme. Under this scheme, members accrue a percentage of their earnings each year, a sum which then grows to provide a lump sum payment on retirement.

The following weighted average assumptions have been used to determine the total Inchcape plc Group balance sheet liability and the Group profit and loss account charge in the reporting period:

	2013	2012
Rate of increase in salaries	3.9%	4.5%
Rate of increase in pensions	3.4%	3.0%
Discount rate	4.4%	4.3%
Rate of inflation		
- Retail price index	3.4%	3.0%
- Consumer price index	2.4%	2.3%
Life expectancy (current pensioners at age 65)	23.7 years	23.0 years
Life expectancy (current non pensioners at age 65)	25.5 years	25.4 years

IAS 19 (revised), 'Employee benefits' became effective during the year for the consolidated Inchcape group accounts and has been retrospectively applied by the Group for accounting periods starting 1 January 2013. As a result of this, some of the defined benefit scheme obligations within the Inchcape group accounts have been restated for 2012.

Inchcape Cash+ Pension Scheme

This scheme is a new defined benefit scheme under which members have accrued benefits with effect from 1 January 2013.

An interim valuation was carried out at 5 April 2013 which determined that the scheme was considered fully funded on a prudent basis. Further details to this scheme can be found in the Group's 2013 Annual Report and Accounts.

Closed schemes

Inchcape Group (UK) Pension Scheme (including UK cash plan)

The latest triennial actuarial valuation for this scheme was carried out at 5 April 2013 on a market related basis and determined in accordance with the advice of independent professionally qualified actuaries based on the projected unit method.

No valuation has been performed for this scheme under FRS 17, 'Retirement Benefits'. At 31 December 2013 the total surplus for this Group scheme under IAS 19 (revised), 'Employee Benefits', amounted to £37.2m (2012 (restated): £27.3m).

Further details relating to this scheme can be found in the Group's 2013 Annual Report and Accounts.

Inchcape International Holdings Limited

Notes to the financial statements

For the year ended 31 December 2013

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Inchcape Motors Pension Scheme

The latest triennial actuarial valuation for this scheme was carried out at 5 April 2013 on a market related basis and determined in accordance with the advice of independent professionally qualified actuaries based on the projected unit method.

No valuation has been performed for this scheme under FRS 17, 'Retirement Benefits'. At 31 December 2013 the total surplus for this Group scheme under IAS 19 (revised), 'Employee Benefits', amounted to £46.5m (2012 (restated): £34.5m).

Further details relating to this scheme can be found in the Group's 2013 Annual Report and Accounts.

TKM Group Pension Scheme

The latest triennial actuarial valuation for this closed scheme was carried out at 5 April 2013 on a market related basis and determined in accordance with the advice of independent professionally qualified actuaries based on the projected unit method.

At 31 December 2013 the total surplus for this Group scheme under IAS 19 (revised), 'Employee benefits' amounted to £66.1m (2012 (restated): £60.2m).

Further details relating to this scheme can be found in the Group's 2013 Annual Report and Accounts.

Normand Motor Group Pension Scheme

The latest triennial valuation for this scheme was carried out as at 5 April 2011 and determined in accordance with the advice of independent professionally qualified actuaries based on the projected unit method.

At 31 December 2013 the total deficit for this Group scheme under IAS 19 (revised), 'Employee benefits' amounted to £4.8m (2012 (restated): £9.2m).

Further details relating to this scheme can be found in the Group's 2013 Annual Report and Accounts.

Contributions

A pension cost of £7.7m has been charged in 2013 (2012: £2.5m) in respect of the aforementioned UK pension schemes and outstanding contributions at 31 December 2013 amounted to £nil (2012: £nil).

16 Called up share capital

Allotted, called up and fully paid shares

	2013 £'000	2012 £'000
1,045,000,001 ordinary shares of £0.05 each (2012: 1,045,000,001)	52,250	52,250
399,100,002 ordinary shares of £1 each (2012: 399,100,002)	399,100	399,100
	<u>451,350</u>	<u>451,350</u>

Inchcape International Holdings Limited

Notes to the financial statements

For the year ended 31 December 2013

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17 Share premium account

	Share premium account £'000
At 1 January 2013	39,036
At 31 December 2013	<u>39,036</u>

18 Profit and loss account

	Profit and loss account £'000
At 1 January 2013	771,740
Profit for the financial year	399,314
Dividends	<u>(411,939)</u>
At 31 December 2013	<u>759,115</u>

19 Reconciliation of movement in shareholders' funds

	2013 £'000	2012 £'000
Profit for the financial year	399,314	127,271
Dividends	<u>(411,939)</u>	<u>(129,835)</u>
Net reduction from shareholders' funds	(12,625)	(2,564)
Shareholders' funds at 1 January	<u>1,262,126</u>	<u>1,264,690</u>
Shareholders' funds at 31 December	<u>1,249,501</u>	<u>1,262,126</u>

20 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 £1,181,000 (2012: £141,000).

Inchcape International Holdings Limited

Notes to the financial statements

For the year ended 31 December 2013

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21 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
Inchcape plc
22A St James's Square
London
SW1Y 5LP