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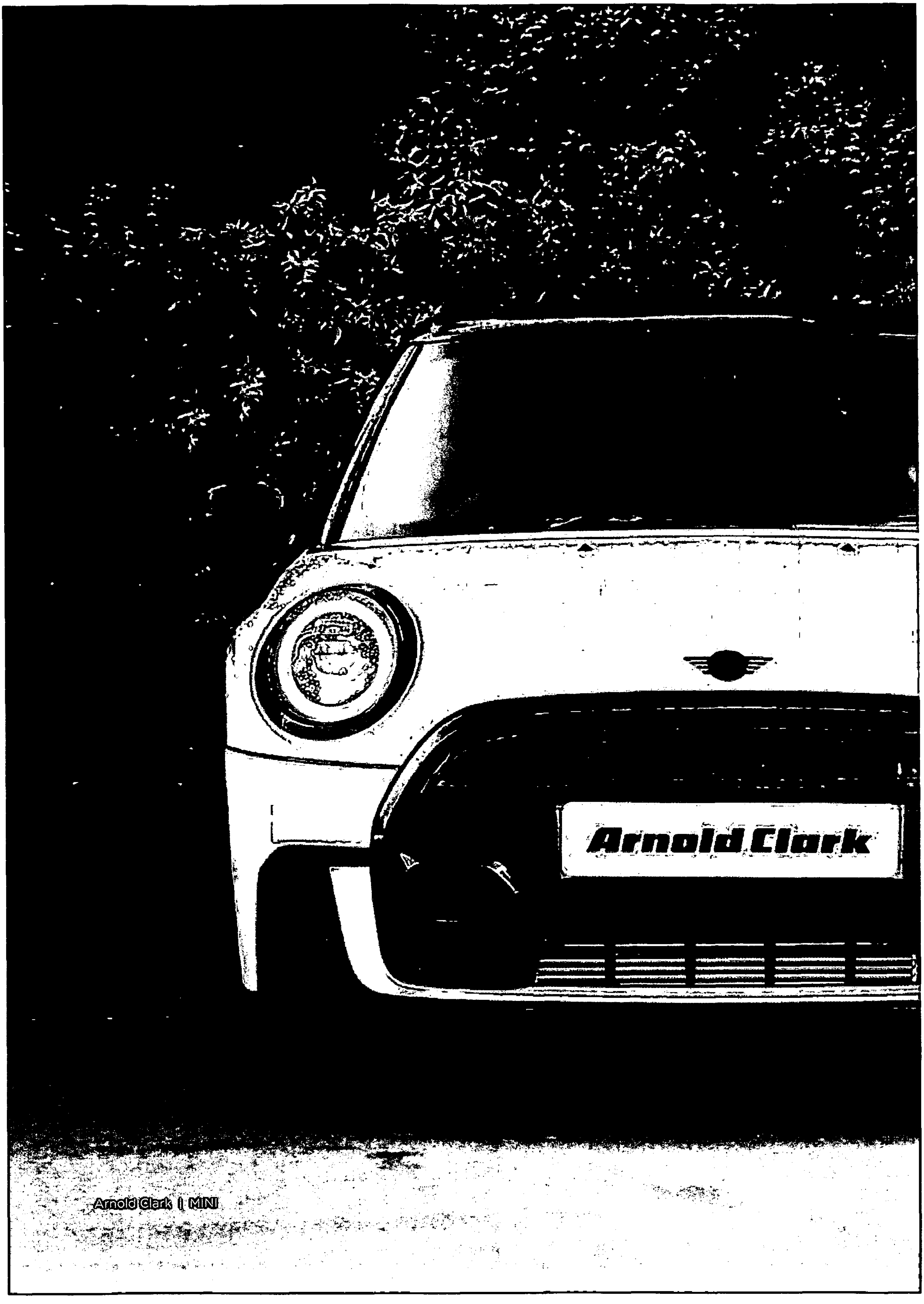
Arnold Clark
Finance Limited


Arnold Clark
Arnold Clark | MINI

Directors, Principal Officers and Advisers

Directors

D M Cooper BAcc (Hons) FCCA	Managing Director
E Hawthorne BA CA	Director
A H D Howieson BA (Hons) CA	Finance Director

Principle Officers

A J Clark	General Manager Hire Drive
C Ewart	Corporate Sales Director
A J Gillon	Public Sector Sales Director

Company Secretary

S K Thorpe BA (Hons) BFP FCA MICA

Registered Office

454 Hillington Road,
Glasgow G52 4FH

Principal Bankers

The Royal Bank of Scotland plc,
1304 Duke Street, Glasgow G31 5PZ

Auditors

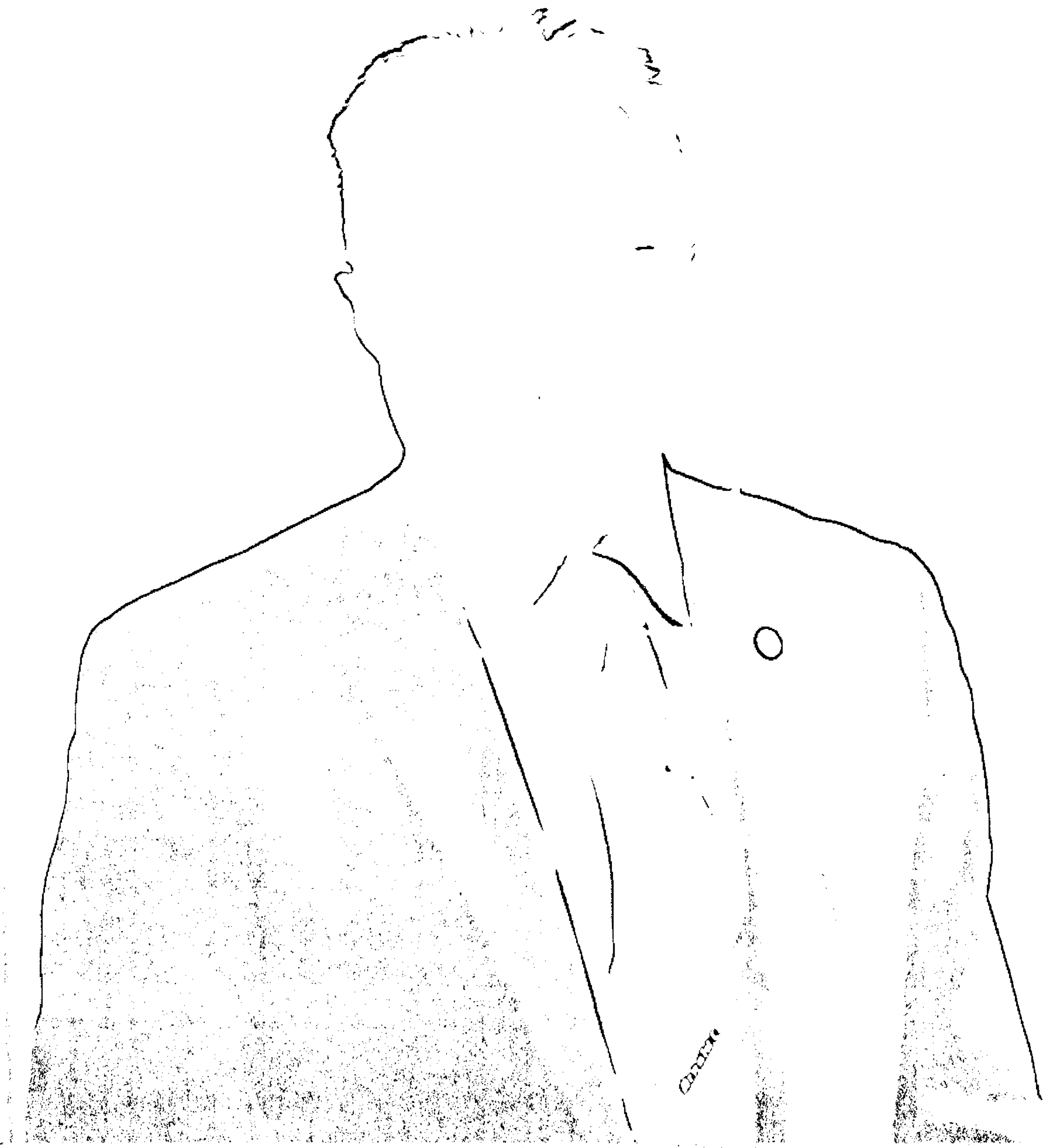
Deloitte LLP,
110 Queen Street, Glasgow G1 3BX

Tax Advisers

PricewaterhouseCoopers LLP,
141 Bothwell Street, Glasgow G2 7EQ

VAT Advisers

Ernst & Young LLP,
G1, 5 George Square, Glasgow G2 1DY



Strategic Report

The Directors present their Strategic Report for the year ended 31 December 2022.

Review of the business

The Company's principal activity during the year was the hiring of motor vehicles.

The Company's key financial and other performance indicators during the year were as follows:

	2022	2021	Change
Revenue	£436.4m	£426.4m	2.3%
Contract Hire fleet	39,511	39,123	1.0%
Daily Rental fleet	11,241	9,676	16.2%
Operating profit	£83.1m	£52.9m	57.1%

The key factors underlying the movement in our revenues and profit were:

- an increase in the average size of our daily rental fleet across the year whilst maintaining high utilisation;
- a fall in the number of vehicle disposals, offset by an increase in the average disposal value and related disposal profit;
- an increase in our overheads primarily as a result of increased payroll costs;
- higher borrowing costs as a consequence of the increased base rate.

A further review of the business is included in the Managing Director's Statement.

Principal risks and uncertainties

The main risks and uncertainties associated with the Company's operations are set out below:

Financial instrument risk: The Company's principal financial instruments comprise of cash, cash equivalents and hire purchase contracts. Other financial assets and liabilities, such as trade creditors and trade debtors, arise directly from operating activities.

Interest rate risk: Hire purchase agreements are entered into at floating interest rates. The Company's interest income and expenses are therefore affected by movements in interest rates. The Company does not undertake active hedging of this risk.

Credit risk: The Company has external debtors; however, the Company undertakes assessments of its customers in order to ensure that credit is not extended where there is a likelihood of default.

Liquidity risk: The Company aims to mitigate liquidity risk by managing cash generated by its operations.

Residual value risk: The residual value risk is defined by the Company as the exposure to potential loss at contract end due to the resale values of assets declining below the estimates made at lease inception. The Company monitors this exposure on a continuous basis and adjusts its residual values for both new and existing leases accordingly.

Strategic Report

Stakeholder relationships and engagement

The following disclosure describes how the Directors have had regard to the matters set out in Section 172(1) (a) to (f) and forms the Directors' statement required under Section 414CZA of The Companies Act 2006. The Company's Directors also have senior positions within Arnold Clark Automobiles Limited, the ultimate parent undertaking, which ensures that the Company is fully integrated in the Arnold Clark group-wide processes covering stakeholder relationships and engagement. From a Company perspective the following are considered the most appropriate:

Who?	Why?	How?	What?	Outcomes and actions
Stakeholder group	**Why is it important to engage**	**How management and/or Directors engaged**	**What were the key topics**	**What was the impact of the engagement including any actions taken**
Customers	Delivering exceptional customer service and genuine value for money is key to customer retention	Director led sessions to assess the quality of customer service across all business units Customer satisfaction surveys are conducted and the results analysed by the Directors and by business units Monitoring of complaint levels and root cause analysis of customer complaints	Quality of service Product offering improvements	A focus on having the right product mix and ensuring that products and services meet individual customer needs
Employees	Ensuring the business has the right culture and values is critical to the delivery of a first class customer experience	Dedicated employee communication website and app updated daily with information on matters of concern to employees Director attendance at regular departmental meetings to enable two-way information flows and ensure that employee views are taken into account in making major decisions Annual results and strategy presentations led by the Managing Director Regular performance appraisals and performance-based bonus scheme Annual employee recognition and service awards Network and focus groups led by our People team Dedicated training facilities and new employee induction course	Results of customer surveys Quality of training Service improvement ideas Annual results and performance Employee reward mechanisms Regular staff surveys for feedback	Clear staff communication through monthly update from the Group A more engaged and valued workforce delivering a higher standard of customer service Employee remuneration and benefits are updated to reflect changing market conditions 'Space' - an employee portal for information, advice and support around mental, physical and financial health Pulling forward of the annual pay review to 1 January

Strategic Report

Stakeholder relationships and engagement (continued)

Who? Stakeholder group	**Why?** Why is it important to engage	**How?** How management and/or Directors engaged	**What?** What were the key topics	**Outcomes and actions** What was the impact of the engagement including any actions taken
Manufacturers	Access to vehicles on franchise terms is important for our Contract Hire and Daily Rental business	Regular meetings between Directors and manufacturers' senior management teams to ensure principal decisions are fully informed Group Chief Executive and Managing Director frequently meet with representatives of manufacturer partners Monthly financial performance reporting Attendance at manufacturer conferences	Impact of emissions regulations on pricing and availability of stock Impact of supply chain issues on pricing and availability of stock New model developments and pricing	Keeping our Daily Rental fleet refreshed and appropriate for our customers' needs Improved customer service by matching our detailed product knowledge with customer requirements
Finance providers	Access to affordable finance is essential to ensure the ongoing viability of the Contract Hire and Daily Rental businesses	The Managing Director and Finance Director meet with finance company senior management on a regular basis Quarterly review meetings are held with each finance provider Monthly compliance reporting	Availability of finance and related interest rates Impact of Bank of England actions on interest rates	Renewed finance facilities Agreed business volume targets and related interest rates
Wider community	Giving back to the community is one of our core values	Continued support of local schools, charities and sports teams Providing young people placements and commitment to our apprenticeship programme Taking part in charity events and fundraising using our network of contacts	Building a greater understanding of the needs of our employees and wider community Giving young people from all backgrounds an equal opportunity Giving charities of all sizes a fair chance of receiving support from the Company	Matching of charitable funds raised by employees Sponsorship of major charitable events such as Cash for Kids, Pride and Kiltwalk
Regulators	Compliance with regulatory requirements is essential for the long term benefit of the Company	We are open and transparent in our dealings with regulators We hold frequent meetings with our regulators to fully understand current practice and future developments	Compliance record Future regulatory developments	Improvements to processes and procedures Compliance with relevant FCA requirements

Strategic Report

Principal Decisions

We define principal decisions as both those that are material to the Company and those that are significant to any of our key stakeholder groups.

In making the following principal decisions, the Board considered the outcomes from its stakeholder engagement processes, in addition to maintaining our reputation for high standards of business conduct and the need to act fairly between members of the Company.

Cyber attack

In late December 2022, we were the victim of a cyber-attack. Our external security network consultants alerted us to unusual activity on our network, and we immediately took steps to minimise the impact of the attack by removing all external connections to our network.

Employee rewards

The Board were focused on ensuring that staff had the financial certainty to budget and plan their own finances given the cost of living challenges experienced. In October 2022, the Board decided to bring forward the Group's annual pay review exercise by 3 months with pay adjustments being effective from 1st January 2023. We continue to ensure that our minimum pay rates remain significantly above the proposed national minimum wage announced by the UK Government in November 2022.

This report was approved by the Board of Directors on 2 May 2023 and signed on its behalf by

David M Cooper

D M Cooper

Managing Director

Directors' Report

The Directors present their report for the year ended 31 December 2022.

Results and dividends

The profit before tax amounted to £65.9m (2021 - £42.1m). The profit for the year, after taxation, amounted to £52.6m (2021 - £34.3m). The Directors do not recommend the payment of a dividend. The profit of £52.6m (2021 - £34.3m) has been transferred to reserves.

A further review of the business and its principal risks is provided in the Managing Director's Statement and in the Strategic Report. The Directors assessment of the Company's ability to continue as a going concern is addressed in note 3.3 to the financial statements.

Climate change

Arnold Clark Finance Limited is committed to reducing its environmental impact and contribution to climate change through increased energy management and awareness, and continuous improvement procedures.

The Arnold Clark group-wide sustainability initiative "SENSE" is our strategy for promoting a Sustainable Environment for Nature, Society and the Economy. Our objective is to conduct our business in a responsible way that positively impacts the world around us, while identifying, reducing and managing any negative impacts so we can preserve and improve the quality of life for future generations.

As part of the initiative, the Group appointed a new Group Sustainability Manager and established a Sustainability Office, to ensure that our SENSE initiatives take account of all activities across the entire business and to ensure that our strategy is comprehensively communicated, implemented, embedded, measured and managed throughout the Group.

The Company is not required to disclose its SECR emissions, as these are included within the Arnold Clark Automobiles Limited Annual Report (parent undertaking).

Engagement with suppliers, customers and others in a business relationship with Company

A summary of how the Directors have had regard to the need to foster the Company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the Company during the financial year, is included in the stakeholder relationships and engagement section within the Strategic Report.

Engagement with employees

A summary as to how the Directors have engaged with employees, and how the Directors have had regard to employee interests, and the effect of that regard, including on the principal decisions taken by the Company during the financial year, is included in the stakeholder relationships and engagement section within the Strategic Report.

The Company gives every consideration to applications for employment from disabled persons where the requirements of the job may be adequately covered by a disabled person.

With regard to existing employees and those who have become disabled during the year, the Company has continued to examine ways and means of providing continued employment under normal terms and conditions and to provide training, career development and promotion wherever appropriate.

Directors

The Directors who served during the year, and to the date of this report, were as follows:

D M Cooper

E Hawthorne

A H D Howieson

The Company has made qualifying third-party indemnity provisions for the benefit of all the Directors; such indemnity provisions were in force during the year and remain in force at the date of this report.

Directors' Report

Directors' statement as to disclosure of information to the auditors

The Directors who were members of the Board at the time of approving the Directors' Report are listed in the Directors, Principal Officers and Advisers section. Having made enquiries of fellow Directors and of the Company's auditors, each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Auditors

A resolution to reappoint Deloitte LLP as auditors will be put to the members at the Annual General Meeting.

Financial instrument risk management

Details of the financial risk management objectives and policies and exposure to price risk, credit risk, liquidity risk and cash flow risk are provided in the Strategic Report.

Future developments

Details of future developments are provided in the Managing Director's Statement and in the Strategic Report.

Subsequent events

There are no events subsequent to the year-end that require disclosure.

This report was approved by the Board of Directors on 2 May 2023 and signed on its behalf by

David M Cooper

D M Cooper

Managing Director

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, the 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law including FRS 101 "Reduced Disclosure Framework"). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

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

Independent Auditor's Report

to the members of Arnold Clark Finance Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Arnold Clark Finance Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 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:

- the Statement of Profit or Loss and Other Comprehensive Income;
- the Statement of Financial Position;
- the Statement of Changes in Equity; and
- the related notes 1 to 19.

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Independent Auditor's Report

to the members of Arnold Clark Finance Limited

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit and the Directors about their own identification and assessment of the risks of irregularities, including those that are specific to the Company's business sector.

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty.

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

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following area, and our procedures performed to address it are described below:

- Residual value of Arnold Clark Finance Limited motor vehicles (tangible assets). We have reviewed the residual value impairment model, including assumptions within, and agreed the year end valuation to external market data. We have also considered other signs of impairment.

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

Independent Auditor's Report

to the members of Arnold Clark Finance Limited

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

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Managing Director's Statement, 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 Managing Director's Statement, 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 Managing Director's Statement, Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

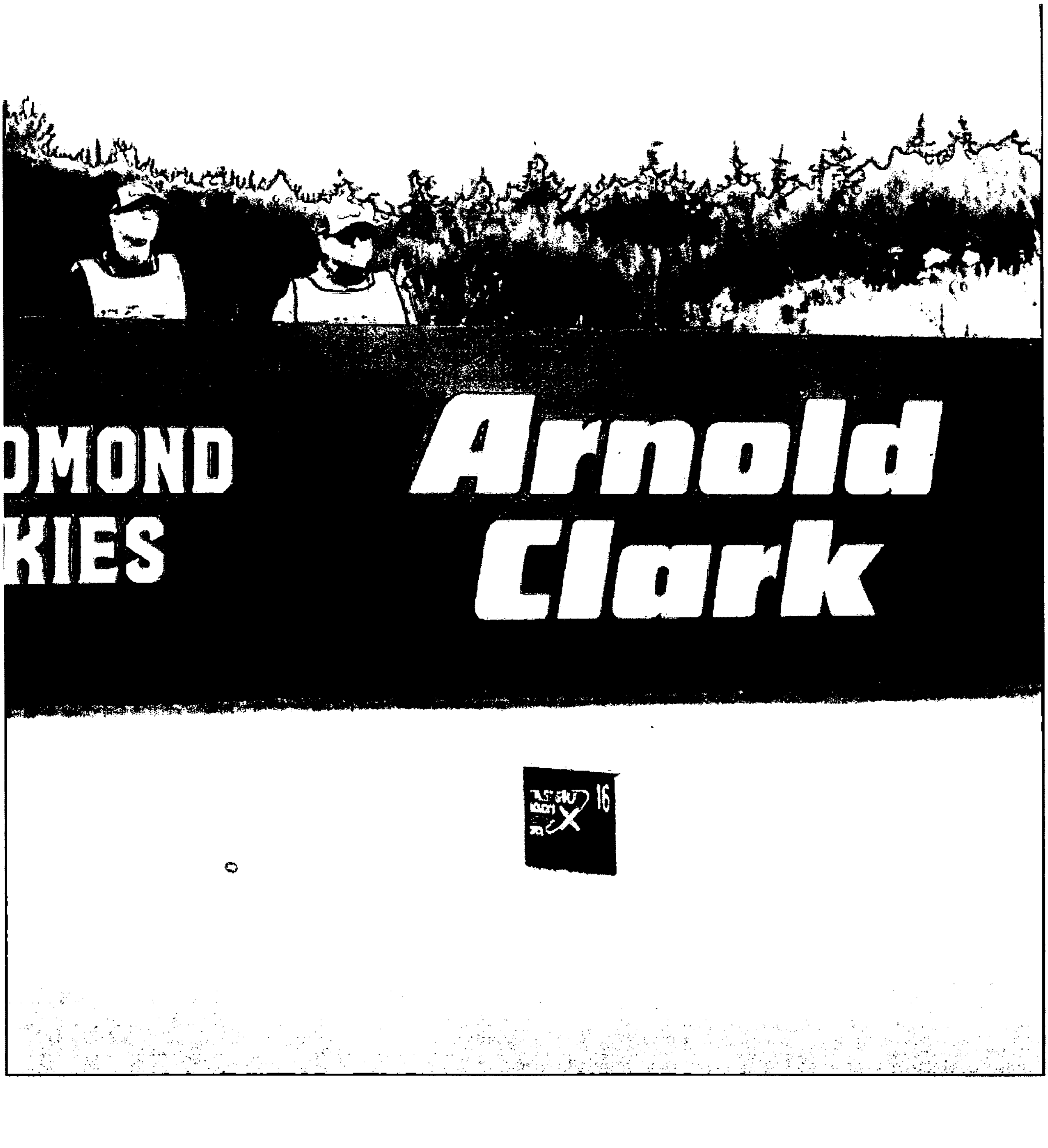
Use of our report

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.

D J Mitchell

David Mitchell CA (Senior statutory auditor)

For and on behalf of Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom
2 May 2023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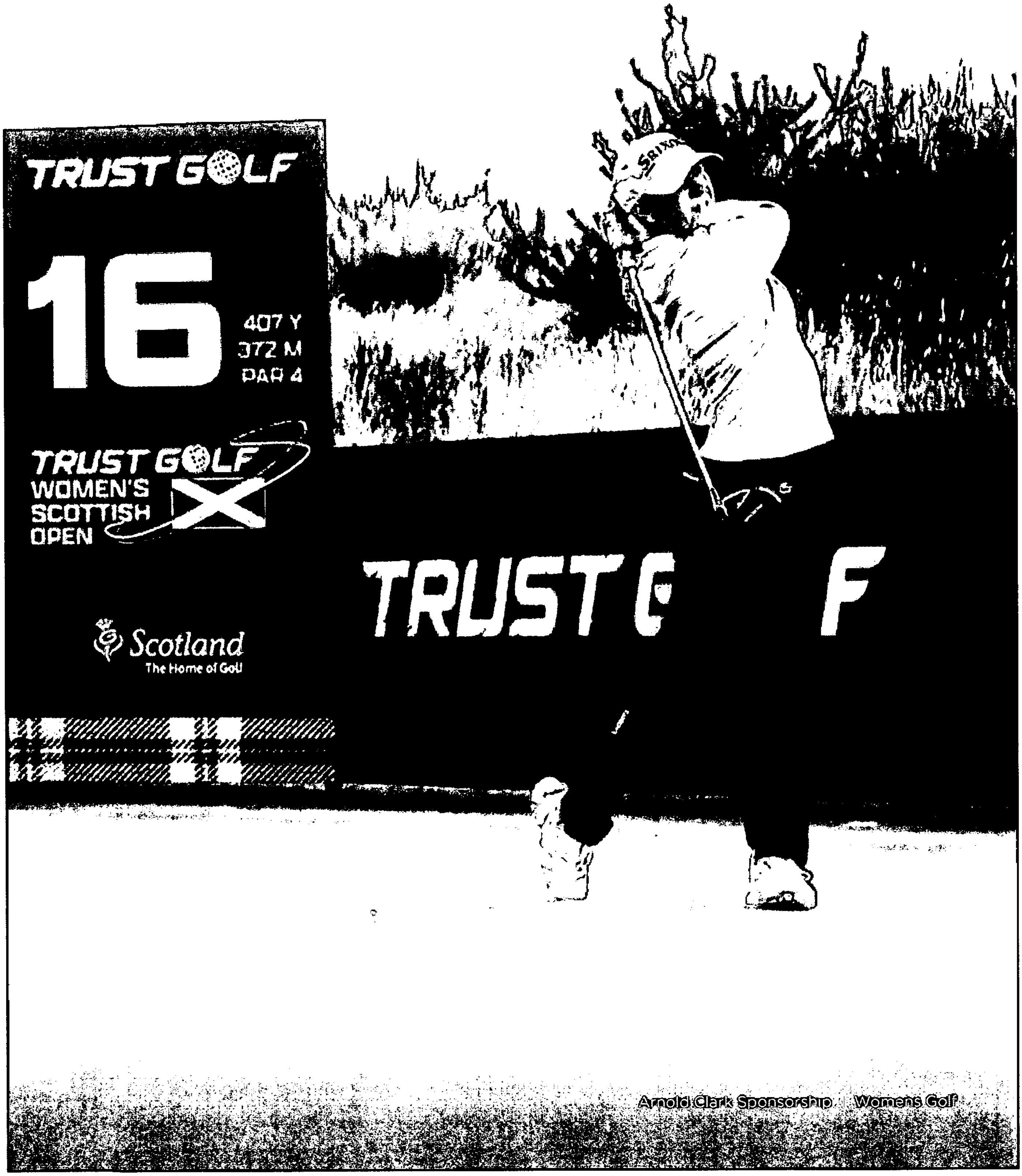
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Scotland
The Home of Golf
TRUST

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2022

	Notes	2022 £m	2021 £m
Revenue	5	436.4	426.4
Cost of sales		(314.7)	(341.0)
Gross profit		121.7	85.4
Administrative expenses		(38.6)	(32.5)
Operating profit	6	83.1	52.9
Finance costs	9	(17.2)	(10.8)
Profit before tax		65.9	42.1
Income tax	10	(13.3)	(7.8)
Profit for the year		52.6	34.3
Other comprehensive income		-	-
Total comprehensive income for the year		52.6	34.3

Statement of Financial Position

at 31 December 2022

Assets	Notes	2022 £m	2021 £m
Non-current assets			
Property, plant and equipment	11	781.5	681.1
Deferred tax assets	10	-	1.4
		781.5	682.5
Current assets			
Inventories	12	12.3	9.4
Trade and other receivables	13	29.4	19.3
Cash and cash equivalents		32.6	49.9
		74.3	78.6
Total assets		855.8	761.1
Equity and liabilities			
Issued share capital	14	-	-
Profit and loss account		182.7	130.1
Total equity		182.7	130.1
Non-current liabilities			
Financial liabilities	15	277.1	262.0
Trade and other payables	16	5.0	4.6
Deferred tax liabilities	10	2.4	-
		284.5	266.6
Current liabilities			
Financial liabilities	15	296.4	287.7
Trade and other payables	16	82.7	68.6
Income taxes payable		9.5	8.1
		388.6	364.4
Total liabilities		673.1	631.0
Total equity and liabilities		855.8	761.1

Approved by the Board on 2 May 2023 and signed on its behalf by

E Hawthorne
Director

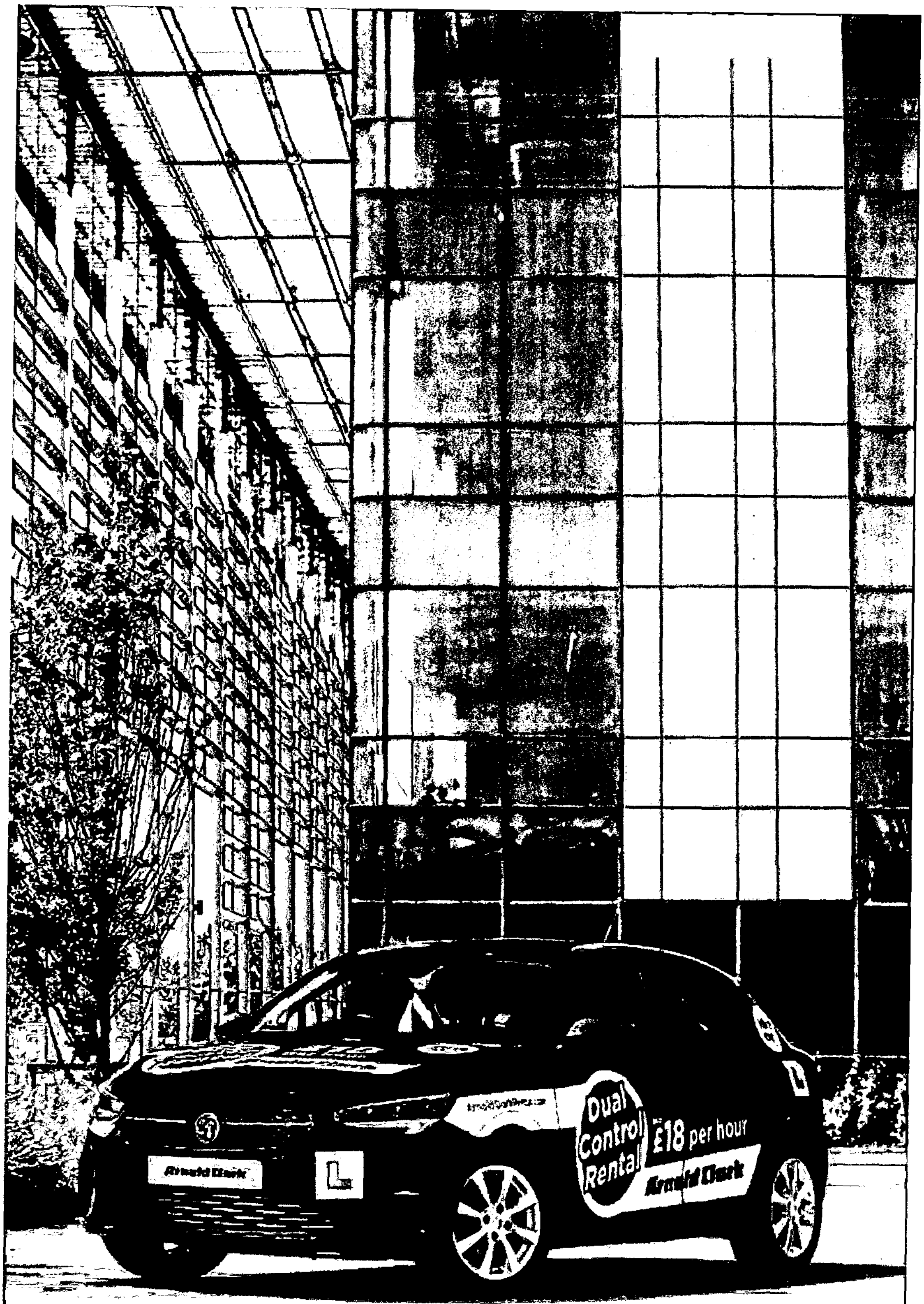
D M Cooper
Managing Director

Company Number - SC039597

Statement of Changes in Equity

for the year ended 31 December 2022

	Issued share capital £m	Profit and loss account £m	Total £m
As at 1 January 2021	-	95.8	95.8
Total comprehensive income	-	34.3	34.3
As at 31 December 2021	-	130.1	130.1
As at 1 January 2022	-	130.1	130.1
Total comprehensive income	-	52.6	52.6
As at 31 December 2022	-	182.7	182.7



Arnold Clark Car & Van Rental | Dual Control Car

Notes to the Financial Statements

for the year ended 31 December 2022

1. Corporate information

Arnold Clark Finance Limited is a privately owned company limited by shares and incorporated and domiciled in Scotland under the Companies Act 2006. The address of the registered office is 454 Hillington Road, Glasgow, G52 4FH.

Information on the Company's operations and its principal activities are set out in the Strategic Report.

2. Statement of compliance with FRS 101

The results of Arnold Clark Finance Limited ("the Company") are included in the consolidated financial statements of Arnold Clark Automobiles Limited. Copies of the financial statements of Arnold Clark Automobiles Limited are available from The Registrar of Companies, Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.

The financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The Company has elected to prepare the Statement of Financial Position in an adapted format, as permitted under the standard, so that it is prepared in a consistent format to the Consolidated Statement of Financial Position prepared by Arnold Clark Automobiles Limited.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2022. The financial statements are prepared in pounds sterling, which is the currency of the primary economic environment in which the Company operates, and are rounded to the nearest million pounds (£m).

3. Accounting policies

3.1 Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law including FRS 101 "Reduced Disclosure Framework").

The Company has taken advantage of the following disclosure exemptions under FRS 101:

a. The requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;

b. the requirements of IFRS 7 Financial Instruments: Disclosures;

c. the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;

d. the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
   i) paragraph 79(a)(iv) of IAS 1;
   ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;

e. the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;

f. the requirements of IAS 7 Statement of Cash Flows;

g. the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;

h. the requirements of paragraph 17 of IAS 24 Related Party Disclosures;

i. the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and

j. the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

In each instance equivalent disclosures are included in the consolidated financial statements of the Group in which the Company is consolidated.

Notes to the Financial Statements

for the year ended 31 December 2022

3.2 Standards issued and in effect

The Company has not had any material impact of accounting standards adopted in the current year.

3.3 Going concern

The Company's business activities, a review of the business and a description of the principal risks and uncertainties, together with the Company's financial risk management processes and narrative regarding its exposure to key financial risks are outlined in the Strategic Report.

The Directors have taken into consideration that the Parent Company, Arnold Clark Automobiles Limited, has issued a letter of support to the Company stating it will support the Company in meeting its liabilities as they fall due over the next 12 months. The Group remains in a very strong financial position with net funds available (net cash and readily realisable financial assets) of £325.2m at 31 December 2022 (2021 - £393.2m).

The Directors have reviewed Group cash flow forecasts to the end of the 2024 financial year. Having reviewed the Group forecast and applied various stressed assumptions, there is substantial headroom between this forecast and the cash resources available to the Group over the period to 31 December 2024. The forecast includes conservative judgements, where there is continuing uncertainty, and the likelihood of headroom being exhausted was considered remote. Under this analysis, the Group is forecast to have substantial available cash across this period.

After making enquiries, the Directors consider that the Group has adequate resources to meet its liabilities as they fall due for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

3.4 Summary of significant accounting policies

Property, plant and equipment

Property, plant and equipment is stated at historical cost, net of accumulated depreciation and accumulated impairment losses, if any.

Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows:

Land and buildings	: Freehold	- 1% - 16.7%
	: Leasehold	- as freehold or over the lease term where shorter
Computer equipment	: General	- 33% - 40%
Motor vehicles	: Own use	- 20% or 25%
	: Contract Hire vehicles	- over the term of the hire contract
Fixtures and fittings	: General	- 15% - 25%

Notes to the Financial Statements

for the year ended 31 December 2022

3.4 Summary of significant accounting policies (continued)

Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. The Company determines whether a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

Company as a lessee

At the lease commencement date, the Company recognises a right-of-use asset, which represents the Company's right to use an underlying asset, and a lease liability, which represents the Company's obligation to make lease payments. This applies to all leases with the exception of those deemed to be of low value or short term in nature. Payments associated with short term leases, being lease contracts with a term of 12 months or less, and low value assets are recognised as an expense on a straight-line basis over the lease term.

The right-of-use asset is measured at the amount equivalent to the initial measurement of the lease liability plus any initial direct costs incurred and adjusted for any prepaid or accrued lease payments.

The right-of-use asset is depreciated straight-line over the shorter of the lease term and useful life of the underlying asset. The right-of-use asset is subsequently remeasured where the lease liability is remeasured to reflect changes to the lease payments.

The lease liability is initially measured at the present value of the lease payments that are not paid on commencement date, discounted using the interest rate implicit in the lease or the Company's incremental borrowing rate (where the implicit rate is not readily determined). Generally the Company uses its incremental borrowing rate as the discount rate for all leases.

The lease liability is subsequently measured by increasing the carrying amount to reflect the interest expense on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The lease liability is remeasured when there is a change in future lease payments arising from a change of index or rate, a variation in the amounts payable following contractual rent review and changes in the assessment of whether an extension or termination option is reasonably certain to be exercised.

Company as a lessor

At the inception date of a lease, the Company uses judgement in determining whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset to the lessee. Where this is deemed to be the case, the Company recognises a finance lease receivable equivalent to the net investment in the lease, being the present value of the future lease receipts discounted at the interest rate implicit in the lease. Otherwise, lease receipts are recognised straight-line over the lease term.

Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU's") fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Notes to the Financial Statements

for the year ended 31 December 2022

3.4 Summary of significant accounting policies (continued)

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Subsequent measurement

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Company's financial assets at amortised cost includes trade receivables.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's statement of financial position) when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset, has transferred substantially all the risks and rewards of the asset or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified as Financial liabilities at fair value through profit or loss or Financial liabilities at amortised cost (loans and borrowings).

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. The Company has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost (loans and borrowings) is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Notes to the Financial Statements

for the year ended 31 December 2022

3.4 Summary of significant accounting policies (continued)

Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the Statement of Profit or Loss and Other Comprehensive Income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Inventories

Inventories are stated at the lower of cost and net realisable value.

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the Statement of Profit or Loss and Other Comprehensive Income. The effect of the time value of money is not material and therefore the provisions are not discounted.

Revenue recognition

Revenue represents the consideration attributable to each performance obligation satisfied in any given contract with our customers (stated net of value added tax). The revenue and pre-tax profit all arises in the UK and is attributable to the Company's principal continuing activities.

For sale of goods, the performance obligation is satisfied when the goods are delivered. Revenue is therefore recognised on delivery to the customer.

Rentals receivable on vehicles held for use in operating leases are recognised on a straight line basis over the term of the lease. The performance obligation, being the promise to provide the customer with the contracted vehicle for the agreed period of time, is satisfied over the term of the agreement as the customer simultaneously receives and consumes the benefit of having use of the vehicle for the period in which the Company provides the vehicle.

Pension costs

The Company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Company. The annual contributions payable are charged to the profit and loss account.

Notes to the Financial Statements

for the year ended 31 December 2022

3.4 Summary of significant accounting policies (continued)

Government grants

Grants from the Government are recognised where there is reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

4. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the opinion of the Directors, the accounting judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree that would warrant their description as significant.

Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Contract Hire vehicles residual value

Vehicles within the Company's Contract Hire fleet are generally on hire for a period of 36 months.

The assessment of vehicle residual values at the end of their contracted period involves an element of estimation. The Company assesses residual values at initial recognition and annually thereafter performs a detailed impairment review. The Company conducts these assessments using external market projections of future used car values together with its own expectations, taking into account model mix and current trends. As used vehicle values are subject to short term market distortions a material reduction to forecast residual values, and thus carrying value, could occur.

The principal sensitivity underpinning the above estimate is the level of reasonably possible movements in average used car market prices. A 1% change in average used vehicle market values could result in an adjustment of £4.5m to the carrying value of Contract Hire vehicles.

5. Revenue

Revenue recognised in the Statement of Profit or Loss and Other Comprehensive Income is analysed as follows:

	2022 £m	2021 £m
Selling of motor vehicles	201.6	220.5
Hiring of motor vehicles	234.8	205.9
	436.4	426.4

All income arises in the United Kingdom.

Notes to the Financial Statements

for the year ended 31 December 2022

6. Operating profit

The following items have been included in arriving at operating profit from operations:

	2022 £m	2021 £m
Depreciation of property, plant and equipment	32.6	16.7
Depreciation of right-of-use assets	110.2	117.3
Cost of stock recognised as an expense	149.2	184.4
Employee benefit expense	22.1	19.6

7. Auditor's remuneration

The fees payable to the Company's auditor for the audit of the Company's annual accounts was £19k (2021 - £19k). There were no non-audit services paid to the auditor during the year (2021 - nil).

8. Employees benefits expense

The analysis of employee benefit expenses is as follows:

	2022 £m	2021 £m
Wages and salaries	19.5	17.2
Social security costs	1.8	1.7
Pension costs	0.8	0.7
Total employee benefits expense	22.1	19.6

The monthly average number of employees during the year was as follows:

	2022 No.	2021 No.
Office and management	567	530
Sales	148	150
	715	680

The Directors' emoluments were as follows:

	2022 £m	2021 £m
Emoluments	0.5	0.2
Emoluments of the highest paid Director	0.3	0.1

Directors' emoluments are apportioned across Group companies based on service to each company. These are payable by Arnold Clark Automobiles Limited, the ultimate parent company.

9. Finance costs

	2022 £m	2021 £m
Finance charges payable under hire purchase agreements	17.1	10.8
Finance charges payable in regard to other lease liabilities	0.1	-
	17.2	10.8

Notes to the Financial Statements

for the year ended 31 December 2022

10. Income tax

The major components of income tax expense are:

	2022 £m	2021 £m
Current income tax:		
UK corporation tax charge	9.5	8.1
Adjustments in respect of prior periods	-	-
Deferred tax:		
Origination and reversal of timing differences	3.1	(0.1)
Adjustment in respect of prior periods	0.2	-
Effect of changes in tax rates	0.5	(0.2)
Income tax expense reported in the Statement of Profit or Loss	13.3	7.8

	2022 £m	2021 £m
Accounting profit before income tax	65.9	42.1
At UK corporation tax rate of 19% (2021 - 19%)	12.5	8.0
Tax effect of non-deductible expenses or non-taxable items of income	-	-
Effect of changes in tax rates	0.6	(0.2)
Adjustments in respect of current income tax of prior years	-	-
Adjustments in respect of deferred tax of prior years	0.2	-
At the effective income tax rate of 20.2% (2021 - 18.6%)	13.3	7.8

	2022 £m	2021 £m
Accelerated/(decelerated) capital allowances	2.4	(1.4)
Other temporary difference	-	-
Net deferred tax (asset)/liability	2.4	(1.4)

	2022 £m	2021 £m
At 1 January	(1.4)	(1.2)
Charged to the Statement of Profit or Loss and Other Comprehensive Income	3.8	(0.2)
At 31 December	2.4	(1.4)

Notes to the Financial Statements

for the year ended 31 December 2022

11. Property, plant and equipment

	Land and buildings £m	Computer equipment £m	Motor vehicles £m	Fixtures and fittings £m	Total £m
Cost:					
At 1 January 2022	5.5	2.6	922.2	2.8	933.1
Additions	3.3	-	389.0	0.1	392.4
Disposals	(0.4)	-	(252.7)	(0.2)	(253.3)
Assets classified as held for sale	-	-	-	-	-
At 31 December 2022	8.4	2.6	1,058.5	2.7	1,072.2
Depreciation:					
At 1 January 2022	1.3	2.3	246.4	2.0	252.0
Provided during the year	0.7	0.2	141.7	0.2	142.8
Disposals	(0.4)	-	(103.5)	(0.2)	(104.1)
Assets classified as held for sale	-	-	-	-	-
At 31 December 2022	1.6	2.5	284.6	2.0	290.7
Net book value:					
At 31 December 2022	6.8	0.1	773.9	0.7	781.5
At 31 December 2021	4.2	0.3	675.8	0.8	681.1

The Company owns motor vehicles, purchased by way of hire purchase agreements, with a cost of £839.6m (2021 - £822.3m) and related accumulated depreciation of £170.6m (2021 - £189.8m), which are held for use in operating leases and are provided as security in respect of the sums outstanding on the associated hire purchase agreements. These contracts have been assessed under IFRS 16 and classified as right-of-use assets.

The net book value of right-of-use assets at 31 December 2022 are presented by class of underlying asset in note 17.

12. Inventories

	2022 £m	2021 £m
Motor vehicles	12.3	9.4

Inventories are pledged as security for the other loans disclosed in note 15.

Notes to the Financial Statements

for the year ended 31 December 2022

13. Trade receivables

	2022 £m	2021 £m
Trade receivables	16.1	12.9
Other receivables	1.1	0.6
VAT recoverable	5.5	-
Prepayments and accrued income	6.7	5.8
	29.4	19.3

At 31 December 2022, trade receivables with an initial carrying value of £1.1m (2021 - £1.0m) were impaired and fully provided for. The movements in the provision were as follows:

	2022 £m	2021 £m
At 1 January	1.0	1.4
Charge for the year	0.4	0.3
Utilised	(0.3)	(0.7)
At 31 December	1.1	1.0

As at 31 December, the ageing analysis of trade receivables is as follows:

	Neither past due nor impaired	Past due but not impaired			
		< 30 days	30-60 days	60+ days	Total
	£m	£m	£m	£m	£m
2022	9.4	4.5	1.0	1.2	16.1
2021	7.4	3.6	0.8	1.1	12.9

14. Issued share capital

The share capital at 31 December 2022 and 31 December 2021 is analysed as follows:

	Authorised		Allotted, called up and full paid	
	2022 No.	2021 No.	2022 £m	2021 £m
Ordinary shares of £1 each	15,000	15,000	-	-

No shares were authorised or issued in either period.

Notes to the Financial Statements

for the year ended 31 December 2022

15. Financial Liabilities

	2022 £m	2021 £m
Current interest-bearing loans and borrowings:		
Lease liabilities: obligations under hire purchase agreements	280.6	274.9
Lease liabilities: obligations under other lease contracts	0.5	0.2
Other loans	15.3	12.6
	296.4	287.7
Non-current interest-bearing loans and borrowings:		
Lease liabilities: obligations under hire purchase agreements	274.5	261.8
Lease liabilities: obligations under other lease contracts	2.6	0.2
	277.1	262.0
Total interest-bearing loans and borrowings	573.5	549.7

Other loans comprise non-hire purchase funding for vehicles and is secured on each specific vehicle funded.

Future minimum payments under hire purchase agreements and other lease contracts, together with the present value of the net minimum lease payments, are set out in note 17.

16. Trade and other payables

	2022 £m	2021 £m
Trade payables	13.2	2.7
Other taxes and social security costs	-	1.9
Other creditors	13.6	14.5
Accruals and deferred income	52.2	48.6
Amounts due to group undertakings (payable on demand)	8.7	5.5
	87.7	73.2
Current liabilities	82.7	68.6
Non-current liabilities	5.0	4.6
	87.7	73.2

Amounts included in non-current liabilities relate to rentals paid in advance, which are included in accruals and deferred income. Deferred income will be released over a period of up to 5 years depending on the term of the associated rental agreement.

Notes to the Financial Statements

for the year ended 31 December 2022

17. Leases

Company as a lessee

The Company has a number of hire purchase contracts for vehicles and other lease contracts in regard to land and buildings. The average remaining lease term for motor vehicles is 2 years and 6 years for land and buildings.

Amounts recognised in the Statement of Profit or Loss

	2022 £m	2021 £m
Depreciation expense on right-of-use assets	110.2	117.3
Interest expense on lease liabilities	17.2	10.8
Expense relating to short term leases	-	-

Right-of-use assets	Land and buildings £m	Motor Vehicles £m	Total £m
Carrying value at 1 January 2022	0.4	632.5	632.9
Carrying value at 31 December 2022	3.1	669.0	672.1
Additions to right-of-use assets	3.3	362.0	365.3
Depreciation charge for the year	(0.6)	(109.6)	(110.2)

Future minimum payments under hire purchase agreements and other lease contracts, together with the *present value of the net minimum lease payments, are as follows:*

Obligations under hire purchase agreements

	Minimum payments		Present value of payments	
	2022 £m	2021 £m	2022 £m	2021 £m
Amounts payable:				
Within one year	301.9	283.1	280.6	274.9
After one year but not more than five years	288.0	266.9	274.5	261.8
	589.9	550.0	555.1	536.7
Less: future finance charges	(34.8)	(13.3)		
Present value of hire purchase obligations	555.1	536.7		

	2022 £m	2021 £m
Current interest-bearing borrowings:	280.6	274.9
Non-current interest-bearing borrowings	274.5	261.8
	555.1	536.7

The payments for these obligations will be met from the income received from the associated operating lease rentals and from the disposal of the associated assets.

Notes to the Financial Statements

for the year ended 31 December 2022

17. Leases (continued)

Obligations under other lease contracts

	Minimum payments		Present value of payments	
	2022	2021	2022	2021
	£m	£m	£m	£m
Amounts payable:				
Within one year	0.5	0.2	0.5	0.2
After one year but not more than five years	1.6	0.1	1.5	0.1
More than five years	1.7	0.1	1.1	0.1
	3.8	0.4	3.1	0.4
Less: future finance charges	(0.7)	-		
Present value of hire purchase obligations	3.1	0.4		
Current interest-bearing borrowings:			0.5	0.2
Non-current interest-bearing borrowings			2.6	0.2
			3.1	0.4

Company as a lessor

The Company has entered into operating leases as lessor in respect of contract hire vehicles for periods between 12 and 60 months. Future minimum rentals receivable under non-cancellable operating leases at 31 December are as follows:

	Contract hire vehicles	
	2022	2021
	£m	£m
Within one year	122.1	112.3
After one year but not more than five years	115.2	101.2
	237.3	213.5

18. Contingent liabilities

Under a group registration for Value Added Tax (VAT), the companies within the Group are jointly and severally liable for Value Added Tax due by any member of the group registration.

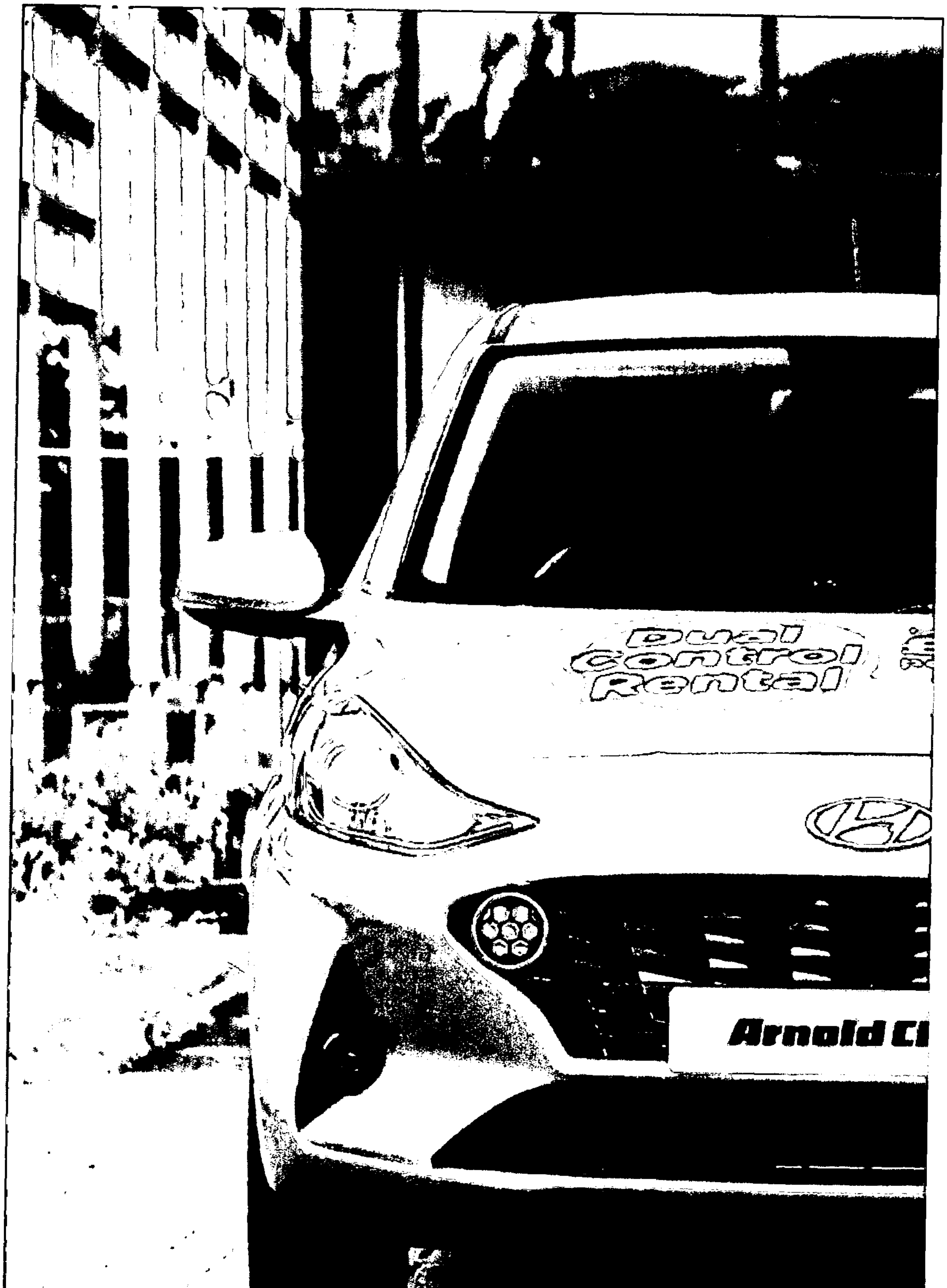
At 31 December 2022, the VAT receivable by other members of the group registration amounted to £10.8m (2021 - £24.2m payable). Under the terms of an inter-company guarantee, the parent company and its trading subsidiaries have jointly and severally guaranteed repayment of all sums due to The Royal Bank of Scotland plc by any of the parties to the guarantee.

At 31 December 2022, the other companies included in the guarantee had net funds of £75.1m (2021 - £135.0m) due from The Royal Bank of Scotland plc.

19. Ultimate parent company

The Directors report that Arnold Clark Automobiles Limited (registered in Scotland at 454 Hillington Road, Glasgow, G52 4FH) is the Company's ultimate parent company. This is the only parent undertaking for which Group financial statements are drawn up and of which the Company is a member. The address from which copies of these Group financial statements are available to the public is: The Registrar of Companies, Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.

The Directors consider that Lady Clark is the Company's ultimate controlling party by virtue of her office, her shareholding and the shareholdings of her immediate family.



Arnold Clark Car & Van Rental   Dual Control Car