

Registration number: 02841981

Chapelgate Motors Limited
Annual Report and Financial Statements
for the Year Ended 31 December 2022



Chapelgate Motors Limited

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Chapelgate Motors Limited

Company Information

Company name	Chapelgate Motors Limited
Company number	02841981
Incorporated	England and Wales
Domicile	United Kingdom
Legal form	Private Limited Company, Limited by Shares
Directors	Martin Wheatley (resigned 30 June 2022) George Ashford Katie Martin-Hickey
Company secretary	Inchcape UK Corporate Management Limited
Registered office	First Floor Unit 3140 Park Square Solihull Parkway Birmingham Business Park Birmingham B37 7YN United Kingdom
Independent auditor	Deloitte LLP, Statutory Auditor 2 New Street Square London EC4A 3BZ United Kingdom

Chapelgate Motors Limited

Strategic Report for the Year Ended 31 December 2022

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

Principal activities

The principal activity of the company is the retailing of cars, sales of oils and spare parts together with service repair facilities.

Review of business

The results for the Company show a profit for the financial year of £2,959,000 (2021: £2,287,000). The increase in profitability was driven primarily by the increase in stock availability in the second half of the year, when supply constraints eased on New and Used Vehicles as the OEM's ("Original Equipment Manufacturer") increased production and a full year of trading from the Bournemouth retail site, which was relocated in October 2021.

Turnover has increased to £107,091,000 (2021: £81,103,000) driven primarily by year on year increases in new and used vehicle sales. Volume tailwinds are complimented by increased vehicle prices due to OEM focus on higher specification conflated with inflationary pressures, which have also contributed to the increase in turnover. Gross profit margin has decreased to 12.3% (2021: 12.7%). Although gross profit per unit has remained broadly flat compared to the previous year, an increase in average vehicle sale prices has resulted in a decrease in gross profit margin.

Operating profit increased to £3,941,000 (2021: £2,901,000) as a result of the implementation of cost management initiatives and the introduction of measures to reduce discounting on new retail vehicles.

The Company has net assets of £13,968,000 at the financial year end (2021: £11,009,000) mainly driven by an increase in Used vehicle stock levels.

Key performance indicators (KPIs)

KPIs provide insight into how the Board monitors the Company's strategic and financial performance, as well as linking to the key measures for executive remuneration.

Revenue

Revenue is a key performance indicator for the Company and is defined as consideration receivable from the sale of goods and services. It is stated net of rebates and any discounts, and excludes sales related taxes. The Company is a trading subsidiary within the Inchcape plc group ("the Group") and measures revenue, as the top-line is a key financial metric, and is part of the overall Group's strategy of both 'Becoming the OEMs' Partner of Choice' and 'Leading in Customer Experience'. During the year, revenue has increased to £107,091,000 (2021: £81,103,000) following improved performance in sales across all dealerships. New volumes increased 34% year on year, which is broadly aligned to the performance of Porsche in the UK market. This was complimented by a 10% increase in used vehicle sales during 2022.

Profit before tax

Profit before tax is a key performance indicator for the Company and is defined as the profit before tax is charged. The Company measures profit before tax as it is a key driver of delivering sustainable earnings to shareholders. Profit before tax has increased to £3,642,000 (2021: £2,733,000) due to increased gross profit through a blend of volume tailwinds and enhanced gross profit per unit in new and used, coupled with the implementation of cost control measures.

Market share

Market share is a key performance indicator for the Company and is defined as the new vehicle registrations by the Company as a percentage of total new vehicle registrations in the market. During the year, market share for the brands increased year on year from 0.8% to 1.1%. The company's share of Porsche registrations also marginally increased during this period.

Chapelgate Motors Limited

Strategic Report for the Year Ended 31 December 2022 (Continued)

Key performance indicators (KPIs) (continued)

The Company is part of the Inchcape plc group ("the Group"). Additional information about the development, performance and position of the UK segment, which includes this Company, are discussed in the Group's 2022 Annual Report and Financial Statements which does not form part of this report.

Principal risks and uncertainties

The Company continued to recover well following the disruptions caused by the COVID-19 pandemic and has adapted to new ways of working, with particular focus on introducing safe operating practices.

Supply chain disruption

One of the main challenges faced during the year was the continued disruption to the automotive supply chain caused by legacy challenges resulting from the COVID-19 pandemic, coupled with the consequences of the Russia-Ukraine War. These resulted in a shortage of components, such as electronic chips, which progressively impacted OEM vehicle production. Despite these challenges, due to favourable market conditions coupled with improvements in operating processes, the Company's performance was strong, resulting in an improvement in profitability.

The global constraints of battery cells, metals and semiconductors had an impact on the Company's performance as it has directly affected the post-pandemic recovery of manufacturers. The inability to secure supply in order to match market demand has held back the Company's performance but this has been mitigated by proactive management of appropriate discounts and product mix, leading to better margins on new vehicle sales and retention of used vehicle margins from record highs in 2022.

Demand for vehicles remains high however, constraints did continue into 2022 and recovery is not expected until late 2023. Despite this challenge, the Company has made significant developments to improve the business for the future, including significantly enhancing the Company's digital trading capabilities as well as streamlining back-office processes. The Company has also taken the steps to move to a new dealer management system over the next two to three years, in order to remain on the cutting edge of technology in this space and to drive process optimisation.

Inflationary pressures have been increasing, in connection with the conflict in Ukraine. This may continue to result in increased costs which could reduce the Company's operating profit margins. This increasing inflationary pressure could also flow through to consumer inflation expectations and drive a response from central banks in the coming year, which could impact upon the pace of future economic growth. As the Company is a wholly owned subsidiary within the Inchcape Group, the impact of the risks associated with global supply constraints on the Company and the mitigating actions were managed by the Directors of Inchcape plc.

Chapelgate Motors Limited

Strategic Report for the Year Ended 31 December 2022 (Continued)

Principal risks and uncertainties (continued)

Climate change

The Company considers emerging and significant risks throughout the year which include climate-related risks. The Directors also review the impact of climate change when considering significant judgements, such as impairment of plant, property and equipment, as part of the reporting of its financial information.

The most material climate change risk that the Company faces is where there is a misalignment between the speed at which our OEM partners are able to transition their model line up to New Energy Vehicles (NEVs) and the pace of adoption of NEVs in the UK. The Directors have concluded that they (and the wider Group) have relationships with OEMs that will successfully navigate the energy transition.

The Company is a wholly-owned subsidiary of Inchcape plc. From the perspective of the Directors, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. The review of the business of Inchcape plc and its subsidiaries, which provide a description of the principal risks and uncertainties facing the business can be found on pages 61 to 66 of the 2022 Inchcape plc Annual Report and Accounts.

Chapelgate Motors Limited

Strategic Report for the Year Ended 31 December 2022 (Continued)

Corporate governance and Statement on Section 172

The Directors believe that, individually and together, they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members, as a whole, having regard to the stakeholders and matters set out in section 172(a)-(f) of the Companies Act 2006 in the decisions taken during the year ended 31 December 2022. The Company is an integral part of Inchcape plc and follows the Inchcape Group's ('the Group's') business standards and compliance with local corporate governance requirements, and is committed to acting if our business should fail to act in the manner we expect of it. For further detail of how the Company and wider group has complied with the corporate governance code refer to the Inchcape plc 2022 annual report.

The Directors are responsible for monitoring and upholding the culture, values, standards, ethics and reputation of the Company to ensure that our obligations to our shareholder and to our stakeholders are met. For each matter, which comes before the Board, stakeholders who may be affected are identified and their interests are carefully considered as part of the Board's decision-making.

When making decisions the Directors considers what value will be created for shareholders, if the appropriate resources are available, how current and future employees will be impacted and what impacts these decisions will have on communities and the environment in which Chapelgate Motors operates. Consideration is also given to the 'what ifs' as long-term decisions, by their nature, contain a degree of uncertainty about what may happen in the future. The management team provides detailed analysis to the Directors to aid in the decision-making process via performance reporting, industry and economic trends data, OEM ambitions, forecasting and scenario planning. The Directors also take into account market trends when making decisions.

The Directors are also mindful of the wider social context within which our businesses operate, including those issues related to climate change which are of fundamental importance to the planet's well-being.

Our culture and decision making

Our culture is shaped by the Group's clearly defined values to help ensure we achieve our vision. It determines how we behave, how we make decisions and our attitude towards risk aligned with the Group's purpose, vision and values. In making such decisions the Directors have regard to a variety of matters including the interests of various stakeholders, the consequences of their decisions in the long term and the long-term reputation of the Company, the Group and its businesses.

Employee engagement

The Company had 102 employees at year ended 31 December 2022 (2021: 89). Due to the changing nature of the industry and the evolution of strategy over the longer term the Directors have regard to the interests of employees to make sure they have the training, skills and support to enable them to succeed. The Directors also focus on diversity and inclusion, safety and wellbeing, and skills and talent, to future-proof our people skills. Employees are regularly kept informed about what is happening across the company through the Group's intranet, email, newsletters, leadership blogs and briefings.

Fostering business relationships with our customers and suppliers

The Directors recognise that fostering business relationships with key stakeholders such as these is essential to the success of the Company and the Group and are satisfied that it has close relationships with all its stakeholders to meet its strategic priorities.

Our OEM relationships are of paramount importance and the length of these relationships is testament to their strength. The OEMs with which we partner are some of the most foremost drivers of technological innovation in the automotive industry, from advances in hybrid and battery electric drivetrains to future mobility. All these elements are taken into consideration by the Directors when considering acquisitions and new partnerships as they will be fundamental to achieve the Company's purpose.

The Digital Analytics Platform has enabled new ways of reaching out to customers and the feedback obtained from them allows us to continually improve the customer journey.

Chapelgate Motors Limited

Strategic Report for the Year Ended 31 December 2022 (Continued)

Corporate Governance and Statement on Section 172 (continued)

The community and the environment

The Directors recognise the critical role the Company plays in the communities in which it operates and the growing worldwide focus on environmental and climate change issues which are of fundamental importance to the planet's well-being. In these as in all other areas, the Company's directors manage and govern the Company in accordance with the Group policies as approved by the Board of Directors of the Group, further details of which are available in the Streamlined Energy and Carbon Reporting ("SECR") report included in Inchcape plc Annual Report and Accounts 2022.

High standards of business conduct

The Directors recognised the importance of maintaining a reputation for high standards of business conduct. The Group has an employee Code of Conduct and a new Supplier Code of Conduct. Combined with other statements on anti-bribery and corruption and modern slavery, these provide a strong governance framework in which to do business.

For the Group's section 172 statement please see the Inchcape plc Annual Report and Accounts 2022.

Climate change

Being a responsible business is a fundamental part of our strategy of the Company. As part of this, the Directors have set out a number of priorities focused on the Company's impact on the climate.

- Renewable electricity commitment certification achieved stating that 100% of energy sourced is renewable as well as installing and measuring peak power output from on-site renewables, such as solar panels, and implementing energy efficiency measures to reduce its overall electricity consumption where possible
- Supporting the Company's OEM partners in their efforts to reduce greenhouse gas emissions and actively promote the sales of vehicles with lower emissions
- Incorporating environmental considerations into the Company's decision-making processes
- Installing EV charging facilities at a number of the Company's retail sites
- Dealing responsibly with the waste that the Company produces, ensuring it complies with all applicable laws and regulations, as a minimum. The Company will progressively increase the amount of waste products that it recycles in order to reduce its impact upon the planet over time. As of the end of 2022, 100% of waste that the Company produces avoids landfill
- All company vehicles will be New Energy Vehicles (NEVs) by 2030

The Company is included in the Group's wider disclosures in relation to Streamline Energy and Carbon Reporting. For this reporting and accompanying commentary refer to the Inchcape plc 2022 annual report.

Approved by the Board on 14 December 2023 and signed on its behalf by:

DocuSigned by:

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Katie Martin-Hickey
Company Director

Chapelgate Motors Limited

Directors' Report for the Year Ended 31 December 2022

The Directors present their annual report and the audited financial statements for the year ended 31 December 2022.

Directors of the company

The directors of the company who were in office during the year and up to the date of signing the financial statements, unless otherwise stated, were:

George Ashford

Katie Martin-Hickey

Martin Wheatley (resigned 30 June 2022)

Dividends

The Directors do not recommend the payment of a final dividend (2021: £nil). Dividends of £nil (£nil per share) were paid during the year.

Future developments

The Company's 2023 performance to date has seen a continuation of the trends experienced last year, although there is ongoing uncertainty relating to vehicle supply. We expect the Company to continue to make good progress with its strategic priorities in 2023 and do not foresee any significant changes in the Company or its activities during 2023.

Going concern

In light of the current market headwinds, the Directors have also made enquiries to confirm that the Group are able to provide the support requested and a letter of support has been provided by Inchcape plc confirming that they intend to provide financial resources, where requested, for at least 12 months from the date of signing and approving these financial statements, whilst the Company remains a subsidiary of Inchcape plc. Inchcape plc's recent reported financial performance has been strong and there are no indicators that group would be unable to support the company.

The Directors have a reasonable expectation that the Company has adequate resources to support the Company based on its net assets and forecast performance and financial position.

This assertion is based on the Company's assessment of the medium-term profit and loss and cash flow forecast, which is compiled by CGU, consolidated by OEM brand and ultimately at Inchcape UK Division level. Forecasts are subsequently reviewed and approved by Group Finance prior to being incorporated into the Company's long term strategic plan.

The Company's 2023 performance up to the date of signing these financial statements was ahead of its forecasts with an increase in profit compared to the same period in 2022. There remains uncertainty around new vehicle supply availability for the remainder of 2023 and the start of 2024, however to-date, this has been offset by an increase in selling prices and improved gross margins.

The Directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the capability of the Company to continue as a going concern with its current banking and supplier financing arrangements. Having assessed the principal risks, the Directors consider it appropriate to adopt the going concern basis of accounting in the financial statements for at least 12 months from the date of signing these financial statements.

As such, the Company continues to adopt the going concern basis in preparing the financial statements having taken into consideration the current market conditions as detailed in the Strategic report and Directors Report.

Chapelgate Motors Limited

Directors' Report for the Year Ended 31 December 2022 (continued)

Transactions with Directors

No transaction, arrangement or agreement required to be disclosed under terms of the Companies Act 2006 was outstanding at 31 December 2022, or occurred during the year for any Director or connected person (2021: £nil).

Post balance sheet events

There have been no significant events after the balance sheet date which require disclosure.

Directors' liabilities

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.

Financial risk management

The Company's activities expose it to a number of financial risks including cash flow risk, credit risk and liquidity risk.

Cash flow risk

The Company's activities expose it primarily to the financial risks of changes in interest rates. Financial exposure exists to the extent that a change in the underlying base rate of interest will affect the level of income received or paid on the interest-bearing inter-company loans. The risk is not considered material and the Company does not currently employ the use of hedging instruments or interest-bearing loans.

Credit risk

The Company's principal financial assets are bank balances and cash, and trade and other receivables.

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers, or are intercompany loans with companies within the Inchcape plc group of companies, the ultimate owner of the Company.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses a mixture of long-term and short-term debt finance and intercompany loans from entities within the Inchcape Group of Companies.

Chapelgate Motors Limited

Directors' Report for the Year Ended 31 December 2022 (continued)

Employment of disabled persons

The Company is committed to a policy of treating all its colleagues and job applicants equally. We are committed to the employment of people with disabilities and will interview all those candidates who meet the minimum selection criteria. We provide training and career development for our employees, tailored where appropriate to their specific needs, to ensure they achieve their potential. If an individual becomes disabled while in our employment, we will do our best to ensure continued employment in their role, including consulting them about their requirements, making adjustments and providing alternative suitable positions.

Employee involvement

Arrangements exist to keep all employees informed on matters of concern to them and, following the publication of the results of Inchcape plc, information is disseminated widely. This includes performance statistics for both the Inchcape Group and individual business streams. Employee bulletins, the Group intranet "Inchcape Connect" and a regular e-mail communication "HeadStart" facilitate communication with employees. Employees are regularly consulted upon matters concerning their employment.

Employees are provided with information on the performance of the pension fund. Company employees are eligible to participate in the Inchcape plc SAYE share option scheme, subject to the rules of that scheme. Employees are also offered an Inchcape Employee Assistance Programme to promote their well-being.

Business relationships with our customers and suppliers

The Directors recognise that fostering business relationships with key stakeholders such as these is essential to the success of the Company and the Group and are satisfied that it has close relationships with all its stakeholders to meet its strategic priorities.

Disclosure of information to the auditor

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them as auditor will be proposed at the next Annual General Meeting.

Chapelgate Motors Limited

Directors' Report for the Year Ended 31 December 2022 (continued)

Statement of Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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.

Approved By the Board and signed on its behalf by:

DocuSigned by:

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Katie Martin-Hickey
Company Director

14 December 2023

Chapelgate Motors Limited

Independent Auditor's Report to the members of Chapelgate Motors Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Chapelgate Motors Limited:

- give a true and fair view of the state of the company's affairs as of 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 of:

- the profit and loss account.
- the statement of total comprehensive income;
- the balance sheet
- the statement of changes in equity; and
- the related notes 1 to 18.

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.

Chapelgate Motors Limited

Independent Auditor's Report to the members of Chapelgate Motors Limited (continued)

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.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- an assessment of the forecasts prepared by the company to support the going concern basis of accounting, including their linkage to events in the macro-economic environment and the risks for the company;
- performance of sensitivity analysis on the forecasts;
- a review of financing facilities, their availability to the company and the extent to which these facilities are utilised in the forecasts including any remaining headroom; and
- obtaining the letter of support obtained by the directors of the company from the directors of Inchcape plc

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 during 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.

Chapelgate Motors Limited

Independent Auditor's Report to the members of Chapelgate Motors Limited (continued)

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. 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 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 frameworks 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. These included the Consumer Rights Act, Sale of Goods Act, General Data Protection Regulation, EU Emissions Standards, Health and Safety Regulations.

Chapelgate Motors Limited

Independent Auditor's Report to the members of Chapelgate Motors Limited (continued)

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

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.

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

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Chapelgate Motors Limited

Independent Auditor's Report to the members of Chapelgate Motors Limited (continued)

Matters on which we are required to report by exception

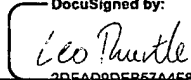
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

DocuSigned by:

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Leo Thurtle ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

14 December 2023

Chapelgate Motors Limited

Profit and Loss Account for the Year Ended 31 December 2022

	Note	2022 £000	2021 £000
Turnover	3	107,091	81,103
Cost of sales		(93,922)	(70,766)
Gross profit		13,169	10,337
Distribution costs		(3,337)	(3,459)
Administrative expenses		(5,891)	(3,977)
Operating profit	4	3,941	2,901
Interest payable and similar expenses	5	(299)	(168)
Profit before taxation		3,642	2,733
Tax on profit	9	(683)	(446)
Profit for the financial year		2,959	2,287

The above results were derived from continuing operations.

The notes on pages 20 to 33 form an integral part of these financial statements.

Chapelgate Motors Limited**Statement of Total Comprehensive Income for the Year Ended 31 December 2022**

	2022	2021
	£000	£000
Profit for the financial year	2,959	2,287
Other comprehensive result	-	-
Total comprehensive income for the year	2,959	2,287

The notes on pages 20 to 33 form an integral part of these financial statements.

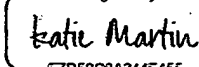
Chapelgate Motors Limited
(Registration number: 002841981)
Balance Sheet as at 31 December 2022

	Note	2022 £000	2021 £000
Tangible assets	10	1,585	1,695
Deferred tax asset	9	324	378
Right-of-use assets		53	18
Fixed assets		1,962	2,091
Stock	11	18,914	10,859
Debtors	12	36,469	32,647
Cash at bank and in hand	13	1,896	738
Current assets		57,279	44,244
Creditors: amounts falling due within one year	14	(45,241)	(35,314)
Net current assets		12,038	8,930
Total assets less current liabilities		14,000	11,021
Creditors: amounts falling due after more than one year		(32)	(12)
Net assets		13,968	11,009
Capital and reserves			
Called up share capital	15	200	200
Profit and loss account		13,768	10,809
Total shareholders' funds		13,968	11,009

The notes on pages 20 to 33 form an integral part of these financial statements.

The financial statements on pages 16 to 33 were approved and authorised for issue by the Board of Directors on 14 December 2023.

Signed on behalf of the Board of Directors

DocuSigned by:

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Katie Martin-Hickey
 Company Director

Chapelgate Motors Limited**Statement of Changes in Equity for the Year Ended 31 December 2022**

	Called up share capital £000	Share Premium Account £000	Profit and loss account £000	Total shareholders' funds £000
At 1 January 2022	200	-	10,809	11,009
Profit for the financial year	-	-	2,959	2,959
Total comprehensive income for the year	-	-	2,959	2,959
At 31 December 2022	200	-	13,768	13,968

	Called up share capital £000	Share Premium Account £000	Profit and loss account £000	Total shareholders' funds £000
At 1 January 2021	200	-	8,522	8,722
Profit for the financial year	-	-	2,287	2,287
Total comprehensive income for the year	-	-	2,287	2,287
At 31 December 2021	200	-	10,809	11,009

The notes on pages 20 to 33 form an integral part of these financial statements.

Chapelgate Motors Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

1 Accounting policies

Basis of preparation

Chapelgate Motors Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006, and is registered in England and Wales. The address of the Company's registered office is shown on page 1. The financial statements of Chapelgate Motors Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006, as applied to companies applying FRS 101. The accounting policies have been applied consistently other than where new policies have been adopted. The financial currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

Summary of disclosure exemptions

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

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise of share options, and how the fair value of goods and services received was determined)
- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - paragraph 73(e) of IAS 16 Property, plant and equipment;
 - paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period)
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d) (statement of cash flows)
 - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
 - 16 (statement of compliance with all IFRS),
 - 38A (requirement for minimum of two primary statements, including cash flow statements),
 - 38B-D (additional comparative information),
 - 40A-D (requirements for a third statement of financial position),
 - 111 (cash flow statement information), and
 - 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.
- The requirements of paragraph 33(c) of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated (refer Note 17).

Chapelgate Motors Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

1 Accounting policies (continued)

Going concern

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue as a going concern, as the Company meets its day to day working capital requirements through intra-group loans and funding. The funds are allocated to each subsidiary depending on the need for working capital and can fluctuate during the year depending on demand.

The Directors have a reasonable expectation that the Company has adequate resources to support the Company based on its net assets and forecast performance and financial position.

This assertion is based on the Company's assessment of the medium-term profit and loss and cash flow forecast, which is compiled by CGU, consolidated by OEM brand and ultimately at Inchcape UK Division level. Forecasts are subsequently reviewed and approved by Group Finance prior to being incorporated into the Company's long term strategic plan.

The Company's 2023 performance up to the date of signing these financial statements was ahead of its forecasts with an increase in profit compared to the same period in 2022. There remains uncertainty around new vehicle supply availability for the remainder of 2023 and the start of 2024, however to-date, this has been offset by an increase in selling prices and improved gross margins.

The Directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the capability of the Company to continue as a going concern with its current banking and supplier financing arrangements. Having assessed the principal risks, the Directors consider it appropriate to adopt the going concern basis of accounting in the financial statements for at least 12 months from the date of signing these financial statements.

In light of the current market headwinds, the Directors have also made enquiries to confirm that the Group are able to provide the support requested and a letter of support has been provided by Inchcape plc that they intend to provide financial resources, where requested, for at least 12 months from the date of signing these financial statements, whilst the Company remains a subsidiary of Inchcape plc. Inchcape plc's recent reported financial performance has been strong and there are no indicators that group would be unable to support the company. As such, the Company continues to adopt the going concern basis in preparing the financial statements having taken into consideration the current market conditions as detailed in the Strategic report and Directors Report.

Newly adopted accounting policies

For the accounting period reported, the following standards became effective:

- Amendments to IAS 16 Property, plant and equipment, proceeds before intended use;
- Amendments to IAS 37 Onerous contracts, cost of fulfilling a contract; and
- Annual improvements to IFRS standards 2018-2020.

These accounting standards amendments did not have any impact on the Company's accounting policies or any other material impact on the financial position or performance of the Company.

All other accounting policies have been applied consistently throughout the reporting period. The Company has not early adopted other standards, amendments to standards or interpretations that have been issued but are not yet effective.

Chapelgate Motors Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

1 Accounting policies (continued)

Revenue

Revenue represents the invoiced value of goods and services provided, excluding Value Added Tax. The turnover is attributable to the principal activities of the company and is derived primarily in the United Kingdom.

Revenue recognition

Revenue is measured at the fair value of consideration receivable, net of any discounts, rebates, trade allowances, incentives, or amounts collected on behalf of third parties. It is recognised to the extent that the transfer of promised goods or services to a customer has been satisfied and the revenue can be reliably measured. Revenue excludes sales-related taxes. In practice this means that:

Revenue from the sale of goods is recognised when the obligation to transfer the goods to the customer has been satisfied and the revenue can reliably be measured. The obligation to transfer goods to the customer is considered to have been satisfied when the vehicles or parts are invoiced and physically dispatched or collected.

Revenue from the rendering of services to the customer is considered to have been satisfied when the service has been undertaken.

Where the Company acts as an agent on behalf of a principal the associated commission income is recognised within revenue in the period in which the related product is sold and receipt of payment can be assured.

Tax

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

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

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

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

Chapelgate Motors Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

1 Accounting policies (continued)

Tax (continued)

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

Tangible assets

Tangible 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

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

Asset class	Depreciation rate
Plant and equipment	10%-33% per annum

Plant and equipment 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.

Cash and cash equivalents

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

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Net realisable value is that price at which stock can be sold in the normal course of business after allowing for the costs of realisation.

Vehicle stock is valued on a unit basis and includes transport and handling costs. Parts stock is valued on a first in first out basis. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Stocks on consignment are deemed, in substance, to be assets of the company. Stocks on consignment and their related obligations are recognised in current assets and creditors respectively on adoption of the consignment stock when the risks and rewards of ownership pass to the company.

Defined benefit contribution schemes

For defined contribution schemes the amount charged to the profit and loss account in respect of the pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are measured initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Chapelgate Motors Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

1 Accounting policies (continued)

Financial instruments (continued)

Financial assets

In the normal course of business, purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All the Company's debt instruments meet the following conditions and are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company does not hold any financial assets which meet the classification requirements to be measured subsequently at fair value.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. Interest income is recognised in profit or loss and is included in the 'interest receivable and similar income' line item.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, trade debtors and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Chapelgate Motors Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

1 Accounting policies (continued)

Financial assets (continued)

The Company always recognises lifetime expected credit losses for trade debtors and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

IFRS 16 Leases

The Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract

The Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

Chapelgate Motors Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

1 Accounting policies (continued)

IFRS 16 Leases (continued)

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in trade and other payables.

2 Critical accounting judgements and estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

There are no critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies that have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

There are no key sources of estimation uncertainty at the balance sheet date for the company.

Chapelgate Motors Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

3 Turnover

The analysis of the Company's revenue for the year from continuing operations is as follows:

	2022	2021
	£000	£000
Sale of goods	101,823	76,914
Rendering of services	5,268	4,189
	107,091	81,103
<hr/>		
UK	107,052	80,903
Overseas	39	200
	107,091	81,103

4 Operating profit

Operating profit is arrived after charging:

	2022	2021
	£000	£000
Depreciation expense	407	286
Employee costs	4,218	3,717
Fees payable to the Company's auditors for the audit of the Company's financial statements	12	7
Rent expense	745	886
Vehicle write downs	228	151

Chapelgate Motors Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

5 Interest payable and similar expenses

	2022	2021
	£000	£000
Finance interest	299	168

The interest payable relates to interest paid on vehicle funding agreements. See note 14 for further details.

6 Staff costs

The aggregate payroll costs (excluding directors' remuneration) were as follows:

	2022	2021
	£000	£000
Wages and salaries	3,851	3,347
Social security costs	231	256
Other pension costs	136	114
	4,218	3,717

The monthly average number of persons employed by the company (excluding directors) during the year, analysed by category, was as follows:

	2022	2021
	No.	No.
Retail	29	26
Aftersales	53	44
Administration and management	20	19
	102	89

Chapelgate Motors Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

7 Directors' remuneration

The emoluments of the Company's directors are paid by Inchcape Retail Limited. The directors of the Company are also directors of Inchcape Retail Limited and a number of fellow subsidiaries, and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Total emoluments are included in the aggregate of Directors' emoluments disclosed in the financial statements of Inchcape Retail Limited.

8 Auditor's remuneration

	2022	2021
	£000	£000
Fees payable to the Company's auditors for the audit of the Company's financial statements	12	7

There were no non-audit fees paid in the year (2021: £nil).

9 Tax on profit

Tax charged in the profit and loss account

	2022	2021
	£000	£000
Current taxation		
UK corporation tax	660	599
UK corporation tax adjustment to prior years	(31)	(14)
	629	585
Deferred taxation		
Arising from origination and reversal of temporary differences	54	(139)
Total tax charge on profit	683	446

Chapelgate Motors Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

9 Tax on profit (continued)

The tax on profit for the year is higher than the standard rate of corporation tax in the UK (2021 - lower than the standard rate of corporation tax in the UK) of 19% (2021: 19%).

The differences are reconciled below:

	2022	2021
	£000	£000
Profit before taxation	3,642	2,733
Corporation tax at standard rate	692	519
Prior year items	(31)	(14)
Expenses not deductible for tax purposes	7	32
Impact of tax rate changes	-	(91)
Impact of origination and reversal of temporary differences	15	-
Total tax charge	683	446

Deferred tax

	2022	2021
	£000	£000
Accelerated tax depreciation	296	346
Other temporary differences	28	32
	324	378

Deferred tax movement during the year:

	At 1 January 2022 £000	Recognised in profit and loss account £000	At 31 December 2022 £000
Accelerated tax depreciation	346	(50)	296
Other temporary differences	32	(4)	28
	378	(54)	324

The Finance Bill 2021 included a corporation tax rate increase to 25% from 1 April 2023.

Chapelgate Motors Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

10 Tangible assets

	Plant and equipment £000
Cost	
At 1 January 2022	3,510
Additions	297
Disposals	(33)
At 31 December 2022	3,774
Accumulated depreciation	
At 1 January 2022	(1,815)
Charge for the year	(407)
Eliminated on disposal	33
At 31 December 2022	(2,189)
Carrying amount	
At 31 December 2021	1,695
At 31 December 2022	1,585

11 Stock

	2022 £000	2021 £000
Finished goods – purchase stocks	14,016	7,997
Finished goods – consignment stocks	4,870	2,851
Work in progress	28	11
	18,914	10,859

The cost of stock recognised as an expense during the year and included in cost of sales amounted to £86,994,000 (2021: £65,611,000).

Vehicles on consignment have been included in finished goods with the corresponding liability included within trade payables. Payment becomes due when the title passes to the Company, which is generally the earlier of six months from delivery or the date of sale.

Vehicle write-offs during the year amounted to £228,000 (2021: £151,000).

Chapelgate Motors Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

12 Debtors

	2022	2021
	£000	£000
Amounts falling due within on year		
Trade receivables	2,302	1,529
Amounts owed by group undertakings	32,933	29,980
Accrued income	1,024	1,038
Prepayments	210	100
	36,469	32,647

Amounts owed by group parent undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

13 Cash at bank and in hand

	2022	2021
	£000	£000
Cash at bank	1,896	738

14 Creditors: amounts falling due within one year

	2022	2021
	£000	£000
Trade payables	18,555	10,591
Amounts owed to group undertakings	20,245	19,764
Accrued expenses and deferred income	1,284	1,183
Corporation tax liability	1,754	1,125
Contract liabilities	3,382	2,644
Lease liabilities	21	7
	45,241	35,314

The Company enters into vehicle funding agreements whereby the Company is able to refinance interest bearing amounts due to suppliers on similar terms. The total balance payable under vehicle funding agreements, including amounts due to suppliers, as of 31 December 2022 is £16,374,000 (2021: £8,680,000) of which £9,183,000 (2021: £4,490,000) is outstanding under refinancing agreements. Such amounts are included within trade payables above.

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Chapelgate Motors Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

15 Called up share capital and reserves

Allotted, called up and fully paid shares

	No.000	2022 £000	No.000	2021 £000
Ordinary shares of £1 each	200	200	200	200

The Company's other reserve is as follows:

The profit and loss reserve represents cumulative profit and losses, net of dividends paid and other adjustments.

16 Subsequent events

There have been no significant events after the balance sheet date which require disclosure.

17 Related party transactions

See note 7 for disclosure of the directors' remuneration. The Company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the Inchcape plc group.

18 Parent and ultimate parent undertaking

The company's immediate parent is Inchcape International Holdings Limited, incorporated in England and Wales, of which the Company is a wholly owned subsidiary.

The Group has adequate resources to support the Company based on its net assets and forecast performance and financial position and has provided the Company with a letter of support.

The ultimate parent is Inchcape plc incorporated 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 can be obtained from the Companies House website.

The ultimate controlling party is Inchcape plc.