6 April 2022

LOOKERS plc (“Lookers” or the “Group”)

2021 full year results

Record underlying profits, strengthened balance sheet and multiple future growth opportunities

Lookers plc, one of the leading UK integrated automotive retail and service groups, announces its preliminary results for the year ended 31 December 2021 (the “year”).

Mark Raban, Chief Executive Officer, said:
“2021 was a record year for Lookers. We navigated another year of limited new vehicle supply and COVID-19 disruption. We have reported excellent profits and cash generation, through strong used car margins, continued focus on costs and the unstinting efforts of our people. We have successfully moved back to a net funds position in the business and have a strong balance sheet, underpinned by our property assets, supporting our investment capacity to grow the business.

The business and our customers face some uncertainties in 2022. Trading in Q1 has been strong despite new vehicle supply remaining tight. The current crisis in Ukraine and significant cost of living increases will put pressure on consumer sentiment and disposable incomes. However, the Group is looking forward to the future with confidence. It has emerged from the challenges of the past couple of years stronger and with a clear strategy to navigate future challenges and drive value for all our stakeholders”.

Financial summary

Year ending 31 December	**2021**	2020 (restated)*
Revenue	£4,050.7m	£3,699.9m
Underlying profit before tax**	£90.1m	£13.7m
Underlying basic earnings per share**	20.07p	2.97p
Statutory profit before tax	£90.0m	£1.5m
Basic earnings / (loss) per share	15.65p	(1.18p)
Dividend per share	2.5p	-
Net funds / (debt)***	£3.0m	(£40.7m)

* Prior year restatement reduced underlying profit before tax from £14.1m to £13.7m and reduced statutory profit before tax from £2.0m to £1.5m (see Note 1).
** Underlying profit before tax is profit before tax and non-underlying items. Underlying basic earnings per share is earnings per share before the impact of non-underlying items and the impact of tax rate changes.
*** Bank loans and overdrafts less cash and cash equivalents, excluding stocking loans, vehicle rental finance liabilities and lease liabilities under IFRS 16.

Financial highlights

- Group revenue up 9% to £4,050.7m (2020: £3,699.9m)
- Gross profit margin increased to 12.8% (2020: 11.1%)
- Underlying profit before tax of £90.1m (2020 restated: £13.7m), primarily driven by used vehicle margins
- Exceptional operational performance and working capital management has resulted in net funds of £3.0m (2020: net debt £40.7m)
- The Board’s capital allocation policy focuses on investment to grow revenue and profits, and maximise shareholder returns through the disciplined deployment of cash
- Reinstatement of a dividend with a proposed full year dividend of 2.5 pence per share, which the Group intends to grow progressively

Strategic priorities
In this announcement, we update on our six strategic priorities:

- Operational optimisation – the Group will drive earnings growth and reduce costs through increasing the penetration of finance product sales, raising levels of aftersales income from older vehicles, improving enquiry management to sales conversion rates and working capital benefits from improving new / used vehicle inventory control.
- Leveraging technology and digitisation – replacement of current customer facing showroom system with Salesforce to materially improve the Group’s data analytics capability and optimise the customer journey in all channels.
- Expansion of Original Equipment Manufacturer (OEM) Brand Partner relationships – the Group is well positioned to expand both new and existing OEM Brand Partner relationships. The Group will introduce further new pure EV brands into the UK market in 2022 and 2023, and is in advanced discussion with a number of OEM Brand Partners.

- Increased used vehicle penetration – with 83,000 sales in 2021, our market share is just over 1%. We expect to grow our omni-channel proposition and will add to our 11 multi-franchise standalone used car centres. Two c.5 acre 'Lookers Cube Concept' multi-franchise used car centre anchor sites will be added to our portfolio in 2022 and 2023.
- Development of aftersales revenue streams – the Group will drive significant incremental earnings opportunities in the growing cosmetic repair market. The Group intends to roll out new static and mobile cosmetic repair infrastructure and equipment to approximately 50 of the Group's existing sites, starting in 2022 and which will be complete by the middle of 2023.
- Leveraging corporate leasing and fleet capabilities – the Group will integrate its three leasing businesses as one operating unit and create a single, multi-product offering to the Group's corporate customers. These entities have a combined current fleet size of approximately 12,000 units which the Group aims to grow substantially by 2024.

Current trading and outlook

On 25 March 2022 the Group completed a sale and leaseback of its property at York Road, Battersea. The sale generated cash proceeds of £28m before costs, resulting in a gain on sale of c.£6m. The Group has signed a 20-year lease on the property which is occupied by its Volkswagen Battersea franchise. The Group now holds property assets with a net book value of c.£290m (74p per share).

The momentum of last year has continued into trading in the first quarter of 2022. Robust consumer demand and supply constraints on both new and used vehicles have seen gross margins being maintained at 2021 levels. This, combined with a tight control on costs sees the business ahead of 2021 on an underlying profit basis.

The ongoing semiconductor shortage is likely to see new car supplies constrained for the remainder of 2022. Headwinds caused by high levels of inflation in areas such as utilities, mean the Group will experience material cost increases. Wider inflationary pressures and the macro-economic impacts of the crisis in the Ukraine add significant uncertainty to the trading conditions faced by the Group. Notwithstanding these uncertainties, the Board remains confident about the outlook, and that the Group is well placed for the remainder of 2022.

Details of results webcast

There will be a webcast at 9:30am UK time on 6 April for analysts and institutional investors. To register please contact MHP Communications on +44 (0)20 3128 8193 / 8778, or by email on lookers@mhpc.com

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The Company is registered in England at Lookers House, 3 Etchells Road, West Timperley, Altrincham WA14 5XS. Company registration number 00111876. LEI number 213800TSB8PJEACDAV33

Chair’s statement

This is my first annual report as Chair of Lookers, having joined the Group in October 2021. In these initial months I’ve been able to get out into the business, visiting dealerships and meeting colleagues. What I have been pleased to find are strong Original Equipment Manufacturer (OEM) Brand Partner relationships, supportive shareholders, and above all a fantastic, talented team working in a very strong underlying business, and one which is also undergoing an important transformation.

The Group has had to contend with an unprecedented year. There have been the global challenges of the continuing COVID-19 pandemic and supply chain issues driven by the shortage of semiconductor chips, as well as our own challenges of bringing our external financial reporting up to date, regaining the Group’s listed status, the closure of the FCA investigation, and integrating the refreshed Board and Executive. It has been an immense yet worthwhile job to have pulled through all of these challenges.

Having navigated a difficult year I believe that Lookers is now at an exciting inflection point, able to look to the future having tackled many of the issues of the past and emerging as a stronger and more agile business. We are now well placed to prosper in an industry which is undergoing fundamental and exciting changes in the face of evolving consumer trends.

2021 was a year which brought a record underlying profit performance for Lookers despite operating in an environment which presented a series of challenges, not least COVID-19 completely closing showrooms at the start of the year. The whole Lookers team deserves credit and the Board’s wholehearted thanks for delivering these results and adapting to tough conditions. This adaptability, resilience and ability to deliver demonstrates how the Group has moved on as a business and is now in a position to capitalise on future opportunities.

Lookers is a strong brand and we will be extending our capabilities in other automotive solutions and services to drive value for our shareholders over the medium to long term. The Board remains committed to further improvements in the Group’s internal controls framework to ensure that the past failures and weaknesses are not repeated, and that the Group can focus on delivering its strategy for the benefit of all stakeholders.

Strong performance

Considering the headwinds we faced during the year, the outcome is an impressive one.

We have delivered financial results which were significantly ahead of the Board’s expectations at the beginning of the year, with substantial increases in all financial metrics – turnover up to £4.05 billion (2020: £3.70 billion), profit before tax to £90.0m (2020 restated: £1.5m), and net funds of £3.0m (2020: net debt £40.7m)* at the end of the year.

In May 2021 we agreed with our banking club a new credit facility providing an initial £150.0m expiring in September 2023. Further details are given in the Financial Review.

As a result of strong trading and cash generation during 2021 the Board took the decision to repay the £4.1m of Coronavirus Job Retention Scheme claims received in respect of the first half of the year, with repayment being made in September. In addition, it committed not to make any further claims from July onwards. The Group has undertaken to repay £1.9m of non-essential retail sector COVID-19 grants received during 2021 in 2022.

The strong 2021 performance is partly a result of Lookers’ outperformance of the new car market. Importantly, it was further enhanced by actions over recent years to restructure the business with a focus on cost and working capital controls. There have been other favourable dynamics including the fierce demand for used vehicles in light of constrained new vehicle supply and an aversion to public transport as a consequence of COVID-19, which has contributed to a strong margin performance.

The team has been creative and adaptable in introducing several important operational improvements, particularly to enhance our omni-channel customer offering. For example, we have launched ‘Click & Drive’, a contactless service allowing cars to be purchased online. Aligned to this, we now have Lookers branded delivery vans on the road, dropping cars to customers’ doors across the country.

This financial and operational performance gives us a robust platform from which to refresh our strategy. We head down this road with a strong balance sheet, allowing us to pursue and invest in new opportunities from a firm base.

Refreshed strategy

The fast pace of change across the automotive industry – be it electrification, shifting consumer buying habits or evolving OEM Brand Partner business models, to name a few – means it has been important to reflect on our strategic direction. We intend to best position Lookers to adapt to the evolving landscape, allowing the business to capture the multiple opportunities and create a sustainable model which delivers long-term value to all stakeholders.

We are confident we have developed the right framework to focus our efforts to drive value as the UK’s leading integrated automotive retail and services group.

First, we are developing a roadmap to maximise the returns from our core operations in the retail market, one that caters to both franchise and agency models. We see scope to expand our presence amongst some leading brands, further establish our presence in electric vehicles (EV) and boost our footprint in the used market through multi-brand locations. Secondly, we will consolidate and grow our fleet vehicle solutions, building our offer and capacity for corporate customers. Finally, we see scope for improving and growing our automotive services proposition. We see these strategic developments as a logical expansion of our current operations, capitalising on our market position and expertise to provide a more cohesive and integrated offering to drive value for both customers and shareholders.

Our strategic priorities will be underpinned by developing our people and culture, continuing to invest in technology to strengthen our current and future data and analytics capability, further development of our omni-channel proposition, and ensuring that sustainability is built into the core of the business.

Lookers takes its environmental, social and governance (ESG) responsibilities seriously and, despite the challenges of 2021, further progress has been made, particularly in energy efficiency, involving more and better sustainability plans, and governance. This will remain a focus for the Board in 2022. We have announced our ambition to be net zero carbon by 2050 or sooner.

Dividends

The Board is delighted to confirm that 2022 will see a return to the Company paying dividends, and is proposing a final dividend of 2.5 pence per share in respect of 2021 to be paid in June 2022. Thereafter the Board intends to adopt a progressive dividend policy, underpinned by a capital structure aimed at providing long-term sustainable returns to shareholders.

Board composition

As a year of transformation for the business, 2021 has seen further steps to reconstitute the Board to ensure that Lookers has the right mix of skills and experience for the future.

At an executive management level, Duncan McPhee was appointed as Chief Operating Officer in January 2021, having been in the industry for more than 25 years, 13 of which have been with Lookers. More recently, Oliver Laird joined as Chief Financial Officer (CFO) with effect from November 2021. Oliver is a seasoned CFO, with experience across a range of public and private businesses.

On 13 April 2021 Heather Jackson advised the Board of her decision to step down to focus on her increasing non-executive directorships and business interests. Paul Van der Burgh was appointed as Non-Executive Director in April 2021 and then as Senior Independent Director from May 2021. And I joined in October, taking over from Phil White following his 15-year tenure with the business. I and the rest of the Board would like to record our sincere thanks to Phil for his leadership and resilience in steering the Group through an extremely challenging two years, and ensuring that it has emerged as a stronger and fitter business.

With effect from 6 April 2022, a further Non-Executive Director appointment has been made. Deborah Sherry, who is highly experienced in the technology and digital environment having held senior executive positions at leading technology companies around the world for over 20 years, will join the Board to provide additional Board skills that are crucial to the next phase of our strategy.

Outlook

In January the Board was delighted to welcome Constellation Automotive Group as a significant shareholder in the Group. Their investment endorses the Board's view that the Group has excellent prospects and is significantly undervalued. The 19.9% holding was purchased from Tony Bramall and family, who remain shareholders in the Group, and the Board would like to thank Tony for his years of service as a Director and for his support for Lookers.

We are mindful of the continuing COVID-19 pandemic, the deeply concerning current crisis in Ukraine, and significant cost of living increases putting pressure on disposable incomes, all of which mean some uncertainty for the business and our customers over the coming months. New car supply challenges also remain an issue and one that has continued into the current financial year.

However, we feel relatively well placed given our strong relationships with manufacturers and the operational improvements we have made and are making to the business. The Group's good cash flows and strengthened balance sheet backed by some £290m of property assets means that we can fund our expansion and strategic initiatives. Our order bank remains strong, and current trading is encouraging.

In conclusion, the Group is looking forward to the future with confidence. It has emerged from the challenges of the past couple of years stronger and with a clear strategy to navigate future challenges and drive value for all our stakeholders.

*Alternative performance measure - see Note 14

Ian Bull
Chair
5 April 2022

Operating review
Market overview
New vehicle sales
In 2021 the new vehicle market (cars and vans) grew by 4% to 2,002,561 registrations but was still significantly behind 2019 levels. In H1 2021 the market grew by 44% but declined by 22% in H2 as the supply of new vehicles was severely impacted by semiconductor supply shortages. The Group's performance largely mirrored the market with growth in H1 of 45%, followed by a decline of 24% in H2. Across the year the Group's new vehicle sales grew by 4%.

New retail registrations in 2021 grew by 10% compared to 7% growth in the market, whilst new fleet and business registrations remained relatively static, compared to a market which grew by 2%.

Across the market registrations of pure diesel and petrol engines continued to decline. New car diesel registrations declined by 48% and petrol car registrations declined by 16%. Battery electric vehicles (BEV) registrations increased by 76%, representing 12% of the UK new car registrations. The Group increased registrations of BEV by 63%. Lookers' electric vehicles market share remained comparatively static demonstrating the opportunity available for the Group to represent more electric brands in the future. It is very encouraging to note that growth of electric vehicle sales was equally strong in both the fleet and retail channels. Previously the fleet channel had been dominant, driven by the tax treatment of electric vehicles. Retail customers are becoming increasingly aware of electric vehicles and the clear benefits of ownership.

Throughout 2021 the Group kept pace with the new car market and currently enjoys a 5% share of the overall UK retail vehicle market. In addition, the Group had a forward order bank at 31 December 2021 of almost 20,000 new passenger cars, the highest level ever recorded. Combined with improved margins and robust cost control this is a strong indicator of a positive start to 2022.

Nationally, light commercial vehicle (LCV) registrations increased by 21% compared to 2020. The Group's market share declined slightly by 1%, a result of a more selective approach to certain fleet business.

Used vehicle sales
In 2021 the used vehicle market grew by 12% to 7,530,956 units (SMMT data reporting on change of ownership). The Group recorded an increase in sales of 8% (on a like-for-like (LFL) basis).

The imbalance between supply and demand in the used vehicle market in 2021 has resulted in unprecedented appreciation of used vehicle values and therefore margins. The Group's margin per unit increased by 54% in H1 and 45% in H2, with an overall increase across the year of 44%. The increased margin includes the impact of the used car market but also several self-help actions and robust inventory control.

Unprecedented unit margins alongside increased volumes resulted in a 53% increase in used vehicle gross profit compared to 2020.

Aftersales
Aftersales operations have faced challenges due to the continued global pandemic with a reduction in new vehicle registrations, labour shortages, re-seasonalisation of the market and restricted parts distribution and availability. Despite these challenges our aftersales gross profit grew by 13% year-on-year (LFL).

People focus
The Group has retained a tight control of expenses despite rolling out a market leading pay plan to all sales and aftersales colleagues including management to protect long term staff retention and making Lookers an employer of choice. The industry has also seen challenges in employment with high demand for skilled labour. The Group has been able to mitigate much of this through various initiatives, including standardising pay plans, driving up basic salaries and continued engagement with apprentice programmes to ensure stability.

Operations summary
Total revenue for the year was £4,050.7m (2020: £3,699.9m), which was 9.5% higher than 2020. All revenue streams apart from leasing and other increased, mainly due to an easing of COVID-19 restrictions when compared to 2020.

Analysis of revenue

Revenue	2021 £m	2020 £m	Variance	2021 LFL £m	2020 LFL £m	LFL Variance
New vehicles	1,866.2	1,709.3	9.2%	1,860.1	1,687.0	10.3%
Used vehicles	2,038.7	1,779.1	14.6%	2,031.0	1,754.9	15.7%
Aftersales	429.2	383.8	11.8%	424.8	371.0	14.5%
Leasing and other	136.9	148.4	(7.7)%	136.8	136.0	0.6%
Less: intercompany	(420.3)	(320.7)		(418.4)	(373.5)	
Total	**4,050.7**	**3,699.9**	**9.5%**	**4,034.3**	**3,575.4**	**12.8%**

Analysis of gross profit

Gross profit	2021 £m	2020 £m	Variance	2021 LFL £m	2020 LFL £m	LFL Variance
New vehicles	131.3	109.2	20.2%	128.3	106.2	20.8%
Used vehicles	180.3	117.9	52.9%	179.8	116.9	53.8%
Aftersales	182.2	164.6	10.7%	180.4	160.0	12.8%
Leasing and other	22.8	19.3	18.1%	22.8	18.0	26.7%
Total	**516.6**	**411.0**	**25.7%**	**511.3**	**401.1**	**27.5%**
Gross margin %	12.8%	11.1%		12.7%	11.2%	

Gross profit was £516.6m (2020: £411.0m), an increase of £105.6m on prior year. Gross margin at 12.8%, was 1.7 percentage points ahead of 2020. This increase in gross profit was driven by the imbalance of supply versus demand due to semiconductor shortages, and a strong used vehicle market that saw vehicle values appreciate in 8 out of the 12 months during 2021, which resulted in significantly improved margins on both new and used vehicles.

New vehicles

	2021	2020	Variance	2021 LFL	2020 LFL	LFL Variance
Retail unit sales	38,657	35,226	9.7%	36,851	34,750	6.0%
Fleet unit sales	51,310	51,329	0.0%	51,243	50,865	0.7%
Total unit sales	**89,967**	**86,555**	**3.9%**	**88,094**	**85,615**	**2.9%**
Gross margin %	7.0%	6.4%		6.9%	6.3%	

Note: Retail/fleet unit split for 2020 has been restated to bring the Group into line with the definition used by industry body the SMMT.

The sale of new vehicles represented 25.4% (2020: 26.6%) of total gross profit.

The COVID-19 pandemic and global semiconductor shortage had a material impact on UK new car registrations in 2021 with a market total of 1.647m registrations which was marginally up against 2020.

The overall H1 new car market was up 39% on a year-on-year basis despite showrooms remaining closed in Q1 due to COVID-19 restrictions. H2 by comparison reduced by 25% with the most significant drop off in September where registrations dropped by 34% versus 2020 where vehicle supply was heavily impacted by semiconductor shortages. The combination of new vehicle supply constraints and huge consumer demand across the full year 2021 led to extraordinary market conditions which resulted in improved new vehicle margins. Overall retail market registrations were up 7% in 2021 versus prior year. Lookers retail unit sales were up 10% therefore outperforming the retail car market for the full year 2021. This was driven by advancements made in our digital capability and enhancements made in our omni-channel offering.

Gross margin was 7.0% (2020: 6.4%), 0.6 percentage points ahead of 2020. The full year increase includes a notable movement from 6.5% in H1 to 7.7% in H2 as new vehicle supply started to come under pressure.

Used vehicles

	2021	2020	Variance	2021 LFL	2020 LFL	LFL Variance
Retail unit sales	83,141	78,341	6.1%	82,873	76,976	7.7%
Gross margin %	8.8%	6.6%		8.9%	6.7%	

The sale of used vehicles represented 34.9% (2020: 28.7%) of the total gross profit. Like-for-like unit sales improved by 7.7%.

Gross margin was 8.8% (2020: 6.6%), 2.2 percentage points ahead of 2020. This was driven by improved disciplines with regards to used inventory management and a strong market that saw used vehicle values appreciate during several months of the year.

The Group has continued to focus on robust stock management through various actions, specifically:

- Driving down time taken to prepare used vehicles to retail standards (mechanical and cosmetic)
- Enhanced online imagery through use of new technology and inclusion of video content
- Improved speed to web
- Repatriation initiative to improve retention of used vehicles through retail, fleet, leasing and rental channels

Further initiatives and enhancements to the above activities will be introduced in 2022 as part of the Group's operational optimisation strategic priority.

Aftersales

	2021	2020	Variance	2021 LFL	2020 LFL	LFL Variance
Revenue £m	429.2	383.8	11.8%	424.8	371.0	14.5%
Gross margin %	42.5%	42.9%		42.5%	43.1%	

Aftersales represented 35.3% (2020: 40.0%) of total gross profit. On a like-for-like basis aftersales revenues increased by 14.5% versus 2020.

Labour sales in 2021 were up 10% on the prior year, with overall parts sales up 17% against 2020, resulting in a small dilution of total aftersales margin percentage, but still leading to a 10.7% increase in gross profit.

Workshops remained fully operational throughout 2021 despite periods of increased pressure due to COVID-19 infection rates and self-isolation.

The Group continued its focus on aftersales customer retention through the sale of service plans and extended warranty. Active service plan agreements reduced in 2021, as expiring policies have not been fully replaced by new service plans, a consequence of lower new car sales over 2020 and 2021 compared to previous years. The decline has been partly offset by increased sales of extended used vehicle warranty policies, achieved through a rationalisation of our warranty product offering together with simplified pricing. This improves our customer proposition as well as contributing to the Group's overall aftersales retention strategy. Retention of the older vehicle parc will be a key focus area under the Group's operational optimisation strategic priority.

The Group has also focussed on enhancing the customer experience by digitalising the aftersales journey with the introduction of integrated online service bookings, self-check in from home, workshop vehicle tracker updates, video health checks, and integrated online payment options.

Financial review

The Group's income statement is set out in the table below. Profit before tax in the year is reported as £90.0m (2020 restated: £1.5m). The key elements of this strong financial performance are contained within the Operating Review of the report.

	2021 £m	2020 (restated) £m
Revenue	**4,050.7**	**3,699.9**
Cost of sales	(3,534.1)	(3,288.9)
Gross profit	**516.6**	**411.0**
Net operating expenses	(402.5)	(380.4)
Operating profit	**114.1**	**30.6**
Underlying operating profit*	114.2	42.8
Non-underlying items*	(0.1)	(12.2)
Finance costs	(24.1)	(29.1)
Profit before taxation	**90.0**	**1.5**

Operating expenses

Net operating expenses include central administrative and operating costs such as IT, sales support centre, insurance, costs in relation to the Group's head office and professional fees. Pre-non underlying items and pre-Coronavirus Job Retention Scheme (CJRS) net operating costs increased by £6.7m. These costs reflect further investment during 2021 in people in key risk management functions. It also reflects additional professional fees associated with relisting the Company's shares and the successful completion of the FCA investigation.

Across 2021 and 2020 the Group has received Government assistance in relation to the COVID-19 pandemic. In H1 2021 £4.1m was received under CJRS (2020: £34.9m (£27.5m within net operating expenses)) and subsequently repaid in H2. Further support of £1.9m (2020: £nil) of non-essential retail sector COVID-19 grants and £9.8m (2020: £10.2m) of rates reductions under the business rates holiday scheme were received during the year. At the balance sheet date, the Group had committed to repay the £1.9m of non-essential retail sector grants.

	2021 £m	2020 (restated) £m
Salary costs	227.8	227.6
Vehicle and valeting costs	43.4	46.9
IT	19.3	14.0

Insurance, legal and professional	13.3	11.9
Utilities and maintenance	30.4	26.1
Depreciation and amortisation	34.9	34.5
Other	33.3	34.7
Net operating expenses before CJRS receipts and non-underlying items	**402.4**	**395.7**
CJRS receipts	-	(27.5)
Non-underlying items	0.1	12.2
Net operating expenses	**402.5**	**380.4**

Taxation

The Group's taxation charge for the year is £28.8m (2020: £6.1m), which is a composite of a current year corporation tax charge of £12.2m (2020: corporation tax credit of £0.4m) and a deferred tax charge of £16.6m (2020: £6.5m). The increase in the tax charge for the year reflects the material increase in profits chargeable to taxation and an increase in the Group's deferred tax liability due to a rise in the substantially enacted future UK corporation tax rate from 19% to 25%.

Cash flow

	2021 £m	2020 £m
Profit for the year before tax	90.0	1.5
Depreciation and amortisation	53.9	56.2
Other non-cash items	2.8	6.3
Contribution to defined benefit pension scheme	(13.2)	(11.6)
Rental fleet and leasing purchases	(58.9)	(51.5)
Working capital changes	6.3	29.5
Tax (paid)/refunded	(16.3)	7.8
Cash inflow from operating activities	**64.6**	**38.2**
Capital expenditure	(17.4)	(16.8)
Finance lease rentals collected	2.9	4.0
Business and property disposals	11.8	18.0
Net investing activities	**(2.7)**	**5.2**
Funding movements for vehicle leasing	(3.8)	(9.3)
Repayment of lease liabilities	(16.4)	(15.7)
Net financing activities	**(20.2)**	**(25.0)**
Non-cash movement in prepaid finance costs	2.0	0.4
Total movement in net debt	**43.7**	**18.8**
Net debt at 1 January	(40.7)	(59.5)
Net funds/(debt) at 31 December	**3.0**	**(40.7)**

The Group remained highly cash generative during the financial year. Net funds (excluding lease liabilities, vehicle rental liabilities and stocking loans) at 31 December 2021 were £3.0m (2020: net debt £40.7m). The Group continues to focus on working capital, with inventories and debtors reducing year-on-year. At the balance sheet date stocking loans totalled £248.1m (2020: £210.0m), equivalent to 80% of goods for resale (2020: 82%).

Total capital expenditure during the year amounted to £52.3m, of which £34.9m relates to vehicles purchased for long term leasing, £14.1m relates to refurbishment and maintenance expenditure, and £3.3m investment in IT development. Capital expenditure increased as initiatives that were delayed during the earlier stages of the COVID-19 pandemic, were reintroduced in 2021. Capital expenditure will likely remain at this level in the near term as the Group continues to deliver on its strategic priorities and further development of our EV infrastructure capabilities.

Bank funding

Throughout the year the Board was focused on protecting the Group's liquidity position and reducing the Revolving Credit Facility (RCF). As at 31 December 2021 the Group moved into a net funds position of £3.0m (2020: net debt of £40.7m). This reduction has been delivered through the exceptional trading performance, increased cost control and a robust approach to capital allocation.

In May 2021 we agreed with our banking club (The Bank of Ireland, Barclays, HSBC, Lloyds, NatWest) a new RCF providing an initial £150.0m expiring in September 2023. The facility limit stepped down by the value of net disposal proceeds from surplus property disposals. The net impact reduced the RCF limit to £142.8m as at 31 December 2021. Under the facility, interest is charged at between 3.25% and 3.75% (above SONIA) based on the level of utilisation. The facility is subject to quarterly covenant tests on leverage, interest cover and a minimum EBITDA* per rolling twelve months.

Given the strong cash generation of the Group, the Board elected to voluntarily reduce the RCF down to £95.0m in January 2022. We would like to take this opportunity to thank our banking club for all their support throughout 2021.

Pension schemes

The Group has two defined benefit pension schemes, the Lookers Pension Plan and the Benfield Motors Group Pension Plan. Both schemes are closed to entry for new members and closed to future accrual.

The Lookers Pension Plan receives additional pension contributions of £12.0m per annum plus expenses and PPF Levy, all subject to increases linked to CPI. The next triennial valuation of the scheme takes place as at 31 March 2022, following which the Group will enter into negotiations of future contributions.

The Group's triennial valuation of the Benfield Pension Plan was concluded in February 2021 with a continuation of deficit contributions of £0.3m plus expenses and PPF levy.

At 31 December 2021, the aggregate IAS19 pension deficit is £43.2m (2020: £79.3m). The significant year-on-year decrease arises as the result of an increase in the deficit contributions from the Group and higher returns on the assets invested. This is further enhanced by a reduction in the plan liabilities due to an increase in the discount rate driven by rising corporate yield bonds, albeit slightly offset by a rise in inflation.

Relatively small changes in the basis of valuation can have a significant effect on the calculated deficit hence the movement in the calculated deficit can be subject to high levels of volatility.

Capital allocation policy

Capital allocation is a central pillar to the Board's decision-making process. Management believe that the Group needs to continue to invest in the business in order to grow revenues and profit. This investment is expected to include capital expenditure within existing operations and strategic priorities that are value enhancing to the Group's strategy and are returns accretive. The Group should maintain a strong balance sheet with low levels of gearing, where long term debt is used to ensure the business remains robust in a retail sector that is cyclical by nature. The Group's objective is to maximise long term shareholder returns through a disciplined deployment of cash generated, and it has adopted the following capital allocation policy:

Capital expenditure

The Board will invest in capital assets to support demand in our chosen markets. Capital expenditure will include maintenance capital expenditure in the range of £10.0m to £15.0m per annum. The Group will also invest capital expenditure to deliver our strategic priorities and IT systems to provide an omni-channel service to all of our customers. The Board has appetite to expand representation with existing and new brand partners which are entering the UK EV market.

Dividends

The Board intends to pay a regular dividend to shareholders, with a policy of progressively growing dividends through the business cycle. The target dividend cover will be 3.5x to 4.5x for FY22 onwards, following an initial dividend paid in respect of FY21.

Leverage

The Board is committed to maintaining an efficient balance sheet. To support this, the Group will target net debt in the range of +/- 0.5 times EBITDA depending on working capital requirements throughout the year (although it is prepared to operate outside this if circumstances warrant). To support this range of leverage, the Group will continue to prioritise stocking funding to finance inventory and target a stocking funding ratio of eligible vehicles in the range of 85% - 95%.

Shareholder returns

The Board will continue to review the Group's balance sheet in light of the capital allocation policy, and medium-term investment requirements, and will return excess capital to shareholders if and when appropriate. Methods of return for excess capital will be evaluated at the time.

Dividends

The Board intends to adopt a progressive Dividend Policy. The Board is pleased to be proposing a final dividend of 2.5 pence per share. This dividend will be paid on 24 June 2022 to shareholders on the register at close of business on 20 May 2022. The Board intends to maintain a capital structure that is conservative, yet efficient in terms of providing long-term sustainable returns to shareholders.

Non-underlying items

Non-underlying income and expenses are items that are not incurred in the normal course of business and are sufficiently significant and/or irregular to impact the underlying trends in the business. During the year the Group has recognised a net charge of £0.1m of pre-tax non-underlying items against a charge of £12.2m in 2020. The Group recorded net gains of £2.4m (2020: £3.1m) on the sale of a number of freehold properties during the current year. In addition, the current year charge includes non-cash impairments (principally property, plant and equipment and right of use assets) amounting to £1.9m, as well as restructuring costs totalling £0.6m.

Prior year adjustments

During the year the Group identified a number of leases where our IFRS 16 lease calculations contained errors. We have included the impact of these errors as a prior year adjustment. Full details of this adjustment are set out in Note 1.

*Alternative performance measures

The Group uses a number of alternative performance measures (APMs) which are non-IFRS (International Financial Reporting Standards) measures in establishing their financial performance. The Group believes the APMs provide useful, historical financial information to assist investors and other stakeholders to evaluate the performance of the business and are measures commonly used by certain investors for evaluating the performance of the Group. APMs should be considered in addition to IFRS measures and are not intended to be a substitute for IFRS measurements.

More details of the APMs and a reconciliation of the IFRS measures used are included in Note 14.

Risk overview and management

Enterprise risk management framework

As part of the normal course of business the Group is exposed to a wide range of risks, both internal and external. The identification and management of those risks is integral to the achievement of our strategic goals which rely on our ability to identify and control those things that can hurt us and exploit opportunities that arise, both within our business and the wider market. Management identify risks and assess the effectiveness of our control environment on an ongoing basis through robust risk management processes and reporting. To assist, we have developed an Enterprise Risk Management Framework (ERMF) designed to deliver a common language that helps us define and categorise the risks that we face. It sets the high-level principles and underpinning minimum requirements for the identification, assessment, management and monitoring of each of those risk categories in line with Lookers' defined risk appetite. The design of this framework is laid out in our Risk Management Framework Policy that that is subject to Board review and approval on an annual basis. The Board then expects the management team to own the risk management process, identify emerging risk, maintain ongoing dialogue with the business and our other stakeholders, providing management information to the Executive and the Board and keeping up to date with developments in the automotive sector and wider economy.

Three lines of defence

Lookers applies a "three lines of defence" governance model across its business. The principal aim of this model is to ensure that Lookers exercises ownership of risk in the first line of business functions, and independent oversight and challenge of those risks and their management by its second line departments (Risk and Compliance). Internal Audit (the third line) are in place to provide independent assurance to the Board of the effectiveness of our controls. In summary the accountabilities between lines are split as follows:

- The first line of defence (line management and the wider business) own the risks and are responsible for the identification, assessment, management and reporting of those risks
- The second line of defence (Risk and Compliance) operate independently of the first line. They do not own the risk but instead independently oversee, advise and challenge the first line activity
- The third line of defence (Internal Audit) provide independent assurance to the Board on the controls

In addition to these three internal lines of defence, our external auditors play an important role through their consideration of the governance and control structure where this is relevant to financial reporting.

Risk appetite framework

Our risk appetite framework defines the level of risk we are willing to take across the different risk categories and allows us to track mitigating action when our tolerance metrics suggest that we are moving away from where we want to be. Aligned to our strategic planning, risk appetite is key for our decision-making process, including ongoing business planning, new product approvals and business change initiatives.

In setting the risk appetite, the Board outlines the "tone from the top" and provides a basis for ongoing dialogue between management and Board with respect to our current and evolving risk profile, allowing strategic and financial decisions to be made on an informed basis. The Board keeps the Group's risk appetite under periodic review in light of changing market conditions and the Group's performance and strategic focus.

Financial reporting

The Executive Directors oversee the preparation of the Group's annual corporate plan; the Board reviews and approves it and monitors actual performance against it on a monthly basis. We also produce, and the Board reviews and approves, a three-year plan and updates to the annual corporate plan. To ensure that information consolidated into the Group's financial statements is in compliance with relevant accounting standards and the Group's own accounting policies, internal reporting data is reviewed regularly.

The Audit and Risk Committee (ARC) reviews the appropriateness of the Group's accounting policies each reporting period, the application of IFRS and the reliability of the Group's system of control over financial reporting. The ARC considers reports from Executive Management, Internal Audit, the Risk and Compliance teams and the Group's external auditor.

The drive to improve the Group's financial reporting controls has continued through 2021 with oversight from ARC. Work will continue to further enhance those controls and ensure that the Group's financial reporting presents a true and fair reflection of the Group's financial position.

Principal risks and uncertainties

Appreciating that the operation of any business entails an element of risk, the Board maintains a policy of continuous identification, management and review of risks which may threaten the achievement of our strategic objectives. These risks are those that could cause the greatest damage if not effectively identified, assessed and managed. The Board keeps the Group's risk appetite under periodic review in light of changing market conditions and the Group's performance and strategic focus. The principal risks and uncertainties include strategic and market risk, operational risk, information security and cyber risk, information technology risk, data privacy risk, business continuity risks, health, safety and wellbeing risk, financial risk, and regulatory and conduct risk. More information on these risks and their impact on the Group will be included in the 2021 Annual Report. As described elsewhere in this statement, the impact of the ongoing semiconductor shortage, wider inflationary pressures and the macro-economic impacts of the crisis in Ukraine also add significant uncertainty.

Directors' responsibilities statement

The Directors confirm to the best of their knowledge:

- The Financial Statements have been prepared in accordance with the applicable set of accounting standards and Article 4 of the IAS Regulation and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group and Company.
- The Operating and Financial Review in this announcement includes a fair review of the development and performance of the business and the financial position of the Group, together with a description of the principal risks and uncertainties that they face.

This responsibility statement was approved by the Board of Directors and is signed on its behalf by:

Mark Raban
Chief Executive Officer
5 April 2022

Basis of preparation

The financial information presented in this preliminary announcement is extracted from, and is consistent with, the Group's audited financial statements for the year ended 31 December 2021. The financial information set out below does not constitute the Company's statutory financial statements for the periods ended 31 December 2021 or 31 December 2020 but is derived from those financial statements. Statutory financial statements for 2021 will be delivered following the Company's annual general meeting. The auditors have reported on those financial statements; their report was unqualified and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The financial information in this announcement has been extracted from the Group's Annual Report and Accounts for the year ended 31 December 2021 and is prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and UK Adopted International Accounting Standards. Whilst the financial information included in this preliminary announcement has been computed in accordance with IFRS, this announcement does not itself contain sufficient information to comply with IFRS and the financial information set out does not constitute the Company's statutory accounts for the current or prior year.

Going concern

Going concern statement

At the time of approving the financial statements, the Board of Directors is required to formally assess that the business has adequate resources to continue in operational existence for a period of at least 12 months from the date of the approval of the 2021 financial statements and as such can adopt the 'Going Concern' basis of accounting. The Group's Base Case (approved by the Board in January 2022) has been subjected to sensitivity analysis, in which a number of the main underlying assumptions have been adjusted and tested to consider several 'severe but plausible' downside scenarios which are described below.

Following this review, the Board have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and continues to adopt the going concern basis of accounting in preparing the annual financial statements. The Board have reached this conclusion based on the following considerations.

Key judgements and mitigating actions

In assessing whether the Group is a going concern the Board have considered the potential impact on future revenues, profits and cashflows as a direct result of the ongoing pandemic, the on-going shortage of semiconductors, and a potential steep decline in new and used gross profit margins.

In forming their conclusions, the Board have also considered the potential mitigating actions that the Group could take to preserve liquidity and ensure compliance with the Group's financial covenants. In doing so, judgement has been applied in determining whether such actions would be reasonably possible to execute as well as the financial impact of taking such actions. In terms of mitigating actions, the Board would take immediate decisive actions should the need arise.

Modelling potential downside scenarios
In their consideration of going concern of the Group, the Board have reviewed future profit forecasts and cash projections, debt and other key financial ratios over the period including compliance with existing covenant arrangements. These metrics are subjected to sensitivity analysis, in which a number of the main underlying assumptions are adjusted and tested to consider alternative risk-based scenarios.

The Group identifies risks on an ongoing basis through a robust risk management process. We have stress tested our detailed plan, considering severe but plausible scenarios which are aligned to the Group's risk appetite and principal risks. The Board has also considered the availability of the Group's banking facility, which runs until 30 September 2023, and the likelihood of securing a new facility thereafter.

The Board have used their experience to model three different downside scenarios, to ascertain the Group's ability to continue as a going concern. Firstly, a 'sales volume reduction' scenario where potential stock restrictions caused by the impact from semiconductor shortages reduce Base Case new and fleet volumes by 40% between March 2022 and September 2022, gradually building back to Base Case volumes by January 2023. Secondly, a 'pandemic' scenario, where lockdown measures occur between December 2022 and March 2023, volumes have been reduced to those achieved during the December 2020 to March 2021 lockdown, or Base Case if lower. We did not assume any reduction in costs or government support, e.g. Coronavirus Job Retention Scheme, due to the fact we continued to trade during previous lockdowns. Finally, a 'margin reduction' scenario whereby there is an accelerated decline in new and used margins from Q2 FY22. Under all scenarios the Group would not breach any of its financial covenants and would not require any additional sources of financing.

Reverse stress testing
To provide additional assurance around the Group's going concern, reverse stress tests have been modelled. These reverse stress tests are designed to breach financial covenants or exceed liquidity. We have looked at what point we would breach each financial covenant and subsequently assessed the likelihood of this occurring. The following scenarios have been run:

- Rise in interest rates required to breach interest cover;
- Reduction in EBITDA to breach interest cover, both from a volume and margin perspective; and
- Reduction in EBITDA to breach EBITDA covenant, both from a volume and margin perspective.

In each stress test scenario, we have reduced aftersales income by 10% from January 2022 and increased interest rates by 0.75% across the year.

In testing interest cover three individual tests have been performed. In the first reverse stress test, an average increase in interest rates of 3.89% from Q2 FY22 is needed to breach the interest cover covenant at June 2023. In the second reverse stress test, a volume reduction in new, used and fleet of 16% from FY22 is required to breach interest cover in March 2023. However, if volumes were to drop to this level the Group would breach its EBITDA covenant in September 2022. In the third scenario, gross profit per unit needs to fall by 16% to breach interest cover in December 2022.

In testing the EBITDA covenant a further two stress tests have been performed. With no changes to margins, volumes would need to reduce by 6% in all new, used and fleet, for the EBITDA covenant to breach in March 2023. Whilst a margin reduction of c.5.5 percentage points, with no changes to volumes, would breach the EBITDA covenant at March 2023.

In each of the reverse stress test scenarios, the Board believes that the events that would lead to a covenant breach are remote and believes there is appropriate headroom in the covenants and material headroom in liquidity to assess going concern of the Group, before any material and demonstrable mitigating actions would be required.

Ukraine
The Directors are mindful of the potential impacts to macro-economic conditions and further risk of disruption to supply chains that the conflict presents. A potential scenario has been modelled which includes supply disruption alongside increased overheads and borrowing costs, but this does not indicate a material risk to going concern.

Financing
The Group's banking agreements and associated covenants are set out in the Financial Review and include a £95.0m RCF (maturing in September 2023). We have commenced discussions with the banks to refinance this facility and are confident that this will be achieved before the interim results in September 2022. The Group ended the financial year with net funds of £3.0m (2020: net debt £40.7m). The financial covenants are tested quarterly in line with December year-end reporting. These covenants are normally met with headroom. In the majority of downside scenarios discussed above, the Group continues to forecast compliance with all financial covenants for the next 12 months. In addition to the RCF, the Group has stocking funding lines which were utilised at £248.1m as at 31 December 2021.

In all scenarios the Group has sufficient liquidity to continue trading, including reinstatement of the payment of dividends. The reverse stress test modelling demonstrated that a prolonged sales reduction of 10% in aftersales and a large and unrealistic

16% reduction in new, used and fleet volumes is required to breach covenants starting in September 2022, however, we would maintain a material headroom in liquidity. In such an event, management would take mitigating actions, which include but are not limited to:

- Dealership closures and headcount reduction;
- A reduction in capital investment and pause new strategic initiatives;
- Reduction in stock levels to meet demand; and
- Suspension of dividends.

Taking into account the various sensitivities and additional stress testing, the Board has concluded that preparing the accounts on the Going Concern basis is appropriate.

Statement of Total Consolidated Comprehensive Income

For the year ended 31 December 2021 and 31 December 2020

	Note	2021 £m	2020 (restated)* £m
Revenue	2	**4,050.7**	**3,699.9**
Cost of sales		(3,534.1)	(3,288.9)
Gross profit		**516.6**	**411.0**
Net operating expenses		(402.5)	(380.4)
Operating profit		**114.1**	**30.6**
Underlying operating profit		114.2	42.8
Non-underlying items	3	(0.1)	(12.2)
Finance costs	4	(24.1)	(29.1)
Profit before taxation		**90.0**	**1.5**
Underlying profit before taxation		90.1	13.7
Non-underlying items	3	(0.1)	(12.2)
Tax charge	5	(28.8)	(6.1)
Profit/(loss) for the year (attributable to shareholders of the Company)		**61.2**	**(4.6)**
Exchange differences on translation of foreign operation (may be recycled to profit and loss)		(0.5)	0.3
Actuarial gains/(losses) on pension scheme obligations (not recycled to profit and loss)		24.9	(32.5)
Deferred tax on pension scheme obligations (not recycled to profit and loss)		0.4	7.3
Total other comprehensive income/(expense) for the year		**24.8**	**(24.9)**
Total comprehensive income/(expense) for the year (attributable to shareholders of the Company)		**86.0**	**(29.5)**
Earnings/(loss) per share:			
Basic earnings/(loss) per share (p)	7	15.65	(1.18)
Diluted earnings/(loss) per share (p)**	7	15.55	(1.18)

*See Note 1 for details.

** In the year 31 December 2020 the basic and diluted earnings per share are equal as a result of the Group incurring a loss for the year.

Consolidated Statement of Financial Position

As at 31 December 2021 and 31 December 2020

	Note	2021 £m	2020 (restated)* £m	2019 (restated)* £m
Non-current assets				
Goodwill	8	79.3	79.3	81.9
Intangible assets	9	107.9	110.8	114.2
Property, plant and equipment	10	399.3	399.9	429.2
Right of use assets	11	115.7	124.4	126.4
		702.2	714.4	751.7
Current assets				
Inventories	12	511.9	655.2	956.5
Trade and other receivables		108.5	120.6	164.3
Current tax receivable		5.6	1.1	9.8
Rental fleet vehicles		27.5	30.1	32.0
Cash and cash equivalents		103.9	243.0	150.3
Assets held for sale		5.0	13.0	10.0
		762.4	1,063.0	1,322.9
Total assets		1,464.6	1,777.4	2,074.6
Current liabilities				
Bank loans and overdrafts		83.6	116.9	119.4
Trade and other payables		729.6	913.0	1,261.5
Lease liabilities		20.7	20.0	21.1
		833.9	1,049.9	1,402.0
Net current (liabilities)/assets		(71.5)	13.1	(79.1)
Non-current liabilities				
Bank loans		17.3	166.8	90.4
Trade and other payables		35.1	39.8	42.3
Lease liabilities		116.1	125.5	128.2
Provisions		-	-	10.4
Pension scheme obligations		43.2	79.3	55.7
Deferred tax liabilities		49.4	33.2	34.0
		261.1	444.6	361.0
Total liabilities		1,095.0	1,494.5	1,763.0
Net assets		369.6	282.9	311.6
Shareholders' equity				
Ordinary share capital		19.6	19.5	19.5
Share premium		78.4	78.4	78.4
Capital redemption reserve		15.1	15.1	15.1
Retained earnings		256.5	169.9	198.6
Total equity		369.6	282.9	311.6

*See Note 1 for details.

Mark Raban

Director

Consolidated Statement of Changes in Equity

As at 1 January 2020, 31 December 2020 and 31 December 2021

Year ended 31 December 2020	Share capital £m	Share premium £m	Capital redemption reserve £m	Retained earnings £m	Total equity £m
As at 1 January 2020	19.5	78.4	15.1	197.6	310.6
Correction of errors*	-	-	-	1.0	1.0
As at 1 January 2020 (restated)	19.5	78.4	15.1	198.6	311.6
Loss for the year (restated)*	-	-	-	(4.6)	(4.6)
Total other comprehensive expense for the year	-	-	-	(24.9)	(24.9)
Total comprehensive expense for the year	-	-	-	(29.5)	(29.5)
Share-based compensation	-	-	-	0.8	0.8
As at 31 December 2020 (restated)	**19.5**	**78.4**	**15.1**	**169.9**	**282.9**

Year ended 31 December 2021					
As at 1 January 2021	19.5	78.4	15.1	169.9	282.9
Profit for the year	-	-	-	61.2	61.2
Total other comprehensive income for the year	-	-	-	24.8	24.8
Total comprehensive income for the year	-	-	-	86.0	86.0
New shares issued	0.1	-	-	-	0.1
Share-based compensation	-	-	-	0.6	0.6
As at 31 December 2021	**19.6**	**78.4**	**15.1**	**256.5**	**369.6**

*Opening reserves at 1 January 2020 have been restated by £1.0m and the loss for the year ended 31 December 2020 has been restated by £0.5m following further adjustments in relation to the initial adoption of IFRS 16.

Retained earnings includes £16.5m (2020: £16.5m) of non-distributable reserves relating to properties which had been revalued under UK GAAP, but treated as deemed cost under IFRS.

Consolidated Statement of Cash Flows

For the year ended 31 December 2021 and 31 December 2020

	Note	2021 £m	2020 (restated)* £m
Cash flows from operating activities			
Profit/(loss) for the year		61.2	(4.6)
Tax charge		28.8	6.1
Depreciation of property, plant and equipment, rental fleet and right of use assets		48.9	51.4
Gain on disposal of property, plant and equipment		(2.4)	(3.1)
Gain on lease surrenders		-	(1.5)
Gain on disposal of right of use asset associated with rental fleet vehicles		(0.4)	(1.9)
Amortisation of intangible assets	9	5.0	4.8
Share-based compensation		0.6	0.8
Impairment of property, plant and equipment		0.7	5.0
Impairment of right of use assets	11	1.2	0.2
Impairment of goodwill and intangible assets (non-underlying)	3	-	3.6
Finance costs excluding pension related finance costs and debt issue costs	4	22.1	27.5
Debt issue costs	4	1.1	0.5
Difference between pension charge and cash contributions		(11.2)	(8.9)
Purchase of rental fleet vehicles		(23.6)	(21.8)
Purchase of right of use assets associated with rental fleet assets		(0.4)	(1.9)
Purchase of vehicles for long term leasing		(34.9)	(27.8)
Changes in provisions		-	(10.4)
Changes in inventories		183.5	355.1
Changes in receivables		11.7	43.4
Changes in payables		(188.9)	(358.6)
Cash generated from operations		103.0	57.9
Finance costs paid		(16.1)	(21.2)
Finance costs paid - finance leases		(6.0)	(6.3)
Tax (paid)/refunded		(16.3)	7.8
Net cash inflow from operating activities		**64.6**	**38.2**
Cash flows from investing activities			
Purchase of property, plant and equipment and own use vehicles		(14.1)	(13.8)
Purchase of intangibles		(3.3)	(3.0)
Finance lease rentals collected		2.9	4.0
Proceeds from disposal of property, plant and equipment		11.8	18.0
Net cash (outflow)/inflow from investing activities		**(2.7)**	**5.2**
Cash flows from financing activities			
Receipt of funding advanced for vehicle leasing arrangements		58.5	74.8
Repayment of funding advanced for vehicle leasing arrangements		(62.3)	(84.1)
Repayment of loans		(1.2)	(0.6)
Draw down on RCF		35.1	150.0
Repayment on RCF		(181.5)	(72.0)
Repayment of lease liabilities		(16.4)	(15.7)
Net cash (outflow)/inflow from financing activities		**(167.8)**	**52.4**
(Decrease)/increase in cash and cash equivalents		**(105.9)**	**95.8**
Cash and cash equivalents at 1 January		127.2	31.4
Cash and cash equivalents at 31 December		**21.3**	**127.2**
Analysis of cash and cash equivalents			
Cash and cash equivalents		103.9	243.0
Bank overdraft		(82.6)	(115.8)
Cash and cash equivalents at 31 December		**21.3**	**127.2**

*See Note 1 for details

Notes to the financial information
For the year ended 31 December 2021

1a. Statement of Total Comprehensive Income (restated) for the year ended 31 December 2020

Group	As previously reported 31 December 2020 £m	Correction of errors	At 31 December 2020 (restated) £m
Revenue	**3,699.9**	**-**	**3,699.9**
Cost of sales	(3,288.9)	-	(3,288.9)
Gross profit	**411.0**	**-**	**411.0**
Net operating expenses	(380.1)	(0.3)	(380.4)
Operating profit	**30.9**	**(0.3)**	**30.6**
Underlying operating profit	43.0	(0.2)	42.8
Non-underlying items	(12.1)	(0.1)	(12.2)
Finance costs	(28.9)	(0.2)	(29.1)
Profit before taxation	**2.0**	**(0.5)**	**1.5**
Underlying profit before taxation	14.1	(0.4)	13.7
Non-underlying items	(12.1)	(0.1)	(12.2)
Tax charge	(6.1)	-	(6.1)
Loss for the year (attributable to shareholders of the Company)	**(4.1)**	**(0.5)**	**(4.6)**
Exchange differences on translation of foreign operation (may be recycled to profit and loss)	0.3	-	0.3
Actuarial losses on pension scheme obligations (not recycled to profit and loss)	(32.5)	-	(32.5)
Deferred tax on pension scheme obligations (not recycled to profit and loss)	7.3	-	7.3
Total other comprehensive expense for the year	**(24.9)**	**-**	**(24.9)**
Total comprehensive expense for the year (attributable to shareholders of the Company)	**(29.0)**	**(0.5)**	**(29.5)**
Loss per share:			
Basic loss per share (p)	(1.05)	(0.13)	(1.18)
Diluted loss per share (p)	(1.05)	(0.13)	(1.18)

The loss for the year ended 31 December 2020 has been restated by £0.5m following further adjustments in relation to the initial adoption of IFRS 16. Net operating expenses have increased by £0.3m and finance costs have increased by £0.2m.

1b. Statement of Financial Position (restated)

Group	As previously reported 31 December 2020 £m	Correction of errors £m	At 31 December 2020 (restated) £m	As previously reported 1 January 2020 £m	Correction of errors £m	At 1 January 2020 (restated) £m
Non-current assets						
Goodwill	79.3	-	79.3	81.9	-	81.9
Intangible assets	110.8	-	110.8	114.2	-	114.2
Property, plant and equipment	399.9	-	399.9	429.2	-	429.2
Right of use assets	117.6	6.8	124.4	119.0	7.4	126.4
	707.6	6.8	714.4	744.3	7.4	751.7
Current assets						
Inventories	655.2	-	655.2	956.5	-	956.5
Trade and other receivables	124.6	(4.0)	120.6	168.3	(4.0)	164.3
Current tax receivable	1.1	-	1.1	9.8	-	9.8
Rental fleet vehicles	30.1	-	30.1	32.0	-	32.0
Cash and cash equivalents	243.0	-	243.0	150.3	-	150.3
Assets held for sale	13.0	-	13.0	10.0	-	10.0
	1,067.0	(4.0)	1,063.0	1,326.9	(4.0)	1,322.9
Total assets	1,774.6	2.8	1,777.4	2,071.2	3.4	2,074.6
Current liabilities						
Bank loans and overdrafts	116.9	-	116.9	119.4	-	119.4
Trade and other payables	911.8	1.2	913.0	1,261.5	-	1,261.5
Lease liabilities	19.1	0.9	20.0	20.1	1.0	21.1
	1,047.8	2.1	1,049.9	1,401.0	1.0	1,402.0
Net current assets/(liabilities)	19.2	(6.1)	13.1	(74.1)	(5.0)	(79.1)
Non-current liabilities						
Bank loans	166.8	-	166.8	90.4	-	90.4
Trade and other payables	39.8	-	39.8	42.3	-	42.3
Lease liabilities	125.3	0.2	125.5	126.8	1.4	128.2
Provisions	-	-	-	10.4	-	10.4
Pension scheme obligations	79.3	-	79.3	55.7	-	55.7
Deferred tax liabilities	33.2	-	33.2	34.0	-	34.0
	444.4	0.2	444.6	359.6	1.4	361.0
Total liabilities	1,492.2	2.3	1,494.5	1,760.6	2.4	1,763.0
Net assets	282.4	0.5	282.9	310.6	1.0	311.6
Shareholders' equity						
Ordinary share capital	19.5	-	19.5	19.5	-	19.5
Share premium	78.4	-	78.4	78.4	-	78.4
Capital redemption reserve	15.1	-	15.1	15.1	-	15.1
Retained earnings	169.4	0.5	169.9	197.6	1.0	198.6
Total equity	282.4	0.5	282.9	310.6	1.0	311.6

During the year, an exercise has been undertaken to refine and improve the IFRS 16 calculation models. This exercise highlighted errors in the underlying calculations performed in the previous years which are summarised below:

- For property leases spanning both the transition to IFRS 16 and 31 December 2020, property lease rent reviews had been treated incorrectly. Instead of re-calculating the right of use asset and finance lease liability at the point at which the rent was increased, the right of use asset had been calculated as if the rent in place at the date of transition to IFRS 16 was payable from the beginning of the lease. As a consequence, at 31 December 2020, right of use assets were understated by £3.8m (2019: £3.6m) due to excess depreciation being recognised in previous periods. Correcting this error has increased right of use assets by £3.8m (2019: £3.6m), increased retained earnings as at 31 December 2019 by £3.6m and reduced loss for the year ended 31 December 2020 by £0.2m.
- Underlying lease calculations assumed that all lease payments were made quarterly in arrears. Correcting the calculations to reflect the contractual timing of payments has led to a decrease in the total lease liabilities of £2.4m as at 31 December 2020 (2019: £2.6m) and an increase in right of use assets of £0.2m (2019: £0.2m). Retained earnings as at 31 December 2019 increased by £2.8m and there was an increase to the loss for the year ended 31

December 2020 of £0.2m.

- Previous calculations omitted some rent reviews and lease extensions. Correcting this error gave rise to a £2.7m increase in right of use assets and a £2.9m increase in total lease liabilities as at 31 December 2020 (2019: £2.5m and £2.5m respectively). There was no impact on retained earnings as at 31 December 2019 and there was an increase to the loss for the year ended 31 December 2020 of £0.2m.
- Advanced rental payments that were included within prepayments were not derecognised, as required, on transition to IFRS 16. Therefore trade and other receivables have been reduced by £4.0m at 31 December 2020 (2019: £4.0m). Retained earnings as at 31 December 2019 reduced by £4.0m and there was no impact to loss for the year ended 31 December 2020.
- Some lease disposals were omitted and a small number of leases were not previously recognised. Correcting for these errors resulted in a net decrease in right of use assets of £1.0m and a net decrease in total lease liabilities of £0.5m as at 31 December 2020 (2019: increase in right of use assets of £0.3m and increase in total lease liabilities of £1.1m). Retained earnings as at 31 December 2019 decreased by £0.8m and there was a reduction in the loss for the year ended 31 December 2020 of £0.3m.
- As at 31 December 2020, correcting for a combination of other errors resulted in an increase in right of use assets of £1.1m (2019: £0.8m), an increase in total lease liabilities of £1.1m (2019: £1.4m) and an increase in trade and other payables of £1.2m (2019: £nil). Retained earnings as at 31 December 2019 decreased by £0.6m and there was an increase to the loss for the year ended 31 December 2020 of £0.6m.

The combined impact of correcting for the errors noted above on the Consolidated Statement of Financial Position at 31 December 2020 is to increase right of use assets (£6.8m), decrease trade and other receivables (£4.0m), increase trade and other payables (£1.2m), increase current lease liabilities (£0.9m), increase non-current lease liabilities (£0.2m), and increase retained earnings (£0.5m). Overall, the adjustments increase previously reported loss for the year and total comprehensive expense for the year by £0.5m. Whilst there is no overall impact on the Consolidated Statement of Cash Flows the cash inflows from operating activities have increased by £0.4m, with an equal and opposite reduction in cash inflows from financing activities. Restated earnings per share are disclosed in Note 7.

1c. Statement of Cash Flows (restated)

	As previously reported 31 December 2020 £m	Correction of errors £m	At 31 December 2020 (restated) £m
Cash flows from operating activities			
Loss for the year	(4.1)	(0.5)	(4.6)
Tax charge	6.1	-	6.1
Depreciation of property, plant and equipment, rental fleet and right of use assets	51.2	0.2	51.4
Gain on disposal of property, plant and equipment	(3.1)	-	(3.1)
Gain on lease surrenders	(1.2)	(0.3)	(1.5)
Gain on disposal of right of use asset associated with rental fleet assets	(1.9)	-	(1.9)
Amortisation of intangible assets	4.8	-	4.8
Share-based compensation	0.8	-	0.8
Impairment of property, plant and equipment	5.0	-	5.0
Impairment of right of use assets	0.4	(0.2)	0.2
Impairment of goodwill and intangible assets (non-underlying)	3.6	-	3.6
Finance costs excluding pension related finance costs and debt issue costs	27.3	0.2	27.5
Debt issue costs	0.5	-	0.5
Difference between pension charge and cash contributions	(8.9)	-	(8.9)
Purchase of rental fleet vehicles	(21.8)	-	(21.8)
Purchase of right of use assets associated with rental fleet assets	(1.9)	-	(1.9)
Purchase of vehicles for long term leasing	(27.8)	-	(27.8)
Changes in provisions	(10.4)	-	(10.4)
Changes in inventories	355.1	-	355.1
Changes in receivables	43.4	-	43.4
Changes in payables	(359.8)	1.2	(358.6)
Cash generated from operations	57.3	0.6	57.9
Finance costs paid	(21.2)	-	(21.2)
Finance costs paid - lease liabilities	(6.1)	(0.2)	(6.3)
Tax refunded	7.8	-	7.8
Net cash inflow from operating activities	**37.8**	**0.4**	**38.2**
Cash flows from investing activities			
Purchase of property, plant and equipment and own use vehicles	(13.8)	-	(13.8)
Purchase of intangibles	(3.0)	-	(3.0)
Finance lease rentals collected	4.0	-	4.0
Proceeds from disposal of property, plant and equipment	18.0	-	18.0
Net cash inflow from investing activities	**5.2**	**-**	**5.2**
Cash flows from financing activities			
Receipt of funding advanced for vehicle leasing arrangements	74.8	-	74.8
Repayment of funding advanced for vehicle leasing arrangements	(84.1)	-	(84.1)
Repayment of loans	(0.6)		(0.6)
Drawdown on RCF	150.0	-	150.0
Repayment on RCF	(72.0)	-	(72.0)
Repayment of lease liabilities	(15.3)	(0.4)	(15.7)
Net cash inflow from financing activities	**52.8**	**(0.4)**	**52.4**
Increase in cash and cash equivalents	**95.8**	**-**	**95.8**
Cash and cash equivalents at 1 January	31.4	-	31.4
Cash and cash equivalents at 31 December	**127.2**	**-**	**127.2**

Analysis of cash and cash equivalents			
Cash and cash equivalents	243.0	-	243.0
Bank overdraft	(115.8)	-	(115.8)
Cash and cash equivalents at 31 December	**127.2**	**-**	**127.2**

2. Segmental

The Group presents segmental information to better reflect the Group's revenue streams and the single-segment trading nature of the business' operations. No further disclosures have been made given the single segment trading nature of the business' operations which are predominantly transacted in the United Kingdom. All channels have been shown as gross totals prior to the elimination of intercompany trading activity so as to provide more granular detail around the Group's internal trading activities.

	2021 £m	Mix*	2020 £m	Mix*
New cars	1,866.2	41.7%	1,709.3	42.5%
Used cars	2,038.7	45.6%	1,779.1	44.3%
Aftersales	429.2	9.6%	383.8	9.5%
Leasing and other	136.9	3.1%	148.4	3.7%
Less: intercompany	(420.3)	-	(320.7)	-
Revenue	**4,050.7**	**100%**	**3,699.9**	**100%**

*Mix calculation excludes the effect of intercompany revenues.

3. Non-underlying items

The following details items of income and expenditure that the Group has classified as non-underlying in its statement of total comprehensive income.

	Note	2021 £m	2020 (restated) £m
Non-underlying items			
1 - Gain on property disposals		(2.4)	(3.1)
2 - Impairment of property, plant and equipment		0.7	3.4
2 - Impairment of right of use assets	11	1.2	0.2
2 - Gain on lease surrenders		-	(1.5)
2 - Restructuring costs		0.6	10.5
3 - Impairment of goodwill and intangible assets	8, 9	-	3.6
4 - FCA provision		-	(10.4)
5 - Professional fees		-	9.2
6 - Finance overpayments		-	0.3
Non-underlying items		**0.1**	**12.2**

1 - Property disposals relate to the net gains on the sale of a number of freehold properties during the current and prior year. These items have been deemed non-underlying by nature.

2 - During the current and prior year, the Board took decisive restructuring actions to position the Group for a strong and sustainable future. This included the closure, consolidation or refranchising of three sites in 2021 (2020: 12 sites). In addition to the Group-wide restructuring, costs relating to site closure and impairment losses have been recognised during the current and prior year (2020: also net of £1.6m insurance income). These items have been deemed non-underlying by irregularity.

3 - During the prior year the Directors have concluded that impairment charges against the carrying value of certain elements of the Group's intangible asset base are required (Ford CGU goodwill impairment £2.6m - see Note 8; Lomond brand impairment £1.0m - see Note 9). These items have been deemed non-underlying by size.

4 - A provision of £10.4m in relation to the previously documented FCA matters was released in the year ended 31 December 2020. These items have been deemed non-underlying by irregularity and size.

5 – Professional fees incurred in the prior year in relation to dealing with the Group's share suspension and investigation into prior period accounting irregularities have been treated as non-underlying items. These items have been deemed non-underlying by irregularity and size.

6 – £0.3m of additional costs have been incurred during the prior year in respect of rectifying historic issues in relation to finance overpayments. These items have been deemed non-underlying by irregularity.

The net cash inflow from operating activities associated with non-underlying items is £11.0m (2020: outflow £2.0m).

4. Finance costs

	2021 £m	2020 (restated) £m
Finance costs:		
On revolving credit facility	(2.9)	(3.9)
On other bank borrowings	(0.4)	(0.4)
On consignment, repurchase vehicle liabilities and stocking loans	(10.7)	(15.2)
On vehicle rental finance liabilities	(2.1)	(1.7)
On lease liabilities	(6.0)	(6.3)
Debt issue costs	(1.1)	(0.5)
	(23.2)	**(28.0)**
Net pension costs:		
On defined benefit pension obligation	(4.3)	(6.1)
On pension scheme assets	3.4	5.0
	(0.9)	**(1.1)**
Finance costs	**(24.1)**	**(29.1)**

Amounts disclosed for the year ended 31 December 2020 have been reanalysed between other bank borrowings and interest on consignment, repurchase vehicle liabilities and stocking loans, and adjusted for interest on lease liabilities. Details of the corrections of errors are shown in Note 1.

5. Taxation

	2021 £m	2020 £m
Current tax charge/(credit):		
Current year	11.3	-
Adjustment in respect of prior years	0.9	(0.4)
	12.2	**(0.4)**
Deferred tax charge:		
Deferred tax - origination and reversal of temporary differences	4.8	3.5
Change in UK tax rate	16.9	5.0
Adjustment in respect of prior years	(5.1)	(2.0)
	16.6	**6.5**
Total tax charge	**28.8**	**6.1**
Tax on items credited to other comprehensive income:		
Tax on pension scheme obligations excluding change in UK tax rate	4.7	(1.1)
Change in UK tax rate	(5.1)	(6.2)
	(0.4)	**(7.3)**

		2021			2020	
	Underlying £m	Non-underlying £m	Reported £m	Underlying £m	Non-underlying £m	Reported £m
Reconciliation of total tax:						
Profit before tax	90.1	(0.1)	90.0	13.7	(12.2)	1.5
Standard rate of corporation tax at 19% (2020: 19%)	17.1	-	17.1	2.6	(2.3)	0.3
(Non-taxable income)/disallowable items	(0.9)	0.3	(0.6)	0.4	1.1	1.5
Capital gains	-	-	-	1.3	-	1.3
Share-based compensation	(0.3)	-	(0.3)	0.5	-	0.5
Adjustment in respect of prior years	(4.2)	-	(4.2)	(2.6)	0.2	(2.4)
Change in UK tax rate	16.9	-	16.9	5.0	-	5.0
Difference on overseas tax rate	(0.1)	-	(0.1)	(0.1)	-	(0.1)
Total tax	**28.5**	**0.3**	**28.8**	**7.1**	**(1.0)**	**6.1**

A UK corporation tax rate of 25% was substantially enacted on 24 May 2021. The 25% rate will apply from 1 April 2023 and the carry-back of losses is expected to apply to years ended 31 December 2020 and 31 December 2021. If these two measures had been substantively enacted at the comparative balance sheet date the Group's deferred tax liability would have increased by £10.4m as at 31 December 2020 and the current tax asset increased by £0.3m as at 31 December 2020. In the recognition of the Group tax charge £16.9m (2020: £5.0m) was recognised in relation to the increase in deferred tax rate.

6. Dividends

Group	2021 £m	2020 £m
Interim dividend for the year ended 31 December 2021 nil p (2020: nil p)	-	-
Final dividend for the year ended 31 December 2020 nil p (2019: nil p)	-	-
	-	-

The Directors propose a final dividend of 2.5p per share in respect of the financial year ended 31 December 2021 (2020: nil p). The proposed final dividend is subject to shareholder approval at the Annual General Meeting and has therefore not been included as a liability in these financial statements.

7. Earnings/(loss) per share

	2021	2020 (restated)
Profit/(loss) attributable to ordinary shareholders (£m)	61.2	(4.6)
Weighted average number of shares in issue	391,073,686	390,138,374
Basic earnings/(loss) per share (p)	**15.65**	**(1.18)**
Profit/(loss) attributable to ordinary shareholders (£m)	61.2	(4.6)
Dilutive effect of share-based payment options and weighted average number of shares in issue	393,466,275	390,138,374
Diluted earnings/(loss) per share (p)	**15.55**	**(1.18)**
Profit before tax (£m)	90.0	1.5
Add: Non-underlying items (£m)	0.1	12.2
Underlying profit before tax (£m)	90.1	13.7
Underlying tax (£m)	(28.5)	(7.1)
Change in UK tax rate (£m)	16.9	5.0
Underlying earnings attributable to ordinary shareholders (£m)	78.5	11.6
Weighted average number of shares in issue	391,073,686	390,138,374
Underlying basic earnings per share (p)	**20.07**	**2.97**

In the year ended 31 December 2020 the basic and diluted earnings per share are equal as a result of the Group incurring a loss for the year. This has therefore created an anti-dilutive impact. The diluted weighted average number of shares in issue in 2021 was 393,466,275 (2020: 390,138,374).

The underlying tax figure for 2020 has been recalculated using the basis as seen in Note 5.

8. Goodwill

Cost	2021 £m	2020 £m
At 1 January and 31 December	**122.4**	**122.4**
Aggregate impairment		
At 1 January	43.1	40.5
Charge for the year	-	2.6
At 31 December	**43.1**	**43.1**
Carrying amount at 31 December	**79.3**	**79.3**

Following the Group's annual impairment review an impairment charge of £nil has been recognised during the year (2020: £2.6m).

The following table summarises goodwill and intangibles with an indefinite useful economic life allocated by CGU:

CGU	2021 Goodwill £m	2021 Licences £m	2021 Total £m	2020 Goodwill £m	2020 Licences £m	2020 Total £m
Jaguar Land Rover	9.0	-	9.0	9.0	-	9.0
Audi	22.1	27.9	50.0	22.1	27.9	50.0
Charles Hurst	9.4	-	9.4	9.4	-	9.4
Ford	4.8	2.9	7.7	4.8	2.9	7.7
Mercedes-Benz	15.2	28.2	43.4	15.2	28.2	43.4
Volkswagen	6.9	15.9	22.8	6.9	15.9	22.8
BMW	-	21.7	21.7	-	21.7	21.7
Vauxhall Renault Nissan Dacia	2.8	2.9	5.7	2.8	2.9	5.7
Fleet & Leasing	9.1	-	9.1	9.1	-	9.1
	79.3	**99.5**	**178.8**	**79.3**	**99.5**	**178.8**

The Group's three-year strategic review considers the Group's profit and loss, cashflows, debt and other key financial ratios over the period. There are a number of key assumptions within these forecasts, and these have been based on management's past experience and knowledge of the market.

The value-in-use of each CGU is calculated using cash flow projections for a five-year period; from 1 January 2022 to 31 December 2026. These projections are based on the Board approved strategic plan to 31 December 2024. The key assumptions in the strategic plan on which the cash flow projections are based relate to expectations of sales volumes and margins and expectations around changes in the operating cost base. The assumptions made are based on the Board's understanding of the current macro-economic context and outlook (including the effects of COVID-19 and the current unrest in Ukraine), past experience adjusted for expected changes, and external sources of information.

The key assumptions that have been used in determining the value in use of each cash generating unit in the impairment model are set out in the table below:

Assumption	2021	2020	2019
Three-to-five-year revenue growth	0.0% to 1.4%	0.0% to 1.4%	0.0% to 1.0%
Three-to-five-year operating expenses growth	0.0% to 2.0%	0.0% to 2.0%	0.0% to 2.0%
Post year five growth rate	0%	0%	0%
Discount rate	12.40%	9.87%	8.51%

The pre-tax adjusted discount rate used has been calculated using the Group's estimated cost of capital and benchmarked against externally available data.

9. Intangible assets

Group	Licences and brands £m	IT development £m	Total £m
Cost			
At 1 January 2020	102.6	39.6	142.2
Additions	-	3.0	3.0
Transfers to property, plant and equipment	-	(0.6)	(0.6)
At 31 December 2020	**102.6**	**42.0**	**144.6**
At 1 January 2021	102.6	42.0	144.6
Additions	-	3.3	3.3
Disposals	-	(23.3)	(23.3)
Transfers to property, plant and equipment	-	(1.2)	(1.2)
At 31 December 2021	**102.6**	**20.8**	**123.4**
Accumulated amortisation and impairment			
At 1 January 2020	2.1	25.9	28.0
Charge for the year	-	4.8	4.8
Impairment charge	1.0	-	1.0
At 31 December 2020	**3.1**	**30.7**	**33.8**

At 1 January 2021	3.1	30.7	33.8
Charge for the year	-	5.0	5.0
Disposals	-	(23.3)	(23.3)
At 31 December 2021	**3.1**	**12.4**	**15.5**
Carrying amount			
As at 1 January 2020	100.5	13.7	114.2
As at 31 December 2020 and 1 January 2021	99.5	11.3	110.8
As at 31 December 2021	**99.5**	**8.4**	**107.9**

An impairment charge of £1.0m was made in the prior year relating to the Group's Lomond brand.

At 31 December 2021 there is an amount of £0.7m (2020: £nil) committed for future capital expenditure. Included within IT development are IT assets in the course of construction totalling £0.3m (2020: £2.8m).

10. Property, plant and equipment

Group	Freehold property £m	Leasehold property £m	Motor vehicles £m	Other £m	Total £m
Cost					
At 1 January 2020	270.2	92.9	101.1	84.3	548.5
Movements in foreign exchange	1.1	-	-	0.1	1.2
Additions	3.0	1.2	28.9	8.5	41.6
Disposals	(14.1)	(3.0)	(2.8)	(13.3)	(33.2)
Transfers	(2.5)	3.2	4.2	(4.9)	-
Transfers from intangible assets	-	-	-	0.6	0.6
Transfers to inventories	-	-	(34.6)	-	(34.6)
Transfers to assets held for sale	(7.8)	(2.4)	-	-	(10.2)
At 31 December 2020	**249.9**	**91.9**	**96.8**	**75.3**	**513.9**
At 1 January 2021	249.9	91.9	96.8	75.3	513.9
Movements in foreign exchange	(1.2)	-	-	(0.1)	(1.3)
Additions	1.9	2.8	35.2	9.1	49.0
Disposals	(0.7)	(0.9)	(0.4)	(10.7)	(12.7)
Transfers	0.9	3.6	-	(4.5)	-
Transfers from intangible assets	-	-	-	1.2	1.2
Transfers to inventories	-	-	(32.3)	-	(32.3)
Transfers from assets held for sale	1.4	-	-	-	1.4
At 31 December 2021	**252.2**	**97.4**	**99.3**	**70.3**	**519.2**
Accumulated depreciation and impairment					
At 1 January 2020	23.3	18.3	31.9	45.8	119.3
Movements in foreign exchange	-	-	-	0.1	0.1
Charge for the year	2.9	2.5	16.8	10.0	32.2
Impairment charge	0.2	-	-	1.3	1.5
Disposals	(3.1)	(2.2)	(1.9)	(13.1)	(20.3)
Transfers to inventories	-	-	(18.0)	-	(18.0)
Transfers to assets held for sale	(0.8)	-	-	-	(0.8)
At 31 December 2020	**22.5**	**18.6**	**28.8**	**44.1**	**114.0**
At 1 January 2021	22.5	18.6	28.8	44.1	114.0
Movements in foreign exchange	-	(0.1)	-	(0.1)	(0.2)
Charge for the year	2.4	2.9	16.9	8.4	30.6
Impairment charge	-	-	-	0.6	0.6
Disposals	-	(0.3)	(0.2)	(9.2)	(9.7)
Transfers	0.2	-	-	(0.2)	-

Transfers to inventories	-	-	(15.3)	-	(15.3)
Transfers to assets held for sale	(0.1)	-	-	-	(0.1)
At 31 December 2021	**25.0**	**21.1**	**30.2**	**43.6**	**119.9**

Carrying amount					
As at 1 January 2020	246.9	74.6	69.2	38.5	429.2
As at 31 December 2020 and 1 January 2021	227.4	73.3	68.0	31.2	399.9
As at 31 December 2021	**227.2**	**76.3**	**69.1**	**26.7**	**399.3**

Assets in the course of construction relate to build costs that have been incurred but the property is not yet in use and are included in Other. The total of these assets held at 31 December is £4.7m (2020: £4.3m). These assets will be transferred to Freehold or Leasehold property when complete. Other includes plant and machinery, fixtures, fittings and tools and equipment.

Included within freehold property is freehold land at a cost of £94.8m (2020: £96.3m) which is not depreciated. At 31 December 2021 there is an amount of £15.4m (2020: £7.3m) committed for future capital expenditure.

Included within additions to motor vehicles of £35.2m (2020: £28.9m) are additions of £0.3m (2020: £1.1m) relating to own use vehicles. At 31 December 2021 there is a net book value amount of £1.1m (2020: £1.3m) of own use vehicles included within the total net book value for motor vehicles.

During the year ended 31 December 2021 the total net book value of disposals from property and other amounted to £2.8m (2020: £12.0m). Total proceeds received was £3.0m (2020: £14.5m) resulting in a gain on disposals of £0.2m (2020: £2.5m).

During the year ended 31 December 2021 the total net book value of disposals from motor vehicles amounted to £0.2m (2020: £0.9m). Total proceeds received was £0.2m (2020: £0.7m) resulting in a gain on disposals of £nil (2020: loss of £0.2m).

Following the Group's restructuring program, an impairment charge of £0.6m (2020: £1.5m) has been recorded representing an adjustment to the expected recoverable values of assets. At the balance sheet date £1.5m (2020: £9.4m) of properties have been transferred to assets held for sale and £3.0m (2020: £nil) of properties have been transferred from assets held for sale to property, plant and equipment.

For the year ended 31 December 2021 the net total book value transferred to Group inventories was £17.0m (2020: £16.6m).

11. Right of use assets

Group	Property £m	Other £m	Total £m
At 1 January 2020	116.8	2.2	119.0
Correction of errors*	7.4	-	7.4
At 1 January 2020 (restated)	124.2	2.2	126.4
Additions	12.8	1.9	14.7
Modifications	0.6	-	0.6
Depreciation charge	(12.6)	(2.6)	(15.2)
Impairment	(0.2)	-	(0.2)
Disposals	(1.9)	-	(1.9)
At 31 December 2020	**122.9**	**1.5**	**124.4**
At 1 January 2021	122.9	1.5	124.4
Additions	4.7	3.7	8.4
Modifications	1.0	-	1.0
Depreciation charge	(12.7)	(2.6)	(15.3)
Impairment	(1.2)	-	(1.2)
Disposals	(1.6)	-	(1.6)
At 31 December 2021	**113.1**	**2.6**	**115.7**

*Details of the correction of errors are shown in Note 1

Included within the Other category are leases for motor vehicles and IT equipment.

A charge of £1.2m (2020: £0.2m) has been recognised following the cessation of trade from certain dealerships during the year thereby giving rise to an impairment charge which has been treated as a non-underlying item (see Note 3).

12. Inventories

Group	2021 £m	2020 £m
Goods for resale	310.7	255.7
Vehicle spare parts for resale	18.7	17.2
Consignment vehicles	182.5	382.3
	511.9	**655.2**

Total write-offs of £nil (2020: £nil) have been incurred during the year and there have been no reversals of past write-downs (2020: none). Stocking loans provided by third party finance houses are secured over the vehicles used for the provision of such finance.

Included within goods for resale are vehicles leased out to staff employees on short-term lease arrangements via a third party but are still actively marketed for immediate sale to third parties by the Group as the Group has not relinquished control of these vehicles. As at 31 December 2021 these total £27.6m (2020: £23.6m).

At 31 December 2021 the Group had entered into a number of future purchase commitments amounting to £0.8m (2020: £4.8m) which are not recognised in the financial statements.

13. Subsequent events

Subsequent to the year end the conflict in Ukraine commenced. The Directors are mindful of the potential impacts to macro-economic conditions and further risks of disruption to supply chains.

On 25 March 2022 the Group completed a sale and leaseback of its property at York Road, Battersea. The sale generated cash proceeds of £28m before costs, resulting in a profit on disposal of c.£6m. The Group has signed a 20-year lease on the property, which is occupied by its Volkswagen Battersea franchise.

In May 2021 the Group agreed a new revolving credit facility (RCF) providing an initial £150.0m, expiring in September 2023. The facility limit steps down by the value of the net disposal proceeds from surplus property disposals, and the net impact reduced the facility to £142.8m as at 31 December 2021. Given the strong cash generation of the Group, the Board elected to reduce the RCF down to £95.0m in January 2022.

14. Reconciliation of Alternative Performance Measures

The Group uses a number of alternative performance measures (APMs) which are non-IFRS measures in establishing their financial performance. Like-for-like is the collection of dealerships and other trading businesses that have both a full year of trading activity in the current year and prior year. The Group believes the APM provide useful, historical financial information to assist investors and other stakeholders to evaluate the performance of the business and are measures commonly used by certain investors for evaluating the performance of the Group.

In particular, the Group uses APM which reflect the underlying performance on the basis that this provides users of the financial statements with additional useful information to better assess the core business performance of the Group. Details of the definitions of APM are made within the Glossary in Note 15. A reconciliation of the statutory measures to the APM is set out below:

Like-for-like revenue	2021	2020 (restated)
Revenue (£m)	**4,050.7**	**3,699.9**
Less: Non like-for-like revenue	(16.4)	(124.5)
Like-for-like revenue (£m)	**4,034.3**	**3,575.4**
Gross profit margin		
Revenue (£m)	**4,050.7**	**3,699.9**
Gross profit (£m)	**516.6**	**411.0**
Gross profit margin (%)	**12.8%**	**11.1%**
EBITDA and underlying EBITDA (£m)		
Operating profit (£m)	**114.1**	**30.6**
Add: Depreciation (£m)	48.9	51.4
Add: Amortisation (£m)	5.0	4.8
EBITDA (£m)	**168.0**	**86.8**
Add: Non-underlying items (£m)	0.1	12.2
Underlying EBITDA (£m)	**168.1**	**99.0**
Underlying operating profit (£m)		

Operating profit (£m)	**114.1**	**30.6**
Add: Non-underlying items (£m)	0.1	12.2
Underlying operating profit (£m)	**114.2**	**42.8**

Underlying profit before tax and underlying basic EPS		
Profit before tax (£m)	**90.0**	**1.5**
Add: Non-underlying items (£m)	0.1	12.2
Underlying profit before tax (£m)	**90.1**	**13.7**
Underlying tax (£m)	(28.5)	(7.1)
Change in UK tax rate (£m)	16.9	5.0
Underlying profit after tax (£m)	78.5	11.6
Weighted average number of shares in issue	391,073,686	390,138,374
Underlying basic EPS (p)	**20.07**	**2.97**

Property portfolio and property portfolio by share		
Property, plant and equipment (£m)	**399.3**	**399.9**
Less: Other property, plant and equipment (£m)	(26.7)	(31.2)
Less: Motor vehicles (£m)	(69.1)	(68.0)
Property portfolio (£m)	**303.5**	**300.7**
Share capital at 31 December	391,887,909	390,138,374
Property portfolio per share (p)	**77.4**	**77.1**

Net (funds)/debt excluding lease liabilities and rental vehicle finance liabilities		
Bank loans and overdrafts (£m)	**100.9**	**283.7**
Less: Cash and cash equivalents (£m)	(103.9)	(243.0)
Net (funds)/debt (£m)	**(3.0)**	**40.7**

15. Glossary of terms

Introduction

In the reporting of the financial statements, the Directors have adopted various alternative performance measures (APMs) of financial performance, position or cash flows other than those defined or specified under International Financial Reporting Standards (IFRS). These measures are not defined by IFRS and therefore may not be directly comparable with other companies' APMs, including those in the Group's industry. APMs should be considered in addition to IFRS measures and are not intended to be a substitute for IFRS measurements.

Purpose

The Directors believe that these APMs provide additional useful information on the underlying performance and position of the Group. APMs are also used to enhance the comparability of information between reporting periods by adjusting for irregularity factors which affect IFRS measures, to aid the user in understanding the Group's performance.

Consequently, APMs are used by the Directors and management for performance analysis, planning, reporting and incentive setting purposes. The key APMs that the Group has focused on this period are as follows:

Performance measure	Definition	Why we measure it
Like-for-like (LFL)	These are calculated where dealerships have contributed twelve months of revenue and profit contribution in both the current and comparative periods presented.	To provide a consistent overview of comparative trading performance
Gross profit margin	Gross profit as a percentage of revenue.	A measure of the significant revenue channels' operational performance
Non-underlying items	Relate to costs or incomes which are not incurred in the normal course of business or due to their size, nature and irregularity are not included in the assessment of financial performance in order to reflect management's view of the core-trading performance of the Group.	A key metric of the Group's non-underlying business performance.
Earnings before interest, depreciation and amortisation (EBITDA)	Operating profit before deducting depreciation and amortisation	A key metric of the Group's underlying business performance.
Underlying operating profit	Operating profit before the impact of non-underlying items as defined above.	A key metric of the Group's underlying business performance.

Underlying profit before tax	Profit before tax before the impact of non-underlying items as defined above.	A key metric of the Group's underlying business performance
Underlying basic earnings per share (EPS)	Earnings per share before the impact of non-underlying items as defined above, and the impact of tax rate changes.	A key metric of the Group's underlying business performance
Net debt/funds	Bank loans and overdrafts less cash and cash equivalents. Lease liabilities, vehicle rental liabilities and stocking loans are not included in net debt.	A measure of the Group's net indebtedness that provides an indicator of the overall balance sheet strength
Property portfolio	The net book value of freehold and leasehold properties as at the balance sheet date.	A key metric of the Group's statement of financial position
New car unit sale	A new vehicle sale which has generated revenue for the Group.	A measure of statistical volumes and indicator of operational performance
Used car unit sale	Any vehicle sold that isn't a new car unit sale.	A measure of statistical volumes and indicator of operational performance
Car parc	The approximate number of vehicles on the UK road network.	A measure of the UK market size and indicator for growth opportunities
New car market	Total number of annual new vehicle unit registrations made in the UK as defined by the Society of Motor Manufacturers and Traders (SMMT).	A measure of the UK market size and indicator for growth opportunities
New car market share	The Group's annual share of the new car market calculated as a percentage of the Group's new car unit sales to the new car market size.	Our relative performance against the UK market

Details of the reconciliations of APMs to statutory measures are made in Note 14.