

Registration number: 1397939

LeasePlan UK Limited  
Annual Report and Financial Statements  
for the Year Ended 31 December 2023

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**LeasePlan UK Limited (registered number: 1397939)**  
**Company Information**

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**Directors**

T J Laver (appointed 7th October 2024)  
C J Black (appointed 7th October 2024)  
A Martinez (resigned 7th October 2024)  
R Cellier (resigned 7th October 2024)

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**Company secretary**

S. Carlin

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**Registered office**

165 Bath Road  
Slough  
Berkshire  
SL1 4AA

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**Auditor**

KPMG LLP  
15 Canada Square  
Canary Wharf  
London  
E14 5GL

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**LeasePlan UK Limited (registered number: 1397939)**  
**Strategic Report for the Year Ended 31 December 2023**

The directors present their report for the year ended 31 December 2023.

**Principal activity**

The principal activity of LeasePlan UK Limited ("LeasePlan" or "the Company") is vehicle leasing and fleet management. The core business, known as Car-as-a-service, involves managing the entire vehicle lifecycle for our customers, from purchasing, insurance and maintenance to the remarketing of leased vehicles. The company operates in several segments, comprising Corporate, SME, Public Sector, Consumer and Commercial Vehicle markets. These segments enjoy strong positions in their own specific markets, each offering a comprehensive range of vehicle funding and management services to meet the needs of all fleets, ranging from consumers and smaller businesses to multi-nationals and public sector organisations.

In May 2023, the ultimate parent of LeasePlan UK was acquired by French-headquartered ALD Automotive Group. The rebranding of the new combined businesses to Ayvens was publicly announced in October 2023. Until the integration of both organisations is complete, the ALD Automotive and LeasePlan brands will continue to exist side by side in the UK.

**Fair review of the business**

LeasePlan UK Limited delivered a loss for the financial year of £70.8m (2022 restated\*: profit of £89.9m). The key drivers are the increase in interest rates impacting cost of borrowed funds, and the fall in second hand car market values compared to 2022, impacting the profit on disposal of vehicles.

Operating income decreased by £216.1m (-99.4%) and operating expenses increased by £7.5m (7.6%) resulting in a loss after tax of £70.8m (2022 restated\*: profit after tax of £89.9m).

\*Please refer to note 32 for further details with regards to the restatement.

**Key performance indicators**

LeasePlan monitors its performance through key performance indicators, which are set out in the table below.

The directors analyse and review the key performance indicators monthly to understand the development, performance and position of the company, and, where applicable, of each segment. A management reporting pack encompassing all key performance indicators is produced monthly to highlight areas for the Board to monitor and control. Every month, the Ayvens Group Board members review the LeasePlan UK financials with local LeasePlan UK Board members. Indicators tracked cover performance (profitability per vehicle, ratios such as operating expenses over operating income and profitability over risk adjusted capital) and exposure to risk (including residual value risk, credit risk, liquidity risk and interest rate risk).

2022 figures shown below are restated figures, please refer to note 32 for further details with regards to the restatement.

	Unit	2023	2022
Revenue	£m	1,289	1,121
(Loss)/Profit for the year	£m	-71	90
Book value of vehicles under operating lease	£m	2,471	2,400
Finance lease receivables	£m	546	480
Total equity	£m	386	577
Number of vehicles in lease portfolio		187,419	177,724
		<b>2023</b>	<b>2022</b>
<b>Ratios</b>			
Operating expenses / Operating income		8301.18%	45.16%
Return on equity		(18.34)%	15.58%

**LeasePlan UK Limited (registered number: 1397939)**  
**Strategic Report for the Year Ended 31 December 2023 (continued)**

**Strategy**

LeasePlan UK is part of LeasePlan Corporation N.V., one of the world's leading fleet management, vehicle management and leasing companies. LeasePlan UK Limited's strategy is to lead the growing trend from ownership to usership of vehicles, as observed in the markets. We aim to provide the future of mobility, through our "any car, anytime, anywhere" service, allowing our customers to focus on their own future and endeavours.

As one of the Group's largest operating countries, our strategy is also centralised from Ayven's new strategic plan, PowerUP 2026:

- PowerUp for clients: Our goal is to lead the way to sustainable mobility by making it simple for our clients to choose electric while addressing changing mobility behaviours with a Mobility-as-a-Service offering.
- PowerUp Operational Efficiency: Our first step towards operational efficiency and excellence will start by successfully executing our integration plan efficiently and rapidly to maximize synergies that we have promised.
- PowerUp Responsibility: To act responsibly, we need to foster a culture that protects and provides value for all. This means investing in our employees to deliver the best through the power of talent. It also means having a positive impact on everything we do through a holistic and responsible approach, as well as managing our risks responsibly.
- PowerUp Profitability: We will need to leverage our unique competitive positioning and boost our profitability through targeted objectives to deliver strong financial performance.

**Company strengths**

The LeasePlan group operates in 28 countries with 1.6m vehicles worldwide. The group's structure enables LeasePlan UK Limited to service smaller, regional clients, while also offering a global and coordinated product to international customers.

Both our scale and shared expertise enables the Company to leverage buying power when purchasing new vehicles and investing in new products or services to support mobility trends and deliver efficient processes.

**Market Trends**

The LeasePlan group is dedicated to ensuring its continued adaptation to the ever-changing market, in order to keep our customers as mobile as possible. We are investing in core products to support the changing mobility market, including flexible leasing and subscription-based products, electric vehicle infrastructure and funding options. We continue to actively request, monitor and use customer feedback to develop products and services in ways that truly meet our customers' needs.

Key market trends identified as follows:

- Growth in electric vehicles, as demonstrated by the 57.1% increase in pure electric vehicles in the funded fleet in 2023 versus prior year;
- Increase in both passenger cars on the fleet (+3.4%) and commercial vehicles (+9.1%) following from supply chain issues in 2022;
- Expected 4% growth in new car sales in 2024 compared to 2023.

Looking at the broader regulatory landscape, we continue to see an increase in governance from the Financial Conduct Authority and its efforts to reshape the industry. LeasePlan's dedicated Privacy Officer and Global Data Protection office continue their work to ensure data protection policies, processes and systems are maintained and updated in compliance with the General Data Protection Regulations ("GDPR"). No changes in IFRS regulations significantly affected external reporting for 2023.

**LeasePlan UK Limited (registered number: 1397939)**  
**Strategic Report for the Year Ended 31 December 2023 (continued)**

**Future developments**

*Outlook for 2024*

LeasePlan UK Limited entered 2024 with continued confidence in the resilience of its multi-channel business, despite the challenges such as second-hand car market trends slowing; cost-of-living crisis and higher interest rates. The acquisition by ALD Automotive means Ayvens is now ranked the #1 global multi-brand and multi-channel car leasing player and #1 in 29 countries. This has realized new opportunities; examples include a multi-billion Euro frame agreement announced in February 2024 between Ayvens and Stellantis to buy up to 500,000 vehicles for long-term fleet leasing over the next three years.

The focus remains on driving cost efficiencies and reducing total fleet costs. LeasePlan UK are exploring multi-cycle asset management with second/third-life leasing opportunities, subscription models, and flexible leasing solutions to meet the needs of cost-conscious customers seeking mobility solutions.

Electric Vehicle ("EV") adoption will continue to grow with improvements to charging infrastructure and investments. This is alongside the Zero Emission Vehicle ("ZEV") mandate, which stands to double the market share of electric vans next year as manufacturers are being pushed to prioritize EV production to meet the mandated goals. Prices of EVs are expected to fall in the European market, signalling positive news for drivers and fleets as battery costs start to decrease.

The digitalisation of the driver journey is also on the rise, with increased customer demand for convenience and a seamless end-to-end solution. While advanced telematics data will continue to enhance driver safety, help fleet managers streamline operations, and improve costs. Those transitioning to electric fleets will have a helping hand from telematics to optimise their drivers' routes, aligning with available chargepoints and the best routes to travel. Despite uncertainties, including the effects of the result of the 2024 general election, the fleet sector must remain alert. Working with reliable and trustworthy leasing partners will be paramount to a stable year where fleet managers and businesses can continue down the road to electrification.

**Section 172 (1) statement**

Under section 172(1) of the UK Companies Act 2006 ("Section 172"), the directors of LeasePlan UK Limited confirm that they have acted and continue to act in the way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and in doing so have regard (amongst other matters) to:

- The likely consequences of any decision in the long-term;
- The interests of the company's employees;
- The need to foster the company's business relationships with suppliers, customers and others;
- The impact of the company's operations on the community and the environment;
- The desirability of the company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between members of the company.

**LeasePlan UK Limited (registered number: 1397939)**  
**Strategic Report for the Year Ended 31 December 2023 (continued)**

*Long-term consequences of decisions made*

As part of our established long-term corporate strategy, the directors conduct regular business reviews. These reviews include the progression of LeasePlan UK Limited towards the accomplishment of its strategic pillars, which are central to decisions made and/or acted upon by senior management. Investment in digitalisation and key systems are an additional priority to enhance both in-life operation of the Company's fleet and ease communication with customers.

The successful stewardship of the Board of Directors is demonstrated by the three awards and one commendation won by LeasePlan UK Limited in 2023:

- WhatVan? Awards 2023: Winner Leasing Company of the Year
- Business Car Awards 2023: Winner Leasing Company of the Year
- FN50 Awards 2023: Winner Customer Service Rising Star
- GreenFleet Awards 2023: Highly Commended

The continued strong performance of LeasePlan UK Limited led the Board of Directors to recommend and approve the payment of a £120million (2022: £50million) dividend to its sole shareholder, Inula Holding UK Limited. This decision was taken after careful consideration of the available reserves, profitability and going-concern of the company - including its ability to pay its debts as they fall due. The dividend was approved during the Board of Directors' meeting on 27 September 2023 and settled on 28 September 2023.

*Employees' interests*

Our employees are critical to the continued growth and success of LeasePlan UK Limited. The Company is therefore committed to creating an environment of inclusion, where all our employees can reach their full potential. Talent Management and Success Planning processes balance the Company's business needs with individual employee aspirations in order to ensure that we have the right talent, at the right place, at the right time. This includes the promotion of an inclusive hiring policy, further detailed within the "Employment of disabled persons" and the "Diversity and inclusion" sections of the Directors' Report.

LeasePlan UK Limited ensures that employees' interests are taken into consideration and that all employees are kept informed of the developments in the Company's operations and strategy. The means employed by senior management to accomplish both aims are detailed within the "Employee engagement" section of the Directors' Report. These include Focus Groups hosted by the Culture Network, which enable employees to raise matters of concern to senior management, monthly divisional meetings and weekly all-employee briefings conducted by Board Members.

**LeasePlan UK Limited (registered number: 1397939)**  
**Strategic Report for the Year Ended 31 December 2023 (continued)**

*Fostering business relationships with suppliers and customers*

Fostering and promoting business relationships with suppliers and customers is a key focus of LeasePlan UK Limited's directors. This is accomplished both via internal processes and initiatives, as well as actively sharing ideas and best practices with other LeasePlan entities.

Relationships with suppliers are the remit of the Head of Procurement and Head of Vehicle Operations, who provides a point of contact for communication to and from suppliers. Dedicated teams support the supplier network and work to ensure that LeasePlan UK Limited is operating as efficiently as possible. The importance of supplier relationships is reinforced internally through training and the internal recognition scheme. Suppliers and customers are at the centre of the policy, with an aim to highlight best practice within the company's employees.

LeasePlan UK Limited uses Net Promoter Score (NPS) surveys to measure customer satisfaction and ensure that any learnings are applied going forwards. Monthly communications with customers allow feedback channels to remain open. Ongoing training is also provided to our franchisee network to further the quality of service delivered to customers.

*Impact of operations on the community and the environment*

LeasePlan UK Limited is committed to having a positive impact on its community and the environment.

The Head of Employee and Community Engagement is responsible for charity and community activities, including partnership fundraising, community support and internal CSR campaigns. The charitable contributions and donations made by LeasePlan UK Limited and its employees are further detailed within further sections of the Strategic Report.

*Maintaining high standards of business conduct*

LeasePlan UK Limited is regulated by the FCA. The conduct rules are followed by all employees in their day-to-day work. These comprise the requirement to act with integrity, due skill, care and diligence, being open and cooperative with regulators, observe proper standards of market conduct and pay due regard to the interests of customers and treat them fairly.

Beyond the requirements set by the FCA, compliance with all applicable laws and regulations is at the root of policies in place at LeasePlan UK Limited. Employees are provided with training and regular refreshes / updates in the requirements placed upon them by all applicable external regulations and internal policies. Employees are subsequently duty bound to uphold every aspect of all relevant laws and conduct business in accordance with the practices of fair competition and the prevention of corruption.

LeasePlan UK Limited's Corporate Governance Framework is reviewed annually to ensure that it promotes compliance with applicable laws and regulations.

*Acting fairly between members of the Company*

LeasePlan UK Limited is a single-member company, whose sole shareholder is Inula Holding UK Limited. The ultimate parent undertaking and controlling entity is the Société Générale Group. The directors are thus not exposed to conflicts in acting fairly between members of the company as it pertains to sections 172(1).

**LeasePlan UK Limited (registered number: 1397939)**  
**Strategic Report for the Year Ended 31 December 2023 (continued)**

**Environmental matters - TCFD Disclosures**

***Introduction***

LeasePlan UK Limited (LeasePlan) is a leader in the automotive leasing and mobility solutions industry, renowned for its long commitment to transforming the way businesses and individuals manage their vehicle requirements. LeasePlan offers diverse vehicle fleets, providing flexible and sustainable mobility solutions. It is dedicated to shaping the future of mobility through innovation and sustainability.

LeasePlan's sustainability strategy is geared towards attaining Net Zero emissions across all emission scopes (Scopes 1, 2 and 3) by 2050, while advancing progress on key Environmental, Social, and Governance (ESG) issues. Aligned with current aspirations, the 'Driving to Zero' initiative enhances LeasePlan's industry-leading commitment to sustainability.

The merger of LeasePlan UK Limited and ALD Automotive Limited is expected to create a leading global mobility player, strongly positioned to lead the digital transformation of the industry and capture mobility sector growth.

The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 require publicly quoted and large private companies to include climate-related disclosures following the Task Force on Climate-related Financial Disclosures (TCFD) framework in their annual reports. LeasePlan is bound by compliance with these Regulations, and this report serves to detail disclosures for FY23, adhering to the specified framework.

LeasePlan is steadfast in its commitment to transparency regarding advancements in addressing climate-related risks and opportunities. We achieved this by complying with the eight reporting disclosure requirements delineated in the Climate-related Financial Disclosure Regulations throughout this report.

***The TCFD Framework***

The Task Force on Climate-related Financial Disclosures (TCFD) provides a comprehensive framework enabling organisations to understand, assess, and manage the impacts of climate change on operations, corporate strategy, and financial planning. The TCFD includes eleven recommended disclosures organised under four key themes: Governance, Risk Management, Strategy and Metrics & Targets.

By adopting this framework, LeasePlan has gained a deeper understanding of climate-related risks and opportunities, facilitating effective communication with stakeholders. In the next financial year, LeasePlan will further integrate climate change considerations into core business operations through Climate-related Financial Disclosures report, partnering with Inspired PLC, a third-party ESG consultancy, to assess risks and opportunities across short-, medium-, and long-term timeframes. Our disclosure will encompass comprehensive strategies for addressing both physical risks and opportunities (acute physical risks: wildfires, flooding and heatwaves and chronic physical risks: sea level rise, rising mean temperatures and water stress) associated with climate change, along with transition risks and opportunities (that may arise as a business adapts to a low-carbon economy including changes in regulations, market preferences, and technological advancements) related to the shift towards a de-carbonised economy.

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**Strategic Report for the Year Ended 31 December 2023 (continued).**

**Governance**

LeasePlan operates under a dual-board structure comprising a Supervisory Board (SB) and a Managing Board (MB), with the primary responsibility for risk management vested in the MB. The Environmental Management Committee (EMC) discusses climate-related and environmental (C&E) risks at their quarterly meetings where climate-risk is a standing agenda item. Members of the MB attend the EMC meetings and report key outcomes to the full MB during their weekly meetings. The MB and EMC receive quarterly updates through the Integrated Risk Management Report by the Group Risk Committee that includes all material risks and capital developments (for all risk types), stress testing, performance against risk appetite, regulatory update and risk outlook for the Group Risk Committee (GRC), including potential impact of climate-related risk events on LeasePlan's risk categories. Furthermore, the MB and EMC are updated quarterly on the Group's progress towards delivery of its sustainability strategy, including climate-related risk management.

Adhering to the Committee of Sponsoring Organizations of the Treadway Commission Enterprise Risk Management Framework (COSO ERM) model, LeasePlan utilises a Risk Management Framework that interconnects the components of the risk process and governance structure.

In response to the ECB Guide's Expectations 3 and 5, LeasePlan revised its governance structure in 2022 to ensure the accountability of its management body in identifying, evaluating, monitoring, and managing Compliance and Ethics (C&E) risks and opportunities. Roles and responsibilities pertaining to ESG issues, including C&E risk management, were allocated to the Supervisory Board (SB), Supervisory Board Risk Committee, Managing Board (MB), Executive Committee (ExCo), and Group Risk Committee (GRC), in alignment with their existing functions. The formal documentation of these roles is outlined in LeasePlan's C&E Risk Governance Framework, intricately linked to relevant charters, policies, and standards.

The C&E Committee (CEC), established in 2022, is tasked with providing input to the governance bodies. Specifically concentrating on C&E risk-related developments, the CEC facilitates discussions on risk management between the first and second lines, based on the internal C&E Risk Driver Identification and Assessment Process. Additionally, the CEC oversees a C&E Risk Driver dashboard, monitoring key risk indicators related to C&E risks that may be material to LeasePlan. The outcomes of major identification and assessment activities are communicated to the Strategy & Transformation department, ensuring that significant C&E risks and opportunities are considered from a risk perspective and in the context of strategy setting. The CEC comprises first-line risk owners of key risk categories for C&E risks, along with representatives from the Group Risk Management and Group Sustainability functions. Chaired by the Group Risk Management function, the CEC benefits from dedicated resources (FTEs) within the Group Risk Management and Corporate Affairs & Sustainability functions for the effective management of C&E risks within LeasePlan.

Under the regulatory purview of the European Central Bank (ECB), LeasePlan is mandated to adhere to the 13 expectations delineated for managing climate-related risks. Consequently, the board proactively engaged in training sessions specifically tailored to meet the stringent requirements set forth by the ECB. This specialised training, aimed at fostering a deep understanding of climate-related risks, was not confined to the board alone but was systematically disseminated throughout the entire organisational hierarchy. The intentional sharing of this knowledge, cascading down to all levels of the company, has fortified the collective awareness and preparedness of the workforce, ensuring a comprehensive and aligned approach to addressing climate-related risks across the organisation.

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**Strategic Report for the Year Ended 31 December 2023 (continued)**

Climate-related risks undergo identification at the global level, following which risk registers are prepared at the local level, specifically within LeasePlan UK. The annual review of the risk register occurs at the local level through the first line of defence, overseen by the Head of Lean Portfolio Management, who also serves as the Environmental Management Lead. Subsequently, the second line of defence comes into play, involving a thorough examination by the local (UK) Risk committee. This committee ensures the ongoing relevance and accuracy of the risk register, providing regular updates to the board through ERC entity risk committee packs monthly. Finally, a third layer of defence is instituted through a review conducted by the Corporate Group Risk Management and Compliance Function, who is also responsible for challenging the identification and assessment of C&E risk events, ensuring their integration into the Risk Strategy, Risk Appetite Statement, and Risk Taxonomy. This multi-layered approach ensures a robust and systematic evaluation of climate-related risks within LeasePlan UK.

#### ***Executive Remuneration***

Our remuneration approach is aligned with the company's strategy and societal expectations from companies in regards of their environmental performance. The performance of LeasePlan's Managing Board is assessed against the overarching strategy, which includes important ESG topics, for example:

- The Power Up 2026 Strategy sets out ambitious de-carbonisation objectives for the operational fleet and internal emissions.
- Maintain the leading role in transition to sustainable mobility, including the multi-cycle lease capabilities product offering.
- Incorporating climate and environmental risk into our strategy, governance, Risk Management Framework and disclosures.
- Enhancing our reporting of key non-financial performance indicators, ensuring our stakeholders are informed of how we are progressing with our ESG strategy and the impact we have on society.

The above are derived from the Power Up 2026 Strategy, under the heading of "Responsibility", one of the four pillars of the strategy.

All directors are expected to align with, promote and execute the strategy. Whilst targets for individual objectives of the "Responsibility" pillar of the strategy are not directly linked to director's remuneration, there are controls that mitigate the risk of activities, which might promote adverse or seriously harm the environmental performance of the organisation.

#### ***Risk Management***

LeasePlan acknowledges the significant impact of climate change on its business operations, prompting a proactive approach to manage climate and environmental risks. The company employs a comprehensive Risk Management Framework, aligning internal and external information sources to identify C&E risks through both bottom-up and top-down approaches. To ensure broad engagement, these efforts are integrated with LeasePlan's existing Risk Management Framework.

The company's Climate and Environment Committee (CEC) oversees the governance of C&E risk identification measures. In FY23, LeasePlan conducted a thorough review of the C&E risk transmission channels, aligning them with the Risk Taxonomy and Terminology. The process involved linking previous risk drivers, consolidating assessments, and validating the results with the Group Risk Management function and Sustainability function.

A systematic process was implemented in 2021 to refine the risks, including qualitative and quantitative assessments, an Impact-Likelihood heatmap, and the use of Network for Greening Finance Systems (NGFS) scenarios. The evolving nature of climate-related impacts necessitates an annual review of this process to ensure completeness and adaptability.

**LeasePlan UK Limited (registered number: 1397939)**  
**Strategic Report for the Year Ended 31 December 2023 (continued)**

Continual assessment tools include scanning for regulatory developments, analysing incidents, portfolio assessments of large clients, analysing the output of the annual Risk & Control Self-Assessment (RCSA), materiality assessments, competitor analyses, and macro-economic scenario analyses. These assessments provide a holistic understanding of LeasePlan's C&E risks and drive adjustments to the longlist and shortlist of transmission channels.

**Management of C&E risks**

LeasePlan has developed an extensive toolset to adequately assess C&E-related risks, allowing senior management and risk owners to decide, steer and take informed decisions with regards to C&E-related risks and drivers.

**a. Setting limits and monitoring risk indicators on an ongoing basis**

The management of C&E risks starts with setting risk indicators and boundaries for these risk indicators in line with the Internal Control Framework. This is a combined task for the first line Corporate Affairs & Sustainability team, first line risk owners and second line ESG risk specialists, in line with their representation in the CEC. The second line Risk function, independently from the first line, performs monitoring and escalation when required. This role is aligned with the mandate for the Group Risk function within LeasePlan.

Both monitoring and assessments can lead to the detection of issues and the formulation of actions. The CEC's role is to follow up on these actions, set priorities, and escalate where appropriate. Also, the second line risk function can independently of the CEC escalate any issue within the Group Risk function.

Prior to assessing a risk, controls already in place to either reduce the impact or the likelihood of a risk from materialising are described and considered. We assess the "Inherent risk" (the risk before any controls is implemented) and the "Residual risk" (the risk after controls is implemented). The risk methodology involves evaluating each risk and opportunity, considering the severity of financial impact (on a 1-5 scale) multiplied by the likelihood of occurrence (on a 1-5 scale), resulting in a 1-25 rating. A RAG (Red, Amber, Green) rating system has been instituted for easy visualisation of risks to the business. Green indicates very low and low, amber signifies medium, and red denotes very high/critical-risk or opportunity.

Through this scoring process, all risks have been identified as a very low or low risk to LeasePlan.

The materiality assessment outcomes for LeasePlan were evaluated in terms of their impact on relevant Profit and Loss (P&L) items and Total Risk Exposure Amount (TREA). Each Climate and Environmental (C&E) risk driver undergoes assessment in both 'unmanaged' and 'managed' cases. LeasePlan ranks these risk drivers based on their combined impact in the year 2030, under the worst-case scenario (near catastrophic event). Materiality is then assessed against LeasePlan's risk-bearing capacity within the given risk category, involving key stakeholders in the process. After conducting this assessment, any risk categorised as "very high" or "high" will be considered material to the business.

To monitor these risk drivers, insights obtained from the assessment are utilised to prioritise the implementation of risk management measures.

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**Strategic Report for the Year Ended 31 December 2023 (continued)**

**b. LeasePlan enhanced the integration of C&E risks into its risk management framework by updating the Risk Charter, Risk Taxonomy, and relevant policies.**

The Risk Charter and policy landscape were expanded to encompass Environmental, Social, and Governance (ESG) risks along with related terminology. Within the Risk Charter, ESG risks are considered as a cause of the risk categories in which they may materialise. Several other material risk policies were updated to better reflect LeasePlan's C&E risk management practices, including the Audit Charter, several risk category-specific policies and the stress testing framework.

LeasePlan updated its Risk Taxonomy based on the Operational Risk data eXchange Association (ORX Standard) Reference Taxonomy, in which it has included ESG risks as causes of risk events that could materialise within existing risk categories.

This effort results in a common approach and shared understanding on C&E risks, which significantly improves the management of these risks within LeasePlan.

**c. Integrating C&E into the Risk Appetite Statement exercise on a yearly basis.**

In determining its Risk Appetite, LeasePlan's Executive Committee considers the results of the quantitative materiality assessment of the relevant C&E risk transmission channels.

In line with the annual cycle in setting the Risk Appetite Statements, in 2023 LeasePlan considered the C&E risk transmission channels and their quantitative impacts on LeasePlan's risk categories to formulate the C&E risk-related Risk Appetite limits and thresholds.

**d. Continuously improving the understanding and management of C&E-related risks LeasePlan recognises that it is crucial to continue to enhance its current efforts regarding C&E risk management.**

Key steps include refining the incorporation of C&E risk in the Risk Appetite setting process, refining C&E risk in the Risk Taxonomy, further aligning materiality criteria with LeasePlan's existing risk scales and challenging the risk indicators monitored by the CEC.

In addition, LeasePlan incorporated C&E risk drivers in the economic Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP) processes in FY23. Stress testing models were also set up in 2022 to feed into the normative ICAAP. In FY23, LeasePlan assessed the economic perspective and liquidity stress testing, in line with the requirements of the European Central Bank (ECB).

LeasePlan recognises environmental, social and governance (ESG) risks. These risks are not considered separately, but as an integral part of the domains where they may materialise. These are primarily the asset, credit, motor insurance and strategic risk domains. ESG risks are included as a risk cause of these risk categories within LeasePlan's Risk Taxonomy. Following the updated Risk Taxonomy in FY22, climate change was identified as a principal risk to LeasePlan.

**LeasePlan UK Limited (registered number: 1397939)**  
**Strategic Report for the Year Ended 31 December 2023 (continued)**

**Strategy**

LeasePlan is committed to actively managing its Climate and Environmental (C&E) risks and opportunities, employing a comprehensive approach that includes scenario analysis across short-, medium-, and long-term time horizons. This aligns with TCFD recommendations and the European Central Bank (ECB) Guide's expectations.

In the short-term (0-5 years), the focus is on the current Risk Management Framework, capital planning, and asset lifecycle. The medium-term (6-15 years) considers significant policy timeframes, including climate targets at the 2030 horizon. The long-term (16-30 years) accounts for policy timeframes towards the Paris Agreement's 2050 deadline for achieving a net-zero economy. The identification of C&E risks begins with a standard subdivision of risk drivers, each analysed with specific signposts or macro-indicators. These indicators monitor global or regional C&E trends within each risk sub-segment. The analysis is not exhaustive and is complemented by existing risk-related information.

To assess identified risks across various future trajectories, LeasePlan employs the Network for Greening the Financial System (NGFS) scenarios, endorsed by the ECB. These scenarios provide a common reference point, covering both physical and transition risks related to climate change. LeasePlan has chosen three scenarios that adequately reflect potential futures, considering both higher and lower-risk outcomes.

**Scenario 1 - Current Policies:** Assumes no new policy action, resulting in global warming increasing to 2.50°C by 2030 and 3.30°C by 2050, exposing operations and supply chains to increasing physical risk events.

**Scenario 2 - Delayed Transition:** Envisages a sudden increase in climate policy intensity in 2031, after an initial period of ineffective emissions reduction policies, leading to a rise in global warming to 1.80°C by 2040, stabilising by 2050.

**Scenario 3 - Net Zero 2050:** Anticipates accelerated policy changes for rapid decarbonization, with most operating jurisdictions reaching net-zero by 2050. Global warming is limited to 1.50°C by 2050.

The materiality assessment involves macro-economic scenario analysis, conducted annually. This qualitative analysis, derived from third-party institutions, aligns with the detailed materiality assessment's dimensions, including scenarios, timeframes, and key indicators. The materiality assessment is quantitative, focusing on the most material transmission channels identified by LeasePlan, ensuring a comprehensive understanding of our C&E risks.

The climate-scenario analysis was conducted in the third quarter of FY23. From this assessment, no risks were identified as material to the business.

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**Strategic Report for the Year Ended 31 December 2023 (continued)**

LeasePlan has recognised a range of strategic opportunities, linked to the shift toward a low-carbon economy. Notably, the company perceives the supply of low and zero emission vehicles to its customer base as a significant avenue for growth, aligning with evolving stakeholder preferences favouring electric vehicles over traditional internal combustion engine (ICE) vehicles. This proactive stance is exemplified by LeasePlan's ambitious target to achieve net zero tailpipe emissions from its funded fleet by 2030, a commitment made public in 2017.

Having committed to achieving net zero emissions across Scopes 1, 2, and 3 by 2050, we validated our carbon reduction plans by the Science Based Targets initiative (SBTi) in 2022:

- Reduce absolute Scope 1 and 2 greenhouse gas (GHG) emissions by 60% by 2030
- Reduce absolute Scope 3 GHG emissions by 46.2% by 2030
- Reduce absolute Scope 1, 2 and 3 GHG emissions by 90% by 2050

Beyond emissions reduction, LeasePlan has identified another advantageous opportunity through its assessment—the exploration of green funding possibilities. Leveraging our Green Finance Framework, the company has positioned itself to attract funding at favourable rates, thereby contributing to a reduction in overall funding costs. This financial strategy aligns with sustainability objectives and underscores LeasePlan's commitment to responsible and environmentally conscious business practices.

Moving forward, our main goals involve sharing results and insights with relevant entities, identifying existing controls that are applicable, evaluating their effectiveness in mitigating identified risks, and improving the quality and granularity of C&E data for future risk assessments. Additionally, considering the potential underestimation of C&E impacts by financial institutions, and to gain insights into climate-related risks and opportunities, LeasePlan has engaged with Inspired PLC, a third-party ESG consultancy in a strategic partnership. This collaboration will facilitate a thorough examination of our current and future climate-related landscape across short-, medium-, and long-term timelines in FY24. By utilising the expertise of these specialists, our aim is to discern and evaluate the potential impacts of climate change on our operations, finances, and overarching business strategy.

***Metrics and Targets***

Enhancing transparency in measuring our metrics and targets is a paramount goal for LeasePlan as part of the sustainability commitment, continuing to develop and meticulously report on climate-related risks. Since 2019, LeasePlan have been calculating the Scope 1 emissions (emissions that come from sources that are owned or controlled by LeasePlan) and Scope 2 emissions (indirect emissions associated with the generation of purchased or acquired energy) as part of the Streamlined Energy and Carbon Reporting (SECR) commitment.

The following figures show the emissions for this reporting year; FY23 compared with figures from FY22 and the FY19 baseline year:

<b>Emissions (tonnes of CO<sub>2</sub>e)</b>	<b>2023</b>	<b>2022</b>	<b>2019</b>
Gaseous and other fuels	98	108	145
Grid-Supplied Electricity	161	163	431
Transportation Fuels	183	259	484

**LeasePlan UK Limited (registered number: 1397939)**  
**Strategic Report for the Year Ended 31 December 2023 (continued)**

**Scope 3 Emissions**

Scope 3 emissions encompass the indirect environmental impact occurring throughout our entire value chain. The previous 2019 baseline calculations of LeasePlan's Scope 3 emissions demonstrated that emissions from our leased fleet are considerably larger than emissions from any other sources. The top three Scope 3 categories (Capital Goods, Downstream Leased Assets and Use of Sold Products) account for 99% of our entire carbon footprint, across all 3 scopes. These categories were chosen to align with the Carbon Reduction Plan developed for Crown Commercial Services.

Our environmental strategy has primarily focused on the reduction of our leased fleet's carbon footprint; and carbon reduction initiatives supporting the transition from the Internal Combustion Engine (ICE) vehicles to Electric Vehicles (EV) are core to this strategy. The objective is to further extend this focus to less impactful categories in subsequent reporting years as part of LeasePlan's ongoing commitment to emission reduction. In total, our Scope 3 emissions for categories 4, 5, 6, 7, 9, and 13 have reduced by 18.3% in 2023 from the 2019 baseline year; 99.9% of which is directly attributable to efforts made in transitioning the fleet to electric vehicles.

	2023	2022	2019
<b>Calculated Emissions (tonnes of CO<sub>2</sub>e)</b>			
Scope 3	3,056	2,653	3,795

***Our Net Zero Commitment***

LeasePlan is taking mitigating actions to reduce its environmental footprint, establishing Science-Based Targets (SBTs) aligned with our Net Zero (90% emission reduction and remaining 10% offset) aspirations and the objectives outlined in the Paris Agreement. LeasePlan Corporation has committed to attaining Net Zero greenhouse gas emissions across the value chain by 2050 from a 2019 base year. For its near-term targets, LeasePlan commits to reduce absolute Scope 1 and 2 GHG emissions by 60% by 2030 from a 2019 base year. It commits to reduce absolute Scope 3 GHG emissions by 46.2% within the same period. For its long-term targets, LeasePlan commits to reduce absolute Scope 1, 2 and 3 GHG emissions by 90% by 2050 from a 2019 base year.

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**Strategic Report for the Year Ended 31 December 2023 (continued)**

Target description	Target date	Progress as of 2023
<b>Reduce absolute scope 3 GHG emissions by 46.2% by 2030 from a 2019 base year</b>	31st December 2030	Reduction in scope 1 and 2 of 58%
<b>Reduce absolute scope 3 GHG emissions by 46.2% by 2030 from a 2019 base year</b>	31st December 2030	Reduction of 19.47% in categories 4, 5, 6, 7, 9 & 13*
<b>Reduce absolute scope 1, 2 and 3 GHG emissions by 90% by 2050 from a 2019 base year</b>	31st December 2050	To be confirmed once integration of ALD Automotive and LeasePlan is complete and all relevant Scope 3 categories have been calculated. In 2023, 72% of new car deliveries were EVs; including LCVs and HGVs, 52% of new vehicles added to the fleet were EVs.
<b>Share of EV (PHEV/Hybrid/BEV) in new car deliveries of 50% by 2026</b>	31st December 2026	In 2023, 51% of new car deliveries were BEVs; including LCVs and HGVs, 38% of new vehicles added to the fleet were EVs.
<b>Share of BEV in new car deliveries of 40% by 2026</b>	31st December 2026	
<b>Net zero emissions across our operations and value chain globally (GHG emissions scope 1, 2 &amp; 3)</b>	31st December 2050 at the latest	LeasePlan Corporation is a signatory of the Science Based Target Initiative.

\*Scope 3 category 13 was not calculated in 2019 however has been calculated in the current and previous reporting periods.

LeasePlan acknowledges the pivotal role it has to play in combating climate change by spearheading the transition toward zero-emission mobility, committing to taking a leadership role in the transition from internal combustion engines to alternative powertrains, in support of the Paris Agreement.

LeasePlan is firmly committed to attaining global benchmarks, ensuring that 50% of all new car deliveries comprise Electric Vehicles (including both battery-operated and hybrid vehicles), with 40% specifically being Battery Electric Vehicles (BEVs).

In the UK, LeasePlan has made substantial strides towards these objectives. In 2023, EVs (both battery-operated and hybrid vehicles) constituted 52% of all new vehicle orders, while BEVs alone accounted for 38%, compared with the 1% observed in 2019.

#### **Energy Efficiency Improvements**

We are committed to year-on-year improvements in our operational energy efficiency. As such, a register of energy efficiency measures available to us has been compiled, with a view to implementing these measures in the next 5 years.

#### **Measures ongoing and undertaken through 2023:**

##### *Slough Office Refurbishment*

LeasePlan UK completed office refurbishment in May 2022, which has benefited throughout the period. This includes reporting on environmental waste, increased use of recycled & re-used materials, and reduction in server room consumption. A range of environmentally effective measures were included in the refurbishment, including the replacement of lighting to new sensor activated LED lighting; conversion of a gas supplied kitchen to an induction electric centric kitchen, and ability to segregate heating across individual floors allowing better control.

**LeasePlan UK Limited (registered number: 1397939)**  
**Strategic Report for the Year Ended 31 December 2023 (continued)**

**Measures prioritized for implementation in 2024:**

- Governance: The recent acquisition of LeasePlan by ALD will lead to discussions of integration and environmental objectives. The Environmental Management Committee meets quarterly to assess and implement.
- Management systems: Planned integration of the environmental management system into a single management system.
- Efficient maintenance: Maintenance of the plant and equipment to meet schedule, which will reduce the risk of failure and premature wear.
- Identification of further opportunities: The quarterly Environmental Committee will start to assess the latest ESOS report, assessing the opportunities identified for feasibility and cost against benefit.

*Corporate Social Responsibility*

Commitment to sustainability is a vital enabler of LeasePlan UK Limited's overall strategy towards all stakeholder groups. It is imperative to build a future-proof company that balances the needs of people, planet, and profit. Within this context, the Company's sustainability strategy is based on three priority areas:

- Shaping the future of low-emission mobility
- Strengthening our contribution to societal well-being
- Reducing our own environmental impact

As road transport accounts for around 12% of global CO2 emissions, LeasePlan remains committed to achieve zero tailpipe emissions from its entire funded fleet by 2030.

**LeasePlan in the Community**

LeasePlan UK's Community Day scheme allows all employees to take one day a year to help in our local community in and around Slough, primarily through our ongoing membership of the Slough Business Community Partnership.

This led to employees delivering over 800 hours of community volunteering during 2023.

**Company employees**

The company had 556 employees as at 31 December 2023 (2022: 534).

**Charitable donations**

During the year, in which LeasePlan group was acquired by leasing company ALD Automotive group, the company made charitable donations of £38,900 (2022: £84,679).

Approved by the Board on 18 February 2025 and signed on its behalf by:

*Tim Laver*

.....  
T J Laver  
Director

**LeasePlan UK Limited (registered number: 1397939)**  
**Directors' Report for the Year Ended 31 December 2023**

The directors present their report and the financial statements for the year ended 31 December 2023.

**Directors of the company**

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

A Martinez (resigned 7th October 2024)

R Cellier (resigned 7th October 2024)

T J Laver (appointed 7th October 2024)

C J Black (appointed 7th October 2024)

**Business review**

*Fair review of the business*

Please refer to page 3 for the fair review of the business.

*Dividends*

Please refer to page 6 for details of dividend paid during the year.

**Going concern**

These financial statements have been prepared on a going-concern basis. This basis of preparation was agreed upon following a detailed assessment of the Company's ability to continue as a going-concern for a period of at least 12 months from the date of approval of the financial statements ("the going-concern period").

LeasePlan UK Limited's business environment was disrupted in 2022 by macroeconomic factors such as the global semi-conductor shortage; high prices in the second-hand car market, and rising interest rates impacting vehicle funding, which continued on into 2023. The established risk function, dedicated teams and Managing Board continue to closely monitor developments on all three events, as well as potential new effects, to ensure that LeasePlan UK Limited can respond to changes in its business environment.

Thanks to a multi-year cycle, LeasePlan UK Limited has a built-in resilience to short-and-medium-term external shocks. This resilience is reinforced by the Company's access to funding, particularly the intercompany credit facility agreement with another Group entity, Axus Luxembourg S.A, which was transferred over from the previous ultimate parent company, LeasePlan Corporation N.V, in May 2024. Further sources of funding include the sale of securitised assets through the Bumper programme in previous financial years, uncommitted bank loans and a short-term overdraft facility.

In assessing the Company's ability to continue trading; management have prepared cashflow forecasts for a period of at least 12 months from the date of approval of these financial statements. They demonstrate that LeasePlan UK Limited will have sufficient funds to meet its liabilities as they fall due.

**LeasePlan UK Limited (registered number: 1397939)**  
**Directors' Report for the Year Ended 31 December 2023 (continued)**

**Corporate governance**

Corporate governance arrangements are in place at LeasePlan Corporation N.V., the Company's ultimate parent. These serve as a foundation and framework to LeasePlan UK Limited's own regularly reviewed corporate governance, elaborated in compliance with the Companies (Miscellaneous Reporting) Regulations 2018.

Lines of defence

The Corporate Governance Framework is based on the three lines of defence model. These three lines of defence underpin the governing body, which bears the ultimate responsibility for ensuring that Corporate Governance arrangements within LeasePlan UK Limited are sufficient and appropriate. The Board of Directors is supported by the various local management committees described below.

The first line of defence is composed of the control activities carried by business line management, largely as part of controls embedded within day-to-day processes. These activities are overseen by the LeasePlan UK Limited Managing Board.

The second line of defence is entirely internal to LeasePlan UK Limited. It challenges and monitors the activities of the first line of defence. The Privacy, Compliance and Risk functions, including Information Security, are the key members of this second line of defence.

The third line of defence are bodies that provide independent and objective assurance of the effectiveness of the firm's systems of internal control established by the first and second lines of defence. These bodies can be either internal to the LeasePlan group of companies, such as the Group Audit function, or external.

Board Leadership and Company Purpose

LeasePlan UK Limited's stated vision is to provide a "Flexible digital-led vehicle leasing solutions and an excellent customer experience enabling any car, anytime, anywhere" service.

The Board of Directors, chaired by the Managing Director, is the governing body of LeasePlan UK Limited and is entrusted with the delivery of this vision. Its members are the directors of the company's key functions. The Board of Directors reviews the Corporate Governance Framework annually and meets monthly to discuss:

- Implementing the overall strategy and development
- Achieving the strategic and operational objectives
- Supporting and supervising local management
- Considering and proposing inherent risks for approval by LeasePlan Corporation N.V.
- Formulating the Company's risk appetite, in-line with the wider Corporate Governance arrangements of LeasePlan Corporation N.V.
- Oversight of the risk owners' systems and ensuring that they monitor and report compliance with risk appetite
- Promoting knowledge transfer within business functions and the wider Company
- Co-ordinating the activities in areas with more than one business unit.

The Board of Directors reports to LeasePlan Corporation N.V., whose Supervisory Board is the ultimate governing body of the LeasePlan group of companies.

**LeasePlan UK Limited (registered number: 1397939)**  
**Directors' Report for the Year Ended 31 December 2023 (continued)**

**Division of Responsibilities**

In performing its duties, the Board of Directors is supported by eight local committees:

***Committee of management***

The Committee of management is chaired by the Managing Director and meets monthly. It is the formal oversight managing board of LeasePlan UK Limited and is responsible for:

- Reviewing and confirming approval of the minutes of any local management committee or council meetings held since its own last meeting
- Ratifying decisions, expenditure and business cases from each Board sponsor in the past month

***Quality management council***

The Quality management council is chaired by the Quality Manager and meets quarterly. The council is responsible for:

- Changes in external and internal issues that are relevant to QMS, including the needs and expectations of interested parties and the risk & opportunities
- The extent to which the quality objectives have been met
- Information on trends relating to quality performance

***Entity risk committee***

The Entity Risk Committee is chaired by the Managing Director and meets monthly. The committee:

- Sets the risk appetite of the company
- Ensures local execution is in-line with risk appetite and relevant policies and procedures
- Monitors and manages risk within LeasePlan UK Limited
- Handling the transactional element of risk management, such as incidents, reports, credit proposals, collections strategies and self-assessments
- Ensures appropriate risk awareness levels at all levels of the organisation

***Environmental committee***

The Environmental committee is chaired by the HR & Legal Director and meets quarterly. The committee is responsible for:

- Changes in external and internal issues that are relevant to EMS, including the needs and expectations of interested parties and the risk & opportunities
- Opportunities for continuous improvement

***Pricing Council***

The Pricing Council is jointly chaired by the Finance Director and the Commercial Director. It meets annually. The council's responsibilities are to:

- Review and agree the LeasePlan UK Limited pricing policy
- Review the delegation of authority
- Review the deal profitability model

***Remuneration Committee***

The Remuneration Committee is chaired by the Managing Director and meets quarterly or as required. The committee is responsible for:

- Carrying out the annual review of salary payments and company's incentive scheme
- Recommending the level and structure of remuneration for senior management

**LeasePlan UK Limited (registered number: 1397939)**  
**Directors' Report for the Year Ended 31 December 2023 (continued)**

- Reviewing the company's reward policy, in conjunction with LeasePlan Corporation N.V. reward policy

The reward policy applicable to LeasePlan UK Limited and the wider role of the remuneration committee are in line with the policies and scope defined by LeasePlan Corporation N.V., the entity's ultimate parent. Employees' remuneration, including base salary, is reviewed annually, with special provision for large pay rises.

*RV & RMT Determination Council*

The RV & RMT Determination Council is chaired by the Managing Director and meets quarterly. It is responsible for reviewing:

- The key points in the RV & RMT setting process
- The RMT market forecast
- Used car market forecast
- RV & RMT methodology and controls

*Tax Committee*

The Tax Committee is chaired by the Finance Director and meets quarterly. It focuses on:

- Defining and maintain the Company's tax policy and tax governance framework
- Certifying the appropriateness of tax accounting arrangements to HMRC

**Principal risk and uncertainties**

The directors of LeasePlan UK Limited recognise nine main risk areas, which are aligned with those set out by the ultimate parent, LeasePlan Corporation N.V, adapted at the local entity level. These nine risk areas can be broadly divided into two categories: financial and non-financial risks.

Financial risks:

*Asset risk*

Asset risk is defined as the combination of residual value (RV) risks and risks on RMT services. Residual value risk is considered the main risk and is defined as the Group's exposure to potential losses due to the resale value of assets declining below the estimates made at lease inception minus risk mitigation. On a quarterly basis, the Company assesses its exposure to asset risk and evaluates the outcomes against its risk appetite.

*Credit risk*

As a result of its normal business activities, LeasePlan UK Limited is exposed to credit risk, which is the risk that the value of a debt obligation will decline due to a change in the borrower's ability to make payments. Credit risk mainly relates to lease receivables from clients, including trade receivables and amounts receivable under finance lease contracts. For amounts receivable under finance lease contracts, credit risk is mitigated materially by the underlying value of the available collateral (i.e. the leased vehicle).

The maximum credit risk at 31 December 2023 approximates to the carrying value of receivables from customers (note 18). There are no significant concentrations of credit risk due to the large number of customers.

For 2023, a customer is deemed in default when either on or both of the following events occur:

- LeasePlan UK Limited considers the customer unlikely to pay (UTP) and/or
- The customer is past due more than 90 consecutive days on any material credit obligation

**LeasePlan UK Limited (registered number: 1397939)**  
**Directors' Report for the Year Ended 31 December 2023 (continued)**

LeasePlan UK Limited distinguishes between corporate clients, retail clients, governments, banks and others. In this respect, retail clients are from a regulatory point of view defined as small and medium entities (SMEs) and private households. Except for retail clients, which are assessed whenever a credit application is received, the credit risk of all counterparties is assessed at least once a year. For corporate counterparties, all entities of the LeasePlan group follow an internal system, segmented into 14 non-default rating classes reflecting the range of default probabilities defined for each rating class. For government, bank and other retail customers' counterparty exposures, the Group does not use internal models, but relies on external ratings.

*Treasury risk*

Treasury risk consists of three individual risks: liquidity risk, interest rate risk and currency risk. Liquidity risk is the risk that the Company is not able to meet its obligations for (re)payments. Interest rate risk is the risk that the profitability and shareholders' equity of LeasePlan UK Limited are affected by movements in interest rates. Currency risk is the risk that currency fluctuations have an adverse impact on the Company's capital ratios, result and shareholders' equity.

Liquidity risk: LeasePlan UK Limited deems its exposure to liquidity risk to be low. This assessment is based on the funding facility provided to it by its ultimate parent, LeasePlan Corporation N.V., combined with an overdraft facility at Lloyds Bank.

Interest rate risk: LeasePlan UK Limited accepts and offers lease contracts to clients at both fixed and floating interest rates, for various durations. The interest rate risk policy is set to match the interest rate risk profile of the lease contract portfolio with a corresponding interest rate funding profile to minimise the interest rate risk.

Currency risk: LeasePlan UK Limited conducts the majority of its business operations in its functional currency, the British pound sterling (GBP). Transactions in foreign currencies, mainly Euro (EUR), occur with other entities of the LeasePlan Group.

Non-financial risks:

*Operational risk*

Operational risk within LeasePlan UK Limited involves the risk of a positive, negative or potential loss resulting from inadequate or failed internal processes, human behaviour, and systems or external incidents. Business continuity risk, financial reporting risk, model risk, and human resources risk are also classified as operational risk categories. Some of the risk categories have separate policies and standards.

The operational risk team is assisted in its efforts by the Risk Champions, individuals nominated within each team to ensure that the first line is both aware of and compliant with internal policies and expectations.

The overall impact of the mitigating activities implemented at all levels is assessed by analysing the frequency and impact of operational losses prior to and after implementation of the additional controls. Based on the Company's risk profile, experience and appetite, insurance coverage is in place for the main impact, low likelihood events that are inherent to the environment LeasePlan UK Limited is operating in. Current insurance policies are typically contracted by the ultimate parent, with participation by LeasePlan UK Limited.

**LeasePlan UK Limited (registered number: 1397939)**  
**Directors' Report for the Year Ended 31 December 2023 (continued)**

*Information risk*

Information risk is the risk of breaching confidentiality, integrity or availability of information, due to human error or misbehaviour, inadequate processes or failing technology, leading to losses, financial misstatements, reputational damage or regulatory sanctions.

The first line of defence is responsible for the implementation of policies and standards. The second line is represented by the Information Security Officer (ISO), supporting secure implementation, facilitating risk management processes and challenging first line decisions. The ISO is supported by the Information Risk Management and Non-Financial Risk Management functions present within the ultimate parent's organisation.

During the reporting year, there have been no significant or material information risk incidents.

*Strategic risk*

The risk function performs regular exercises in the identification and assessment of risks that the Company is exposed to. This process considers the current business, external trends and emerging developments, as well as the impact of these risks on the foreseeable future.

Within each division of the company, the first line is responsible for creating detailed business continuity plans, which are reviewed and approved by both the dedicated Board member and the Risk function before being implemented. This exercise is performed annually or as required.

*Reputational risk*

Reputational risk is defined as the current or prospective risk to earnings, liquidity and/or capital arising from an adverse perception of the image of LeasePlan UK Limited or the wider LeasePlan group on the part of current or prospective employees, clients, counterparties, shareholders, investors/media and regulators. It is a risk which is a derivative of possible exposures in other risk areas.

*Compliance risk*

Compliance risk is the threat posed to a company's financial, organisational or reputational standing resulting from violations of laws, regulations, codes of conduct, or organisational standards of practice. LeasePlan UK Limited applies a structured approach to meet the needs of its customers, suppliers, employees, and other stakeholders, as well as all applicable legal and regulatory obligations. The Company seeks to abide by high ethical standards to give its stakeholders the confidence to work with LeasePlan.

Specific objectives of its privacy and compliance efforts include:

- Employees: all employees uphold high standards of integrity and business ethics
- Products & services: to meet market demand, compliance with all relevant laws and regulations, and applying a duty of care
- Counterparties: LeasePlan UK Limited engages in business with relations that maintain high standards of integrity.
- Organisation: conduct business with honesty and trust, respect for the law, human rights, privacy and data protection and corporate social responsibility

These efforts are embodied by the Local Compliance Officer (LCO), Local Privacy Office (LPO) and Local Anti-Money Laundering Officer (AML). They seek to safeguard LeasePlan UK Limited's integrity and reputation, protecting it against financial loss and reputational damage, and thereby also protect the interests of customers, drivers, suppliers and employees. Other key activities include:

- Supporting LeasePlan to ensure a proper control environment is in place for complying with applicable laws, rules, regulations and internal standards

**LeasePlan UK Limited (registered number: 1397939)**  
**Directors' Report for the Year Ended 31 December 2023 (continued)**

- Helping prepare LeasePlan for emerging trends and new requirements
- Supporting the business with managing day-to-day compliance risks
- Serving as trusted business partners and supporting the full integration and digitisation of privacy and compliance in daily business activities and strategic planning
- Setting measurable quality goals for each project, product and process and ensuring privacy and compliance by design is embedded by default within business processes
- Using automation and artificial intelligence to proactively detect, prevent and monitor privacy and compliance threats and risks

**LeasePlan UK Limited (registered number: 1397939)**  
**Directors' Report for the Year Ended 31 December 2023 (continued)**

*Legal risk*

To ensure legal risks for LeasePlan UK Limited are sufficiently addressed and key stakeholders are adequately supported, Legal is focused on the following areas:

- Commercial contracting, by supporting in dealings with clients and partners. This includes assisting in the on boarding of new customers and leasing partners and renewing existing contracts
- Competition, by providing day-to-day advice, trainings and reminders to support the business teams with fair competition
- Employment services, including employee representation and related business decisions
- Digital and indirect procurement programmes
- Supporting on strategic projects

**Employee engagement**

Employee engagement is vitally important to LeasePlan UK Limited, and there is a long history of prioritising employee engagement activity across the company.

Using a quarterly all-employee Pulse survey, LeasePlan UK Limited have continued to track employee Net Promoter Score (eNPS) for the past five years. eNPS scores in 2023 continued to demonstrate employees' understanding of the difference between short term 'how I'm feeling today' feedback and the longer-term cultural overview, with another set of record-breaking results.

On average the score passed +50 and stayed consistent for three full quarters. The year-long average score for 2023 was +51.6.

The quarterly Pulse surveys also include a qualitative section where employees can make comments on how they are currently feeling about our products and working at the company. These verbatim comments are shared among the Managing Board for consideration.

LeasePlan UK Limited have continued to train colleagues to join the cohort of 12 Mental Health First Aiders ("MHFA's"). They provide a confidential service of first line mental health support to employees, as well as direction to the most appropriate next level of resource for employees and their families. Having a comprehensive Health and Wellbeing plan in place has helped ensure that LeasePlan continue to support colleagues mentally, physically and financially. The company was notably awarded the Fleet News Award for Wellbeing in 2022.

LeasePlan's internal "Your Voice" forums, which act as significant drivers of local engagement activity within their divisions, have grown from strength to strength. The Diversity, Equality + Inclusion (DE+I) network promote internal awareness of DE+I issues and is a welcoming home for both members of minority communities and their allies. LeasePlan UK Limited was also awarded the three- year Investors in People's (IiP) Gold accreditation in 2022, meaning that by 2025, the company will have been an IiP Gold employer for 15 consecutive years, showing external recognition for the quality of employees, and the investment the company puts into employee development.

**LeasePlan UK Limited (registered number: 1397939)**  
**Directors' Report for the Year Ended 31 December 2023 (continued)**

**Employee involvement**

LeasePlan UK Limited are committed to create an environment in which all individuals can reach their full potential by ensuring that everyone gets the development they need. Everybody should be given the opportunity to succeed in their role and contribute to the success of LeasePlan.

Through Talent Management and Succession Planning processes, the company aims to have the right talent at the right place at the right time whilst at the same time balancing business needs with individual employee aspirations.

The Korn Ferry methodology is used to identify talent and develop them for future opportunities.

Several development programmes are run, including SHINE – the entry-level management development programme and ASPIRE – the senior leadership development programmes and Essential Leadership Skills programme for existing team managers.

As part of the strategy to establish a growth and learning culture within the company, over the past few years, two learning solutions have been made available to all employees: Workday Learning and LinkedIn Learning. Workday Learning is a central Learning Platform where employees find all available learning within the company. The learning offering ranges from classroom courses, webinars, e-learning and on the job assignments. LinkedIn Learning offers thousands of video-based learning courses in Workday Learning. It is an on-demand learning solution designed to help employees gain new skills and advance their careers.

**Diversity and Inclusion**

In 2023 there was continued work on diversity to ensure equal opportunities were provided to all current and potential future employees. In order to promote an inclusive culture, LeasePlan UK Limited focuses on:

- **Gender:** We promote an ongoing environment within which females are inspired to strive for a top position and lead, thus encouraging an increased balance. Our stakeholders also require promoting a balance in gender.
- **LGBTQIA+:** We encourage an environment within which everybody can be themselves at work, regardless of their orientation or self-identification.
- **Cultural diversity:** We stand against all forms of discrimination and racial bias and promote the inclusion of all employees.
- **Disability:** We promote the inclusion of all people, who are motivated to work and use their talent to contribute to society.

**Employment of disabled persons**

The company is committed to employment policies which follow best practice and are based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The group gives full and fair consideration to applications for employment from disabled persons. Appropriate arrangements are made for the continued employment, training, career development and promotion of disabled persons employed by the group. If employees become disabled the group continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

LeasePlan UK Limited has recently registered with the UK government's Disability Confident scheme. There are three levels of accreditation that an employer can achieve; the company is Disability Confident Committed – which is where employers make a commitment to work towards becoming disability confident and to actively seek out and recruit people with disabilities.

**LeasePlan UK Limited (registered number: 1397939)**  
**Directors' Report for the Year Ended 31 December 2023 (continued)**

**Directors' liabilities**

Qualifying third party indemnity provisions for the benefit of the directors were in force during the year under review and remain in force as at the date of approval of the Directors' Report and financial statements.

**Disclosure of information to the auditor**

Each director has taken the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

**Appointment of external auditor**

Following on from the acquisition by ALD Automotive Group in May 2023, PricewaterhouseCoopers LLP will be appointed as external auditor under section 487(1) of the Companies Act 2006 for accounting periods 31 December 2024 onwards.

**LeasePlan UK Limited (registered number: 1397939)**  
**Directors' Report for the Year Ended 31 December 2023 (continued)**

**Post Balance Sheet events**

In January 2021, following its 2019 Motor Finance Review, the FCA changed its rules to prohibit the use of discretionary commission arrangements in regulated credit agreements ("DCAs"). Since this time, there have been rising numbers of complaints and claims across the industry made by customers claiming compensation for DCAs entered into prior to the ban. These complaints/claims have been very largely rejected/defended by lenders. In January 2024, two Financial Ombudsman Service ("FOS") decisions were published in which the FOS found in favour of the complainants. In recognition of the fact that these FOS decisions were likely to trigger a very significant increase in FOS complaints across the industry, the FCA announced that it would undertake a further review of DCAs. The FCA is using its powers under s166 of the Financial Services and Markets Act 2000 to determine whether there is evidence of widespread misconduct and poor customer outcomes prior to the 2021 DCA ban and, if so, how any contested legal issues should be resolved and how any compensation should be calculated and paid. The FCA has also changed its dispute handling rules to provide that firms do not need to provide a final response to a complaint concerning a DCA while the s166 review is taking place. The FCA has indicated that it will provide its findings in May 2025, with firms not required to provide final responses to complaints concerning DCAs until December 2025.

LeasePlan UK Limited has received over 1,000 complaints and information requests in respect of DCAs.

IAS 37 requires a provision to be recognised if LeasePlan UK Ltd have a present obligation, it is probable (more likely than not) that payment will be required to settle the obligation, and the amount of the obligation can be estimated reliably.

Industry expectation is that the FCA is likely to announce some form of redress scheme in respect of regulated DCAs entered into before the 2021 ban. The FCA has stated that one of the next steps they are considering is consultation on a redress scheme, and that they expect firms to assess whether their financial resources are adequate. We therefore consider that there is a present obligation arising from use of DCAs in respect of historic regulated business, and it is probable that payment (in the form of redress to customers) will be required to settle this obligation.

There is significant uncertainty over the amount of the obligation, as this is dependent on the structure of any redress scheme defined by the FCA. Points of uncertainty include:

- whether lenders will be required to proactively contact customers or whether customers would need to apply for redress
- the backstop date i.e. what is the earliest DCA on which redress could be required
- calculation of amount that should be paid to customer - whether this is the full commission amount or whether a specified level of commission could be deemed acceptable
- application of statutory interest (typically 8%)

However, it is noted in IAS 37 that provisions are by nature uncertain, and it is only in extremely rare cases that a reliable estimate of an obligation cannot be made. An acceptable approach in the case of significant uncertainty is to determine a range of possible outcomes and weight these by probability in order to determine a provision amount. Based on system records of commissions paid on historic agreements, it should therefore be possible to estimate the amount of the obligation with sufficient reliability to meet the third requirement for recognition of a provision.

In accordance with IAS 37, LeasePlan UK should therefore recognise a provision in respect of historic DCAs on regulated business.

In October 2024, the Court of Appeal ruled in favour of consumers on three cases relating to motor finance commissions. The Court held that the dealers in these cases owed a fiduciary duty to the consumers and found that under common law it was therefore unlawful for the dealers to earn a commission from the lenders without full disclosure and informed customer consent. The lenders were found liable in all three cases, either as primary wrongdoers or accessories depending on whether the payment of the commissions was considered "secret". This ruling could potentially have implications beyond the DCAs on regulated credit agreements originally under review by the FCA. Whilst all three cases related to regulated credit agreements, similar principles could also apply to hire business (and indeed beyond the motor finance industry). The ruling was based on common law which would apply across all contract types (hire in addition to credit) and to non-regulated as well as regulated business. However, it should be noted that "financial sophistication" was a consideration of the ruling and the three consumers in the cases were considered to be especially vulnerable as being on low incomes and

**LeasePlan UK Limited (registered number: 1397939)**  
**Directors' Report for the Year Ended 31 December 2023 (continued)**

needing finance to afford the vehicles. There remain significant uncertainties as to how the Court of Appeal judgement should be applied more widely, with apparent arguments for the limitation of any past liability depending on:

- the sophistication of the customer e.g. consumer vs incorporated businesses and
- the application of time limits

The defendants in the Court of Appeal case have been granted permission to appeal by the Supreme Court. It is expected that the appeal will be heard in March 2025.

From a legal perspective, the Court of Appeal ruling demonstrates that most historic commissions paid by LeasePlan UK to its introducers could be considered unlawful under UK common law, as it has not been standard practice to obtain fully informed consent from customers. Whilst the ruling has clarified how the law should be understood (and shows a marked contrast to previous accepted industry practice), the common law principle of fiduciary duty had already been in existence for some time. Given that the Supreme Court has granted permission for the defendants to appeal the ruling it is possible that the Court of Appeal ruling may not necessarily stand in its entirety, however at the current time we believe that LeasePlan UK has a present legal obligation in respect of historic commissions. It is probable that cash outflows will be required to settle the obligation, whether this is through the Court of Appeal ruling informing the FCA's decisioning on DCAs, through the FCA widening the scope of commissions redress beyond DCA, and/or through additional legal claims.

There is a very high degree of uncertainty over the amount of the obligation, which is heavily dependent on the outcome of the Supreme Court hearing. It is possible that the Supreme Court could overturn the Court of Appeal decision, but it is considered more likely that the decision will be upheld with certain aspects of the judgement (such as consideration of financial sophistication) clarified, which would provide greater certainty over the level of financial exposure for LeasePlan UK.

However, as noted above in relation to DCAs, IAS 37 states that it is only in very limited cases that a provision should not be recognised on the basis that a reliable estimate of the obligation cannot be made. Based on system records of historic commissions and using a probability-weighted scenario approach, it should therefore be possible to estimate the amount of the obligation with sufficient reliability to meet the third requirement for recognition of a provision.

In accordance with IAS 37, LeasePlan UK should therefore recognise a provision in respect of the Court of Appeal judgement on commissions disclosure.

In addition, a provision has been made, under IAS37, relating to historic Consumer Credit Act (CCA) breaches for which LeasePlan UK Ltd will likely need to remediate customers. These breaches include non-issuance of Employee Car Ownership (ECO) annual statements due to a process failure.

**LeasePlan UK Limited (registered number: 1397939)**  
**Directors' Report for the Year Ended 31 December 2023 (continued)**

**Other information**

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on pages 4 and 5.

Approved by the Board on 18 February 2025 and signed on its behalf by:

*Tim Laver*

.....  
T J Laver  
Director

165 Bath Road  
Slough  
Berkshire  
SL1 4AA

**LeasePlan UK Limited (registered number: 1397939)**  
**Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **Independent Auditor's Report to the Members of LeasePlan UK Limited**

### **Opinion**

We have audited the financial statements of LeasePlan UK Limited ("the Company") for the year ended 31 December 2023 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Company, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risk that we considered most likely to adversely affect the Company's available financial resources over this period was the potential removal of parental support and recall of the Company's borrowings.

We considered whether this risk could plausibly affect the liquidity in the going concern period by considering the ability and intent of the Company's parent to continue its support of the Company alongside the level of available financial resources indicated by the Group's financial forecasts.

We considered whether the going concern disclosure in note 2 to the financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risks and dependencies.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

## **Fraud and breaches of laws and regulations – ability to detect**

### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company’s high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected, or alleged fraud.
- Reading Board and other committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk that management may be in a position to make inappropriate accounting entries; and
- the risk of bias in accounting estimates and judgements such as assessment of impairment and prospective depreciation of the lease portfolio.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by individuals not approved to post journals, journals posted by senior executives, journals posted over weekends and journals passed to revenue accounts with very few manual entries.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management as required by auditing standards, and from inspection of the Company’s regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity’s procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably. Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company’s license to operate. We identified the

following areas as those most likely to have such an effect: Consumer rights and credit related legislation and regulations and the requirements of the Financial Conduct Authority (FCA).

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

#### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations are from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

#### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in the strategic report and the directors' report for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

#### **Matters on which we are required to report by exception**

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

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

We have nothing to report in these respects.

#### **Directors' responsibilities**

As explained more fully in their statement set out on page 31, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

GR Swart  
GR Swart (Feb 19, 2025 19:15 GMT)

**Gabriel Ryno Swart (Senior Statutory Auditor)**

**For and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

15 Canada Square  
Canary Wharf  
London  
E14 5GL

19 February 2025

**LeasePlan UK Limited (registered number: 1397939)**  
**Statement of Comprehensive Income for the Year Ended 31 December 2023**

		(As restated*)	
	Note	2023 £ 000	2022 £ 000
Revenue	4	1,288,890	1,121,137
Cost of revenues	5	(1,287,323)	(907,321)
Impairment charges on loans and receivables	6	(4,940)	(2,408)
Unrealised gain on financial instruments	27	4,646	5,976
<b>Gross Profit</b>		<b>1,273</b>	<b>217,384</b>
<b>Total operating income</b>		<b>1,273</b>	<b>217,384</b>
Staff expenses	8	(38,508)	(37,842)
Administrative expenses		(64,557)	(56,466)
Depreciation, amortisation and loss on disposal of other property and equipment	14, 12	(2,609)	(3,873)
<b>Total operating expenses</b>	7	<b>(105,674)</b>	<b>(98,181)</b>
(Loss)/profit before tax		(104,401)	119,203
Tax credit/(charge) on (loss)/profit on ordinary activities	11	33,562	(29,301)
(Loss)/profit for the year		(70,839)	89,902
		<b>2023</b>	<b>2022</b>
		<b>£ 000</b>	<b>£ 000</b>
<b>Total comprehensive income for the year</b>		<b>(70,839)</b>	<b>89,902</b>

The above results were derived from continuing operations and the Company had no other income or expenses for the year ended 31 December 2023 and 31 December 2022. Therefore, no separate Statement of Other Comprehensive Income has been prepared.

\* Please refer to note 32 for further details with regards to the restatement.

**LeasePlan UK Limited (registered number: 1397939)-  
Statement of Financial Position as at 31 December 2023**

		2023 £ 000	(As restated*) 2022 £ 000
<b>Non-current assets</b>			
Intangible assets	12	-	672
Investments	28	150,000	150,000
Property and equipment under operating lease	13	2,471,150	2,400,000
Other property and equipment	14	6,846	8,556
Assets for short term rental	15	96,926	118,937
Receivables from customers	18	321,745	289,272
Other receivables and prepayments	19	1,398	1,402
		<u>3,048,065</u>	<u>2,968,839</u>
<b>Current assets</b>			
Inventories	16	104,933	137,941
Other receivables and prepayments	19	75,319	80,296
Income tax asset	11	29,649	2,625
Cash and cash equivalents	17	641	1,373
Receivables from customers	18	281,885	230,330
Derivative financial instruments	27	-	1,397
		<u>492,427</u>	<u>453,962</u>
<b>Total assets</b>		<u><b>3,540,492</b></u>	<u><b>3,422,801</b></u>
<b>Equity</b>			
Share capital	20	14,500	14,500
Profit and loss account		371,737	562,576
		<u>386,237</u>	<u>577,076</u>
<b>Non-current liabilities</b>			
Long term lease liabilities	22	4,153	5,299
Loans and borrowings	21	1,544,724	1,716,086
Provisions	23	70,576	707
Other non-current financial liabilities		2,976	2,844
Deferred tax liabilities		19,289	65,101
		<u>1,641,718</u>	<u>1,790,037</u>
<b>Current liabilities</b>			
Current portion of long-term lease liabilities	22	1,147	1,130
Trade and other payables	24	396,129	330,928
Loans and borrowings	21	1,113,542	714,979
Provisions	23	1,008	1,896
Derivative financial instruments	27	711	6,755
		<u>1,512,537</u>	<u>1,055,688</u>
<b>Total liabilities</b>		<u><b>3,154,255</b></u>	<u><b>2,845,275</b></u>
<b>Total equity and liabilities</b>		<u><b>3,540,492</b></u>	<u><b>3,422,801</b></u>

The notes on pages 40 to 81 form an integral part of these financial statements.

**LeasePlan UK Limited (registered number: 1397939)-  
Statement of Financial Position as at 31 December 2023 (continued)**

\* Please refer to note 32 for further details with regards to the restatement.

Approved by the Board on 18 February 2025 and signed on its behalf by:

*Tim Laver*

.....  
T J Laver  
Director

**LeasePlan UK Limited (registered number: 1397939)**  
**Statement of Changes in Equity for the Year Ended 31 December 2023**

	<b>Share Capital</b>	<b>Retained</b>	<b>Total</b>
	<b>£000</b>	<b>Earnings</b>	<b>£ 000</b>
		<b>£000</b>	
At 1 January 2023 (restated*)	14,500	562,576	577,076
Loss and total comprehensive loss	-	(70,839)	(70,839)
Dividends	-	(120,000)	(120,000)
At 31 December 2023	14,500	371,737	386,237
	<b>Share Capital</b>	<b>Retained</b>	<b>Total</b>
	<b>£ 000</b>	<b>Earnings</b>	<b>£ 000</b>
		<b>£ 000</b>	
At 1 January 2022, as previously reported	14,500	289,270	303,770
Impact of correction of errors	-	233,404	233,404
Restated* balance at 1 January 2022	14,500	522,674	537,174
Profit and total comprehensive income (restated*)	-	89,902	89,902
Dividends	-	(50,000)	(50,000)
At 31 December 2022 (restated*)	14,500	562,576	577,076

\* Please refer to note 32 for further details with regards to the restatement.

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2023**

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**1 General information**

The company is a private company limited by share capital, incorporated and domiciled in England.

The address of its registered office is:

165 Bath Road  
Slough  
Berkshire  
SL1 4AA

These financial statements were authorised for issue by the Board on 18 February 2025.

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**2 Accounting policies**

**Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**Basis of preparation**

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

These financial statements are presented in 'pounds sterling', which is the company's functional and presentational currency. Financial information presented in sterling has been rounded to the nearest thousand, unless otherwise indicated.

**Summary of disclosure exemption**

These financial statements have been prepared under UK GAAP, applying FRS 101 "Reduced Disclosure Framework" as LeasePlan UK Limited is a qualifying entity. As a result, the Company applies the recognition, measurement and disclosure requirements per UK-adopted international accounting standards ("Adopted IFRSs") but makes amendments where necessary in order to comply with Companies Act 2006. The accounting policies set out within this note have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. The available FRS101 disclosure exemptions used in preparing these financial statements are listed below:

- **IAS 1 "Presentation of Financial Statements"**: Exemption from providing comparative movement schedules for share capital, intangible assets, investment properties and property, plant and equipment (including those under operating leases and short-term asset rentals), as well as presenting comparative information for narrative disclosures and information going beyond the disclosure requirements of IFRS standards.
- **IAS 1 "Presentation of Financial Statements"**: Exemption from presenting a statement of cash flows, from making an explicit and unreserved statement of compliance with IFRS standards and from the capital management disclosure requirements of the standard.
- **IAS 7 "Cash Flow Statement"**: Complete exemption from preparing a cash flow statement and the related notes
- **IAS 8 "Accounting policies, changes in accounting estimates and errors"**: Exemption from the disclosure of new or revised IFRSs that have not been amended, as well as the disclosure of their likely impact
- **IAS 24 "Related Party Disclosures"**: Disclosure exemption for related party transactions entered into between two or more members of a group that are fully owned subsidiaries of a common ultimate parent.
- **IAS 24 "Related Party Disclosure"**: Exemption from disclosure of compensation for key management personnel

**LeasePlan UK Limited (registered number: 1397939)**

**Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

- **IAS 36 “Impairment of Assets”**: Available exemptions from disclosures at the cash generating unit level, including as it pertains to assumptions and sensitivity analysis.
- **IFRS 2 “Share Based Payments”**: Exemption relating to group-settled share-based payments
- **IFRS 7 “Financial Instruments”**: Complete exemption of the disclosures mandated by the standard, other than where required to comply with legal requirements
- **IFRS 13 “Fair value measurement”**: Complete exemption of the disclosures mandated by the standard, other than where required to comply with legal requirements
- **IFRS 15 “Revenue from contracts with customers”**: Partial exemption from the new disclosure requirements set out by the standard.
- **IFRS 16 “Leases”**: Partial exemption from the detailed disclosure requirements as they pertain to both lessees and lessors

Taking up these disclosure exemptions is made possible by the inclusion of equivalent disclosures within the consolidated financial statements of Société Générale, the ultimate parent of LeasePlan UK Limited. A copy of the consolidated financial statements can be obtained from the aforementioned entity’s registered office: 29 Boulevard Haussmann, 75009 Paris or online at <https://www.societegenerale.com>.

**Going concern**

These financial statements have been prepared on a going-concern basis. This basis of preparation was agreed upon following a detailed assessment of the Company’s ability to continue as a going-concern for a period of at least 12 months from the date of approval of the financial statements (“the going-concern period”).

LeasePlan UK Limited’s business environment was disrupted in 2023 by macroeconomic factors such as the global semi-conductor shortage; high prices in the second-hand car market, and rising interest rates impacting vehicle funding. The established risk function, dedicated teams and Managing Board continue to closely monitor developments on all three events, as well as potential new effects, to ensure that LeasePlan UK Limited can respond to changes in its business environment.

Thanks to a multi-year cycle, LeasePlan UK Limited has a built-in resilience to short-and-medium-term external shocks. This resilience is reinforced by the Company’s access to funding, particularly the intercompany credit facility agreement with another Group entity, Axus Luxembourg S.A, which was transferred over from the previous ultimate parent company, LeasePlan Corporation N.V, in May 2024. Further sources of funding include the sale of securitised assets through the Bumper programme in previous financial years, uncommitted bank loans and a short-term overdraft facility.

In assessing the Company’s ability to continue trading, management have prepared cashflow forecasts for a period of at least 12 months from the date of approval of these financial statements. This forecast demonstrates that LeasePlan UK Limited will have sufficient funds to meet its liabilities as they fall due.

As per the nature of its business model, LeasePlan UK Limited incurs a significant cash outflow upon the purchase and addition of a new vehicle to the fleet, which is subsequently recovered over the period of the lease. Reducing the new fleet additions would thus create a significant reduction in the short-term cash requirements and outflows of the business. In the event of an extreme downturn beyond the forecast scenarios, LeasePlan UK Limited could thus reduce, or even temporarily halt, the cash outflow on new vehicles and focus on cash collection activities from its pre-existing multi-year fleet.

Given the availability of funding and the Company’s ability to flex operational performance to offset downside risks, the directors do not believe that a material uncertainty exists regarding the ability of the Company to continue as a going-concern or its ability to continue with the current funding arrangements provided by the ultimate parent undertaking. LeasePlan UK Limited therefore continues to adopt the going-concern basis in preparing its financial statements.

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

**Revenue recognition**

The company earns revenue from the sale of vehicles from terminated lease contracts. Vehicle sales revenue is recognised when the vehicles are sold and the carrying value of terminated vehicles is disclosed separately within cost of revenues.

The company also earns revenue from the provision of services relating to lease rentals, interest income on operating leases, interest income on finance leases, lease services, management fees, rental, insurance income and other revenue.

**Lease Rentals**

Lease Rentals relate to the invoiced depreciation on operating leases, which is recognised on a straight-line basis over the lease term. Bonuses received on purchases of vehicles for operating lease contracts are recognised separately on the Statement of Financial Position. The bonus is then amortised over the life of the contract. Bonuses received on purchase of vehicles for finance lease contracts are invoiced separately and recognised immediately in the Statement of Comprehensive Income.

Commission expenses include incentive payments and commissions paid for the agreement of a lease are included in the purchase consideration of the asset as lease originating costs and are depreciated over the term of the contract in line with the recognition of the lease income.

**Interest income and Interest expenses**

Interest income on operating leases and finance leases relates to the interest earned on lease contracts.

Interest and similar income and interest expenses and similar charges for all interest-bearing assets and liabilities are recognised in the statement of comprehensive income on an accruals basis using the effective interest rate method. The effective interest rate is the rate that discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability to the carrying amount of the financial asset or liability.

The calculation of the effective interest rate includes all fees paid or received, transaction costs and discounts or premiums.

The interest income component in operating lease instalments is recognised on a straight-line basis and is reported as part of interest and similar income.

Interest income on finance lease contracts is recognised in the statement of comprehensive income on the basis of accruing interest income on the net investment (using the effective interest rate method). The receipts under the lease are allocated by the lessor between reducing the net investment and recognising interest income, so as to produce a constant rate of return on the net investment.

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

**Lease services**

Lease services income relates to invoiced turnover for lease services at risk. For all service categories the criterion is whether LeasePlan takes risk on these services resulting in economic benefits, as only in those circumstances does the income qualify as revenue.

Income related to repair and maintenance services is recognised over the term over the lease contract. The allocation of expected income over the term is based on the normal repair and maintenance cost profile supported by historical statistics and expected service costs. Cost profiles are reviewed periodically in order to ensure they remain a fair representation of historical repair and maintenance expenditures, adjusted for reasonable expectations of changes in cost profiles.

Lease instalments may include pass-through costs such as fuel, road taxes and other taxes. These are amounts collected on behalf of third parties and are therefore not presented as revenues. The margin and any bonuses earned in connection with pass-through costs are classified as Lease service expenses and are recognised during the period in which they are earned.

**Management fees**

Management fees relate to fees charged to customers for managing business assets (i.e. contract related and included in the monthly recurring lease instalment; there is no individual assignable cost in return). Management fees is recognised on a straight-line basis over the lease term.

**Rental**

Rental relates to the income earned in relation to the short-term rental of vehicles and is recognised on a straight-line basis over the lease term.

**Insurance income**

Insurance income relates to premiums charged to customers under motor insurance schemes through third parties; rebates received from these insurance brokers; local risk retention schemes net of compensation received from external insurance companies on total loss vehicles and the cost of the vehicle; accident management rebates; the sale of warranties on sold vehicles through a third party and any other insurance related income. These are recognised over the lifetime of the contract.

**Other revenue**

Other revenue relates to income which cannot be included in the categories above, such as sale of driver kits and administration fees for processing customer fines and penalties. Driver kit revenue is recognised on a straight-line basis over the lease term and all other revenue is recognised when the services are rendered.

**Foreign currency transactions and balances**

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period end date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing when the fair values were determined.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

The following significant exchange rates to the Company's sterling functional currency are illustrative of the rates applied during the current and prior year.

	<u>Average rate</u>		<u>Closing rate</u>	
	Year ended 31 December 2023	Year ended 31 December 2022	31 December 2023	31 December 2022
<b>£1 GBP equivalent</b>				
Euro	1.150	1.173	1.151	1.132

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

**Tax**

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

**Property and equipment under operating lease**

Leases are disclosed in line with IFRS 16 "Leases", which was implemented by LeasePlan UK Limited on 1 January 2019.

Lessor accounting

Leases are measured at historical purchase cost, less accumulated depreciation and impairment losses. The cost of assets includes directly attributable incremental costs incurred in their acquisition. The assets subject to operating leases are presented in the statement of financial position according to the nature of the asset.

The leased assets are depreciated on a straight-line basis over their contract period to their residual value. The contract period ranges on average between 2 to 5 years.

Upon termination of the lease or rental contract, the relevant assets are reclassified to "Inventories" at book value.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Lessee accounting

Leases are measured at historical purchase cost, less accumulated depreciation and impairment losses. The cost of assets includes directly attributable incremental costs incurred in their acquisition. The assets subject to operating leases are presented in the statement of financial position according to the nature of the asset.

Leases are recognised through a right-of-use asset, representing its right to use the underlying lease asset, and a corresponding lease liability representing its obligation to make lease payments.

The aforementioned right-of-use assets are initially measured at cost. Subsequent measurement is at cost less any accumulated depreciation and impairment losses over the contractual term. Right-of-use assets are adjusted for specific re-measurements of the lease liabilities.

These lease liabilities are initially measured at the present value of lease payments not yet paid as at the commencement date and are discounted using LeasePlan UK Limited's incremental borrowing rate. The resulting liability is subsequently increased by the interest accretion to the lease liability and decreased by lease payments made.

Remeasurements occur upon changes in future lease payments or changes in assessment of execution of certain extension or termination options in the contracts. Management of LeasePlan UK Limited applies professional judgement in determining the lease term of lease contracts that contain renewal options.

Depreciation charges and financial charges relating to operating lease expenses are disclosed within the Statement of Profit or Loss.

Exemption

LeasePlan UK Limited applies the recognition exemption pertaining to both short-term and low-value leases.

**LeasePlan UK Limited (registered number: 1397939)**

**Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

**Assets for short term rental**

Assets for short term rental contrary to property and equipment under operating lease, have no relationship between the duration of any customer contract and the economic useful life for assets under short-term rental. This is because the duration of rental agreements is often short (often less than 6 months) with the minimum term of 1 day. The assets are depreciated on a straight-line basis over their useful economic life to their residual value. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

These rental contracts are valued at cost less accumulated depreciation less any accumulated impairment losses where the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and its value in use. The value in use is the present value of the future cash flows expected to be derived from that asset.

**Other property and equipment**

Other property and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Subsequent expenditure on equipment is recognised in the carrying amount of the item only when it increases the future economic benefits embodied in the specific asset to which it relates, and its costs can be measured reliably. All other expenditure is expensed when incurred.

Residual values and useful lives are reviewed and adjusted, if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in operating income in the statement of comprehensive income during the year of disposal.

The costs of the day-to-day servicing of equipment are recognised as maintenance expenditures in the statement of comprehensive income as incurred.

**Depreciation**

The cost of equipment is depreciated to its estimated residual value and recognised in the statement of comprehensive income on a straight-line basis over the estimated useful life. Leased assets are depreciated over the shorter of the lease term and their useful lives.

The estimated useful lives for the current and comparative periods are as follows:

<b>Asset class</b>	<b>Straight line depreciation</b>
Furniture and fixtures	Over 5-10 years
Computer hardware	Over 3-5 years

**LeasePlan UK Limited (registered number: 1397939)**

**Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

**Intangible assets**

Capitalised software relates to purchased software from third parties and to internally developed software for own use.

Expenditure on research activities undertaken to gain new technical knowledge and understanding is recognised in the statement of comprehensive income when incurred.

Expenditure on development of software is recognised as an asset when the company is able to demonstrate its intention and ability to complete the development and use of the software in a manner that will generate future economic benefits and can measure the costs to complete the development. The capitalised cost of internally developed software includes all costs directly attributable to developing software and is amortised over its useful life. Capitalised internally developed and externally purchased software are measured at cost less accumulated amortisation and any accumulated impairment.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. When subsequent expenditure is capitalised, the carrying value of any replaced part is derecognised. All other expenditure is expensed when incurred.

**Amortisation**

Intangible assets are amortised and recognised in the statement of comprehensive income on a straight-line basis over the estimated useful lives of the intangible assets from the date they are available for use.

The capitalised intangible assets have no estimated residual value. The estimated useful life for software is:

<b>Asset class</b>	<b>Straight line amortisation</b>
Computer software	Over 3-6 years

**Investments**

Investments in debt securities are classified on initial recognition at cost and subsequently measured at amortised cost using the effective interest method less any impairment losses. Transaction costs (including qualifying fees and commissions) are part of the amortised cost.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

An expected credit loss (ECL) is also recognised upon initial recognition of a financial asset and subsequently remeasured at each reporting date, as detailed in the dedicated note. For investment in debt securities, the Company applies the General Approach using the low credit risk assumption for its investments in bonds and notes. At each reporting date, the Company assesses the appropriateness of this exemption.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and in bank.

**Trade Receivables**

Trade receivables include lease instalments receivable from the finance and operating lease portfolios and receivables arising from other business activities. These receivable balances are shown after allowances for credit losses and are initially measured at fair value and subsequently at amortised cost using the effective interest rate method.

**LeasePlan UK Limited (registered number: 1397939)**

**Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

**Other receivables and prepayments**

For certain other receivables (Rebates and bonuses and Interest to be received) with a remaining term well below one year, the carrying value is deemed to reflect the fair value.

**Inventories**

Upon termination of the lease contract the relevant assets are reclassified from 'Property and equipment under operating lease' to 'Inventories' at book value, also known as vehicles from terminated lease contracts.

Inventories also include new vehicles, which are new cars not yet assigned to a specific lease contract. Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the applicable variable selling expenses.

**Trade creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Current trade creditors are recognised initially at the transaction price. The carrying value of these balances will equate to the fair value due to its short-term nature.

Non-current liabilities are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

**Borrowings**

Financial liabilities are initially recognised at fair value incurred and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the financial liability using the effective interest method.

**Provisions**

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

**Leases contracts (as a lessor)**

**Classification**

The lease classification is determined on a contract-by-contract basis, taking into consideration the substance of the transaction and the specific details of each leasing contract. The key factor is whether or not substantially all of the risks and rewards incidental to ownership are transferred and various criteria are used to determine the lease classification of which the two most important are:

- whether the lease term is for the major part the economic life of the asset; and
- whether the present value of minimum lease payments amounts to at least substantially all of the fair value of the asset.

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

**Finance Lease portfolio**

Leases where substantially all the risks and rewards of ownership of an asset are transferred to the lessee are classified as finance leases. The company as a lessor records a finance lease receivable at the amount of its net investment which equals the present value of the future minimum lease payments receivable (including any guaranteed residual value by the lessee) and the unguaranteed residual value accruing to the company, after any allowance for credit losses. The finance lease receivables are presented within 'Receivables from customers'.

The finance lease instalments comprise various components with each having its own revenue recognition criteria. The instalments are classified and presented in the following categories in the statement of comprehensive income: (i) finance income (the difference between the gross receivable and the present value of the receivable is unearned finance income and is recognised over the term of the lease using the effective interest rate method) and (ii) lease revenues (to the extent that services are included in the lease).

**Operating Lease portfolio**

An operating lease is different from a finance lease and is classified as such if it does not transfer substantially all the risk and rewards of ownership. The company as a lessor presents the assets subject to operating leases in the statement of financial position according to the nature of the asset.

The carrying amount of property and equipment under operating lease and rental fleet is depreciated to its estimated residual value during the lease term or the useful life of the asset. The depreciation charge is recognised in the statement of profit or loss. Meanwhile, the instalments are classified and presented in the following categories in the statement of comprehensive income: (i) lease revenues and (ii) finance income (effective interest rate method).

The company leases assets to its customers for durations that normally range between 2-5 years. In almost all cases, the leased assets are returned to the company at the end of the contract term. In case of early termination, a settlement is invoiced to the customer, who bears part of the risk.

There are two main types of operating lease products offered:

**(a) Closed calculation contracts**

Closed calculation contracts are typically leasing contracts whereby the client is charged a fixed fee for the use of the asset over a period of time. At the end of the lease, the asset is normally returned to LeasePlan UK Limited and then sold in the second-hand car market. In all cases, the overall risk on the result of the contract, both positive and negative, is borne by the Company.

**(b) Open calculation contracts**

Open calculation contracts are leasing contracts whereby the client, under particular circumstances, may share a portion of any positive upside resulting at the conclusion of the lease contract. Although the specifics of each contract can vary by client, in most cases, the result on service income and the sale of the leased asset at the end of the lease are combined and a net positive result is (partially) returned to the client. Most contracts contain certain requirements that the client must fulfil in order to receive the net positive result, such as taking on a certain number of new leased vehicles during the year and/or that a certain number of leased vehicles must be included in the calculation of the net result. Open calculation contracts are classified as operating leases based on the (negative) risks being borne by LeasePlan UK Limited.

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

**Impairment of non-financial assets**

**(a) Impairment losses on leased assets and assets for own use**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

In the annual assessment of whether there is any indication that an asset may be impaired, the company considers both external as well as internal sources of information. If such indication for impairment exists, an impairment loss is recognised in the statement of comprehensive income to the extent that the carrying value of the asset or cash generating unit under an operating lease exceeds the recoverable amount, being the higher of the fair value less costs to sell and its value in use. In most cases the fair value less costs to sell will not be relevant as the company is legally and contractually not able to sell the object or cash generating unit, as these vehicles are subject to an operating lease which can in general only be terminated upon the initiative of the lessee. The company will therefore base the conclusion on impairment in most cases on its value in use, which is determined as the present value of the future cash flows expected to be derived from the object or cash generating unit.

**(b) Reversal of impairment**

In respect of all other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent of the asset's carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

**Dividends**

Interim dividends are recognised as a distribution from retained earnings in the period in which they are paid.

Final dividends are recognised as a distribution from retained earnings in the period in which they are approved by the shareholders.

**Defined contribution pension obligation**

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans contributions are paid publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

**LeasePlan UK Limited (registered number: 1397939)**

**Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

**Share based payments**

Selected managers of LeasePlan Corporation N.V. Group, ("Group") and LeasePlan UK Limited participate in the share capital of an indirect parent company of the Group. On realisation of an exit, the shares will be settled in cash by the acquirer. The Company or another group entity will under no circumstances be required to settle in cash.

This arrangement is classified as an equity-settled share-based payment arrangement. The fair value of shares at the grant date is determined and, if applicable, an expense for the services received over the service period with a corresponding increase in the equity of the Group is recognised.

The total amount to be expensed is determined by reference to the fair value of the awards granted, including the impact of any non-vesting conditions and market conditions. For this purpose, a comparison is done whether the price paid by a manager is in line with the market price of the shares acquired. If a positive difference exists between (i) the actual market value of the shares and (ii) the purchase price; this results in a fair value to be reported as a share-based payment expense. This analysis is performed at each grant date.

Service conditions and non-market performance conditions are taken into account in the number of awards expected to vest. At each reporting date, the estimate of the number of awards that are expected to vest is revised. The impact of the revision of vesting estimates, if any, is recognised in the income statement for the period.

**Financial instruments**

**Initial recognition**

The Company's main financial instruments comprise Cash and cash equivalents; Loans and borrowings; Interest rate swaps and credit compensation deals (derivatives); Investments in securitisation entities; Trade and finance lease receivables; and Trade and other payables.

Financial assets and financial liabilities are initially recognised on the settlement date. Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

Classification and subsequent measurement of financial assets is driven by the business model for managing the financial assets and the contractual cash flow characteristics of those financial assets.

Long-term financial assets are subsequently measured at amortised cost and adjusted for any credit loss allowance, as they are held solely for the collection and payment of contractual cash flows, being payments of principal and interest where applicable. The effect of discounting on trade and other receivables is not considered to be material.

Loans and borrowings and trade payables are subsequently measured at amortised cost with any interest cost calculated in accordance with the effective interest rate method.

Derivatives are subsequently measured at fair value through Profit or Loss ("FVTPL") as they are managed on a fair value basis in accordance with a documented strategy. The derivatives do not meet the SPPI criterion (solely payments of principal and interest) and accordingly are mandatorily measured at FVTPL under IFRS 9. The Company does not classify any derivatives as hedges in a hedging relationship.

Realised gains and losses arising on the derecognition of financial assets and liabilities are recognised in the period in which they arise.

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

**Modification of financial assets and financial liabilities**

*Financial assets*

If the terms of a financial asset are modified, the company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to the cash flows from the original financial asset are deemed to expire. In this case the original financial asset is derecognised and a new financial asset is recognised at either amortised cost or fair value.

If the cash flows are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the company recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of income.

*Financial liabilities*

If the terms of a financial liabilities are modified, the company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual obligations from the cash flows from the original financial liabilities are deemed to expire. In this case the original financial liabilities are derecognised and new financial liabilities are recognised at either amortised cost or fair value.

If the cash flows are not substantially different, then the modification does not result in derecognition of the financial liabilities. In this case, the company recalculates the gross carrying amount of the financial liabilities and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of income.

**Impairment of financial assets**

*Measurement of Expected Credit Losses*

The company recognises allowances for expected credit losses ("ECL") on financial instruments that are not measured at FVPTL, namely:

- Financial assets that are debt instruments;
- Accounts and other receivables;
- Financial guarantee contracts issued; and
- Loan commitments issued.

A customer shall consider to be in default when either one or both of the following events occur:

- the Local LP entity considers the customer unlikely to pay ('UTP'). and / or
- the customer is past due more than 90 consecutive days on any material credit obligation ('90DPD').

The company classifies its financial instruments into stage 1, stage 2 and stage 3, based on the applied impairment methodology, as described below:

Stage 1: for financial instruments where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired on origination, the company recognises an allowance based on the 12-month ECL.

Stage 2: for financial instruments where there has been a significant increase in credit risk since initial recognition, but they are not credit-impaired, the company recognises an allowance for the lifetime ECL.

Stage 3: for credit-impaired financial instruments, the company recognises the lifetime ECL.

LPUK's ECL model definition of SICR (significant increase in credit risk) is as follows:

Stage 1: 12-months expected credit losses This stage includes financial assets that have not had a significant increase in credit risk since initial recognition and that are not credit impaired upon origination. For these financial assets, the expected credit losses that result from default events that are expected within 12 months after the reporting date are recognised.

**LeasePlan UK Limited (registered number: 1397939)**

**Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

Stage 2: Lifetime expected credit losses - not credit impaired. For credit exposures where there has been a significant increase in credit risk since initial recognition of the financial asset but that are not credit impaired, a lifetime expected credit loss is recognised. At each reporting date, it is assessed whether there has been a significant increase in credit risk for financial assets since initial recognition. Both quantitative and qualitative information is used to determine if there is a significant increase in credit risk based on the characteristics of the financial asset. Quantitative information could be a decrease in credit rating below investment grade. Qualitative information is obtained from the monitoring of existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant (negative) change in the debtor's ability to meet its obligations towards the company. A backstop of 30 days past due as an automatic trigger for significant increase in credit risk. The company has exposures to internal counterparties consisting of financial guarantees, loans to subsidiaries and loans to joint ventures entities. As the credit risk is highly dependent on the financial performance of the underlying lease portfolios, these credit risk exposures are monitored following qualitative factors in assessing the significant increase in credit risk:

- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant (negative) change in the entity's ability to meet its debt obligations towards LeasePlan; and
  - An actual or expected significant (negative) change in the operating results of the entity.
- In addition, the internal credit rating scale is used to apply quantitative factors in assessing whether there is a significant increase in credit risk. It is considered that the credit risk has increased if the internal credit rating has significantly deteriorated at the reporting date relative to the original internal rating. If a significant increase in credit risk is identified, this triggers in general a transfer for all instruments in scope held with this counterparty from stage 1 to 2.

The company measures loss allowances at an amount equal to the lifetime ECL, except for the following, for which they are measured as a 12-month ECL:

- debt securities that are determined to have a low credit risk (equivalent to investment grade rating) at the reporting date; and
- other financial instruments on which the credit risk has not increased significantly since their initial recognition.

The company considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'.

A 12-month ECL is the portion of the ECL that results from default events on a financial instrument that are probable within 12 months from the reporting date.

Allowance for credit losses are recognised in the statement of income and are reflected in accumulated provision balances against each relevant financial instruments balance.

*Credit-impaired financial assets*

Evidence that the financial asset is credit-impaired include the following;

- Significant financial difficulties of the borrower or issuer;
- A breach of contract such as default or past due event;
- The restructuring of the loan or advance by the company on terms that the company would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for the security because of financial difficulties; or
- There is other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the company, or economic conditions that correlate with defaults in the company.

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

*Credit-impaired trade receivables*

For trade receivables, the company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The expected loss rates are based on the payment profiles of transactions over a period of 36 months before 31 December 2023 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The company has identified the inflation, interest rate and the unemployment rate to be the most relevant factors and accordingly adjusts the historical loss rates based on expected changes in these factors.

**Derivative financial instruments**

Derivative financial instruments are contracts, the value of which is derived from one or more underlying financial instruments or indices and include interest rate swaps.

Derivative financial instruments are recognised in the statement of financial position at fair value. Fair values are derived from prevailing market prices, discounted cash flow models or option pricing models as appropriate.

In statement of financial position, derivative financial instruments with positive fair values ("unrealised gains") are included as assets and derivative financial instruments with negative fair values ("unrealised losses") are included as liabilities.

The changes in the fair values of derivative financial instruments entered into for trading purposes are included in trading income.

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**3 Critical accounting judgements and key sources of estimation uncertainty**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

It is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from the assumption could require a material adjustment to the carrying amount of the asset or liability affected. In all cases the entity discloses the carrying amount and nature of the assets or liabilities affected by the assumption.

**Key sources of estimation uncertainty:**

The main estimates and underlying assumptions relate to the residual values at the end of the contract date and the assessment of the impairment of both the operating lease and finance lease portfolios.

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

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

**Residual values**

The company has an advanced management information system that closely monitors changes in the contractual residual values used in lease contracts. The existing residual value risks are periodically assessed at vehicle level by means of Fleet Risk Assessment - see details below.

**Critical judgements**

The main judgements relate to the appropriateness of estimated residual values of vehicles as well as the assessment of the impairment of both the operating lease and finance lease portfolios.

**Impairment of operating lease portfolio and prospective adjustments to depreciation**

The basis for the depreciation of a lease contract is the investment value at cost less the estimated residual value as included in the contract. The residual value of a vehicle is estimated by the Company at the inception of the lease and may differ from actual market value of the vehicle at the end of the contract. A change in this accounting estimate of residual value leads to a change in depreciation that has an effect in the current period and/or is expected to have an effect in subsequent periods. The risk is influenced by many internal and external factors.

Residual values are reviewed on an annual basis by means of a Fleet Risk Assessment, through comparison to independent market value data and with reference to prevailing economic conditions. This assessment compares the original residual values to the revised residual values expected at contract termination. The results of this exercise are used to assess the prospective adjustment to depreciation relating to operating leases. Adjustments are accounted for in order to match to the expected market value at contract end and to mitigate any market risk.

Assets are reviewed for indications of impairment annually and the company considers both external and internal sources of information. If such an indication of impairment exists, an impairment loss is recognised in the statement of comprehensive income to the extent that the carrying value of the asset exceeds the recoverable amount, being the higher of the fair value less costs to sell and its value in use. As the assets under operating leases cannot be sold until the termination of the lease, the company usually bases the conclusion on impairment on its value in use, which is determined as the present value of the future cash flows expected to be derived from the object.

**Impairment of finance lease portfolio**

For finance leases contracts, the lessor recognises lease receivables rather than the lease asset itself. In an annual assessment it is determined whether there is any objective evidence that a financial asset is impaired or uncollectible. The customer can choose to return the car on termination, therefore the basis for impairment is the difference between the carrying value of the asset and the recoverable amount, discounted at the original effective interest rate. A change in this accounting of the recoverable amount leads to an impairment.

The measurement of the ECL allowance for financial assets is an area that requires the use of complex models and significant assumptions and data about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). For its credit risk management, the Company distinguishes between corporate clients, retail clients, governments, banks and others. In this respect, retail clients are from a regulatory point of view defined as small and medium entities (SMEs) and private households. Except for retail clients, which are assessed whenever a credit application is received, the credit risk of all counterparties is assessed at least once a year. Judgement is required from management for applying appropriate models and setting assumptions for the measurement of ECL. The methodology, assumptions and data, including any forecasts of future economic conditions, are reviewed regularly by management.

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

**4 Revenue**

The analysis of the company's turnover for the year from continuing operations is as follows:

	<b>2023</b>	<b>(As restated*)</b>
	<b>£ 000</b>	<b>2022</b>
		<b>£ 000</b>
Vehicle sales revenue	573,703	454,884
Lease Rentals - Capital component	396,250	386,314
Lease Rentals - Interest component	120,293	105,957
Interest income on finance leases	28,120	24,402
Lease services	64,466	62,766
Management fees	37,221	36,190
Short-term Rentals	50,532	36,278
Insurance income	10,937	8,730
Other revenue	7,368	5,616
	<u>1,288,890</u>	<u>1,121,137</u>

\* Please refer to note 32 for further details with regards to the restatement.

**5 Cost of revenues**

	<b>2023</b>	<b>(As restated*)</b>
	<b>£ 000</b>	<b>2022</b>
		<b>£ 000</b>
Depreciation on leases	404,267	413,882
Cost of vehicles sold	589,161	326,176
Lease services expenses	52,127	52,189
Interest expense	89,866	56,617
Rental	45,521	25,726
Insurance expenses	2,080	(1,107)
Commission expenses	31,203	29,977
Other	73,098	3,861
	<u>1,287,323</u>	<u>907,321</u>

Included in the Other category above are amounts relating to provisions for both historic motor finance commissions and for Consumer Credit Act breaches of £69,790,000 (2022: nil).

Please refer to both the Director's report and note 23 for more information on these provisions.

\* Please refer to note 32 for further details with regards to the restatement.

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

**6 Impairment charges on loans and receivables**

	(As restated*)	
	2023	2022
	£ 000	£ 000
Impairment of trade receivables	3,694	2,349
Impairment of lease receivables	1,246	59
	4,940	2,408

\* Please refer to note 32 for further details with regards to the restatement.

**7 Operating (loss)/profit**

Arrived at after charging

	2023	2022
	£ 000	£ 000
Depreciation expense on other property and equipment	1,937	1,888
Amortisation expense	672	1,483
Impairment loss on intangible assets	-	502
Foreign exchange gains	(3)	(164)
Expense on low value leases	-	16
	-	16

Please note the 2022 figures above have not been restated.

**8 Staff expenses**

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

	(As restated*)	
	2023	2022
	£ 000	£ 000
Wages and salaries	30,437	29,087
Social security costs	3,245	3,623
Pension costs, defined contribution scheme	1,505	1,435
Other employee expense	3,321	3,697
	38,508	37,842

\* Please refer to note 32 for further details with regards to the restatement.

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

	2023	2022
	No.	No.
Sales and marketing	141	134
Operations	261	249
Finance and administration	149	122
	551	505

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

**9 Directors' remuneration**

The directors' remuneration for the year was as follows:

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Remuneration	670	650
Benefits in kind	86	79
Company contributions to defined contribution pension schemes	62	52
	<u>818</u>	<u>781</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	<b>2023</b>	<b>2022</b>
	<b>No.</b>	<b>No.</b>
Accruing benefits under money purchase pension scheme	<u>2</u>	<u>2</u>

In respect of the highest paid director:

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Remuneration	425	434
Company contributions to defined contribution pension schemes	43	38
	<u>468</u>	<u>472</u>

During the year the highest paid director received or was entitled to receive shares under a long-term incentive scheme.

Bonus payments made to key management personnel during the year amounted to £132,194 (2022: £102,686).

The directors are considered to be key management personnel.

**10 Auditor's remuneration**

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Audit of the financial statements	<u>853</u>	<u>569</u>
<b>Non-audit fees</b>		
Audit-related assurance services	<u>260</u>	<u>210</u>

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

**11 Income tax**

Tax charged in the statement of comprehensive income

	2023 £ 000	(As restated*) 2022 £ 000
<b>Current taxation</b>		
UK corporation tax	16,087	23,278
UK corporation tax adjustment to prior periods	(3,835)	625
	<u>12,252</u>	<u>23,903</u>
<b>Deferred taxation</b>		
Arising from origination and reversal of temporary differences	(41,617)	2,870
Arising from changes in tax rates and laws	(2,997)	4,350
Prior year adjustment to deferred tax charge	(1,200)	(1,822)
Total deferred taxation	<u>(45,814)</u>	<u>5,398</u>
Tax (income)/expense in the statement of comprehensive income	<u>(33,562)</u>	<u>29,301</u>

\* Please refer to note 32 for further details with regards to the restatement.

The tax income on the loss before tax for the year is higher (2022 restated\*: the tax expense on the profit before tax for the year is higher) than the standard rate of corporation tax in the UK of 23.5% (2022 - 19%).

The differences are reconciled below:

	2023 £ 000	(As restated*) 2022 £ 000
(Loss)/profit before tax	<u>(104,401)</u>	<u>119,203</u>
Corporation tax at standard rate	(24,556)	22,648
Increase from effect of expenses not deductible in determining taxable profit (tax loss)	119	637
Decrease in current tax from unrecognised tax loss or credit	(1,093)	(218)
(Decrease)/increase in current tax from unrecognised temporary difference from a prior period	(5,034)	1,884
Deferred tax (credit)/expense relating to changes in tax rates or laws	<u>(2,998)</u>	<u>4,350</u>
Total tax (credit)/charge	<u>(33,562)</u>	<u>29,301</u>

\* Please refer to note 32 for further details with regards to the restatement.

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

**Deferred tax**

Deferred tax movement during the year:

	At 1 January 2023 £ 000	Recognised in income £ 000	At 31 December 2023 £ 000
RV and impairment provisions	1,585	13,884	15,467
Timing differences on leased assets	(67,709)	32,171	(35,538)
Timing differences on property, plant and equipment	1,023	(241)	782
	(65,101)	45,814	(19,289)

Deferred tax movement during the prior year:

	(As restated*) At 1 January 2022 £000	(As restated*) Recognised in income £000	(As restated*) At 31 December 2022 £000
RV and impairment provisions	7,297	(5,712)	1,585
Timing differences on leased assets	(66,318)	(1,391)	(67,709)
Timing differences on property, plant and equipment	(682)	1,705	1,023
	(59,703)	(5,398)	(65,101)

\* Please refer to note 32 for further details with regards to the restatement.

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

**12 Intangible assets**

	Internally generated software development costs £ 000	Purchased software £ 000	Total £ 000
<b>Cost or valuation</b>			
At 1 January 2023	20,984	23	21,007
At 31 December 2023	20,984	23	21,007
<b>Amortisation</b>			
At 1 January 2023	20,312	23	20,335
Amortisation charge	672	-	672
At 31 December 2023	20,984	23	21,007
<b>Carrying amount</b>			
At 31 December 2023	-	-	-
At 31 December 2022	672	-	672

**13 Property and equipment under operating lease**

	2023 £ 000
<b>Cost</b>	
Balance as at 1 January 2023 (As restated*)	2,929,668
Additions	1,178,841
Disposals	(925,563)
<b>At 31 December 2023</b>	<b>3,182,946</b>
<b>Accumulated depreciation and impairment</b>	
Balance as at 1 January 2023 (As restated*)	(529,668)
Depreciation charge for the year	(560,866)
Disposals	378,738
<b>At 31 December 2023</b>	<b>(711,796)</b>
<b>Carrying amount</b>	
At 31 December 2022, as restated*	2,400,000
<b>At 31 December 2023</b>	<b>2,471,150</b>

\*Please refer to note 32 for further details with regards to the restatement.

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

This balance excludes the ECL provision, which totals £0.4m (2022: £2.2m).

In accordance with IAS 16, residual values have been reviewed at the balance sheet date for any changes to used vehicle prices and the depreciation adjusted prospectively over the remaining lease term, in accordance with IAS 8. In addition to this, the assets have been tested for impairment and where appropriate impairment losses recognised in the financial statements.

An approximation of the future minimum lease receivables for vehicles under operating leases is summarised below:

	2023 £ 000	2022 £ 000
Not longer than 1 year	556,489	524,041
Longer than a year, less than five years	371,394	316,926
Longer than five years	1,913	2,998
	929,796	843,965

An approximation of the unguaranteed residual values accruing to the benefits of the lessor for vehicles under operating leases is summarised below:

	2023 £ 000	2022 £ 000
Not longer than 1 year	1,028,343	942,918
Longer than a year, less than five years	686,304	570,251
Longer than five years	3,536	5,395
	1,718,183	1,518,564

**14 Other property and equipment**

	Land and buildings £ 000	Furniture, fittings and equipment £ 000	Total £ 000
<b>Cost or valuation</b>			
At 1 January 2023	9,407	9,594	19,001
Additions	-	227	227
At 31 December 2023	9,407	9,821	19,228
<b>Depreciation</b>			
At 1 January 2023, (restated*)	4,080	6,365	10,445
Charge for the year	968	969	1,937
At 31 December 2023	5,048	7,334	12,382
<b>Carrying amount</b>			
At 31 December 2023	4,359	2,487	6,846
At 31 December 2022, (restated*)	5,327	3,229	8,556

\* Please refer to note 32 for further details with regards to the restatement.

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

**Depreciation**

Depreciation has been charged under 'Depreciation expense' in the Income statement (note 7), which includes depreciation, amortisation and impairment charges, as well as all gains and losses on disposal of capitalised assets.

**Land and buildings**

As at 31st December 2023 the split of the carrying amount between land and buildings was as follows:

Within the Cost total of **£9,407,000**, land represents £300,000 and buildings represent £9,107,000 (2022: £9,407,000, land represents £300,000 and buildings represent £9,107,000).

Within the Depreciation total of **£5,048,000**, land represents £154,000 and buildings represent £4,894,000 (2022: £4,080,000, land represents £123,000 and buildings represent £3,957,000).

Within the Carrying amount total of **£4,359,000**, land represents £146,000 and buildings represent £4,213,000 (2022: £5,327,000, land represents £177,000 and buildings represent £5,150,000).

The land is being held on a leasehold basis.

**15 Assets for short-term rental**

	<b>2023</b>
	<b>£ 000</b>
<b>Cost</b>	
At 1 January 2023	125,453
Additions	55,371
Disposals	<u>(70,306)</u>
<b>At 31 December 2023</b>	<u>110,518</u>
<b>Accumulated depreciation and impairment</b>	
At 1 January 2023 (restated*)	(6,516)
Depreciation charge for the year	(22,511)
Disposals	<u>15,435</u>
<b>At 31 December 2023</b>	<u>(13,592)</u>
<b>Carrying amount</b>	
At 31 December 2022, (restated*)	<u>118,937</u>
At 31 December 2023	<u>96,926</u>

\* Please refer to note 32 for further details with regards to the restatement.

**16 Inventories**

There is no material difference between the balance sheet value of inventories and their replacement cost.

	<b>(As restated*)</b>	
	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Vehicles from terminated contracts	20,128	21,196
New vehicles	84,805	116,745
	<u>104,933</u>	<u>137,941</u>

\* Please refer to note 32 for further details with regards to the restatement.

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

**17 Cash at bank and in hand**

	(As restated*)	
	2023	2022
	£ 000	£ 000
Cash at bank	641	1,373
Cash and cash equivalents	641	1,373

\* Please refer to note 32 for further details with regards to the restatement.

**18 Receivables from customers**

This item includes amounts receivable under finance lease contracts and trade receivables, after deduction of allowances for impairment.

	(As restated*)	
	2023	2022
	£ 000	£ 000
<b>Non-current assets</b>		
Amounts receivable under finance lease contracts	321,745	289,272
<b>Current assets</b>		
Amounts receivable under finance lease contracts	223,853	190,825
Trade receivables	66,803	40,498
Impairment of receivables	(8,771)	(993)
	281,885	230,330
<b>Total receivables from customers</b>	603,630	519,602

\* Please refer to note 32 for further details with regards to the restatement.

**(i) Impairment**

The movement in impairment of receivables is as follows:

	(As restated*)	
	2023	2022
	£ 000	£ 000
Balance as at 1 January	993	7,442
Net movement in impairment of receivables	11,663	(1,979)
Receivables written off during the year as uncollectable	(3,885)	(4,470)
Balance as at 31 December	8,771	993

\* Please refer to note 32 for further details with regards to the restatement.

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

**(ii) Finance Lease contracts**

The total receivables from customers include finance lease receivables, which may be analysed as follows:

	2023 £ 000	(As restated*) 2022 £ 000
<b>Gross investment in finance leases, with remaining maturities:</b>		
- not longer than 1 year	254,028	202,410
- longer than a year, less than five years	373,621	339,011
- longer than five years	-	-
	627,649	541,421
Unearned finance income on finance leases	(82,051)	(61,325)
Present value of minimum lease payments receivable	545,598	480,096
 <b>Present value of minimum lease payments receivable, with remaining maturities:</b>		
- not longer than 1 year	223,853	190,825
- longer than a year, less than five years	321,745	289,272
Balance as at 31 December	545,598	480,097
 <b>Unguaranteed residual values accruing to the benefits of the lessor, with remaining maturities:</b>		
- not longer than 1 year	12,343	12,952
- longer than a year, less than five years	19,259	21,693
- longer than five years	-	-
Balance as at 31 December	31,602	34,645

\* Please refer to note 32 for further details with regards to the restatement.

**19 Other receivables and prepayments**

	2023 £ 000	(As restated*) 2022 £ 000
<b>Non-current assets</b>		
Loans to related parties	1,200	1,200
Other receivables	46	54
Prepayments	152	148
	1,398	1,402

**LeasePlan UK Limited (registered number: 1397939)**

**Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

	2023	(As restated*)
	£ 000	2022 £ 000
<b>Current assets</b>		
Receivables from related parties	24,316	15,955
Loans to related parties	800	800
Prepaid road tax	15,465	16,975
Prepayments	14,790	14,567
Other Receivables	13,534	21,095
Rebates and bonuses receivable	6,414	10,904
	<u>75,319</u>	<u>80,296</u>

\* Please refer to note 32 for further details with regards to the restatement.

The company's policy towards exposure to credit and market risks, including impairments and allowances for credit losses relating to trade and other debtors, is disclosed in the "Impairment of financial assets" section of Note 2 Accounting policies.

**20 Share capital**

**Allotted, called up and fully paid shares**

	2023	2022
	No. 000	No. 000
	£ 000	£ 000
Ordinary shares of £1 each	14,500	14,500
	<u>14,500</u>	<u>14,500</u>

**Rights, preferences and restrictions**

Ordinary shares have the following rights, preferences and restrictions:

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

A dividend of £8.28 per share (2022: £3.45), totalling £120m (2022: £50m) was paid during the year to the parent entity.

**21 Loans and borrowings**

	2023	(As restated*)
	£ 000	2022 £ 000
<b>Non-current</b>		
Borrowings from group undertakings	1,544,724	1,716,086
	<u>1,544,724</u>	<u>1,716,086</u>

\* Please refer to note 32 for further details with regards to the restatement.

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

	2023	(As restated*) 2022
	£ 000	£ 000
<b>Current</b>		
Bank overdrafts	18,151	13,511
Borrowings from group undertakings	1,095,391	701,468
	1,113,542	714,979

\* Please refer to note 32 for further details with regards to the restatement.

The maturity profile of these borrowings is as follows:

	2023	(As restated*) 2022
	£ 000	£ 000
<b>Borrowings from group undertakings</b>		
- three months or less	220,000	20,163
- longer than three months, less than a year	682,000	475,584
- longer than a year, less than five years	1,544,724	1,521,253
<b>Balance as at 31 December</b>	2,446,724	2,017,000

<b>Borrowings from other group companies</b>		
- three months or less	26,600	45,026
- longer than three months, less than a year	166,791	160,695
- longer than a year, less than five years	-	194,833
<b>Balance as at 31 December</b>	193,391	400,554

\* Please refer to note 32 for further details with regards to the restatement.

## 22 Leases

### Leases included in creditors

Leases included in creditors relate to the amounts owed under IFRS16 for the leases on the Slough offices used by LeasePlan UK Limited.

The balances as at year-end are displayed below:

	2023	2022
	£ 000	£ 000
Current portion of long-term lease liabilities	1,147	1,130
Long term lease liabilities	4,153	5,299
<b>Total lease liabilities</b>	5,300	6,429

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

**Lease liabilities maturity analysis**

A maturity analysis of lease liabilities is reported in the table below:

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Less than one year	1,147	1,130
Between 1 and 5 years	4,153	4,692
More than 5 years	-	607
Total lease liabilities	<u>5,300</u>	<u>6,429</u>

**23 Other provisions**

	<b>Motor Finance</b>	<b>Consumer Credit</b>	<b>Other provisions</b>	<b>Total</b>
	<b>Commissions</b>	<b>Act breaches</b>	<b>Other provisions</b>	<b>Total</b>
	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>
At 1 January 2023, (restated*)	-	-	2,603	2,603
Additional provisions	45,700	24,090	-	69,790
Unused provision reversed	-	-	(809)	(809)
At 31 December 2023	<u>45,700</u>	<u>24,090</u>	<u>1,794</u>	<u>71,584</u>
Non-current liabilities	<u>45,700</u>	<u>24,090</u>	<u>786</u>	<u>70,576</u>
Current liabilities	-	-	1,008	1,008

\* Please refer to note 32 for further details with regards to the restatement.

LeasePlan UK Limited has elected to disclose its provisions relating to historic motor finance commissions, Consumer Credit Act breaches, legal proceedings, employee benefits and lease restoration costs within this note.

The non-current portion of other provisions relate to historic motor finance commission provisions, Consumer Credit Act breaches and dilapidation accruals relating to the Slough offices, which are included within Note 14. The current portion of these provisions is largely attributable to tax-related matters currently under resolution with HMRC.

There have been a number of developments in 2024 with respect to historic motor finance commissions. On 11 January 2024 the FCA announced a review of historic discretionary commission arrangements (DCAs) in the motor finance industry. The review is ongoing, and it is currently expected that the FCA will set out next steps in May 2025. However, the FCA has already indicated that their next steps could include consulting on a redress scheme. On 25 October 2024 the Court of Appeal ruled in favour of consumers on three cases relating to motor finance commissions. The Court held that the dealers in these cases owed a fiduciary duty to the consumers and found that under common law it was therefore unlawful for the dealers to earn a commission from the lenders without full disclosure and informed customer consent. The lenders were found liable in all three cases but have been granted permission to appeal to the Supreme Court with hearing expected between January and April 2025. The FCA has indicated that they will consider the Court of Appeal judgement (and the decision of the Supreme Court) as part of their review into historic DCAs. On this basis we believe the issues are sufficiently interrelated to consider the overall provision as a single unit of account.

**LeasePlan UK Limited (registered number: 1397939)**

**Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

At this stage there is significant uncertainty over the size and timing of any financial impact to the Company. We anticipate that the Supreme Court decision and the outcome of the FCA review into historic DCAs in 2025 will bring additional clarity. The provision in respect of motor finance commissions has therefore been determined based on a range of probability-weighted scenarios informed by records of historic business and current management expectation. The scenarios cover a range of potential Supreme Court decisions and outcomes from the FCA review into historic DCAs, with various redress calculation methodologies considered for the regulated portfolio. The most favourable scenario assumes a negligible financial impact, whilst the most adverse scenario assumes widespread financial exposure across all categories of historic business with commissions, including non-regulated business and hire business. All scenarios except the most favourable assume a level of exposure on regulated credit business, which is perceived as the highest risk based on DCAs being the stated focus of the FCA review and the three appeals heard by the Court of Appeal relating to regulated credit agreements. Commissions on regulated credit business comprise around 11% of historic commissions paid. Estimated redress costs and operational costs of redress are included in the provision calculation. The provision is not discounted on the basis that the effect would not be material.

Given the high level of uncertainty as to the Supreme Court decision and the outcome of the FCA review, the actual financial impact to the Company could be materially different to the provision recognised. The provision will be reviewed and updated as more information becomes available.

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**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

**24 Trade and other payables**

	<b>2023</b>	<b>(As restated*)</b>
	<b>£ 000</b>	<b>£ 000</b>
Trade creditors	37,468	37,865
Deferred leasing income	47,459	61,728
Advance lease instalments received	59,115	51,527
Social security and other taxes	4,294	976
Accruals and deferred income	143,655	132,205
Amounts owed to group undertakings	63,516	38,533
Amounts owed to other group companies	680	167
Down payments	39,942	7,927
	<b>396,129</b>	<b>330,928</b>

\* Please refer to note 32 for further details with regards to the restatement.

Deferred leasing income relates to amounts received in advance, as part of the monthly lease instalments, to cover lease expenses in a subsequent year.

Advance lease instalments received relates to periodical rentals received in advance.

Amounts owed to group undertakings include the accrued interest on the intercompany loan, of which the capital balance outstanding is disclosed in Note 21.

**25 Pension and other schemes**

**Defined contribution pension scheme**

The company operates a Group Personal Pension Scheme, a defined contribution scheme in which all benefits and risks are secured as individual policies and are independent of LeasePlan UK Limited. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £1,505,406 (2022 restated\* - £1,435,154).

The contributions amounting to £183,022 (2022: £152,205) were outstanding as at 31 December 2023 and are included in other staff accruals.

\* Please refer to note 32 for further details with regards to the restatement.

**26 Commitments**

**Capital commitments**

The total amount contracted for but not provided in the financial statements was £329,358,579 (2022 - £420,774,823). Commitments relate to vehicles ordered by LeasePlan UK Limited ahead of the year-end, but not yet received from the manufacturers.

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

**27 Derivative financial instruments**

LeasePlan UK Limited entered into an interest rate swap agreement with LeasePlan Corporation N.V. (the "ultimate parent") to hedge the interest rate differential on financial assets and debt securities. LeasePlan UK Limited receives a fixed rate of interest in exchange for a floating rate of interest.

The fair value of interest rate derivatives held is set out below. The statement of financial position also includes interest payable on the interest rate swap.

Additionally, the company entered into credit compensation deals with LeasePlan Corporation N.V. in relation to Bumper (UK) 2021-1 Finance Plc. Under the overall group financing strategy, funds obtained by LeasePlan UK Limited were transferred to LeasePlan Corporation N.V., allowing LeasePlan Corporation N.V. to fund the business of the LeasePlan group's various entities. This transfer was performed via credit compensation deals, whereby pre-existing inter-company loans with similar terms as the transaction were deemed to be early settled, but the related interest charges at fixed rate continue to apply. Simultaneously, upfront and actual funding costs borne by LeasePlan UK Limited for Bumper (UK) 2021-1 Finance Plc are compensated by LeasePlan Corporation N.V. at the applicable variable interest rate. The resulting fair value of interest rate derivative held is set out below.

Derivative financial instruments held by the company are not held for trading purposes but are intended to be held-to-maturity.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data ("unobservable input").

The company did not have any defaults of principal or interest or other breaches with respect to its debt securities during the years ended 31 December 2023 and 31 December 2022.

	Level 1	Level 2	Level 3	Total
<b>2022</b>				
<i>In thousands of sterling</i>				
Interest rate swap	-	(6,755)	-	(6,755)
Credit compensation deals	-	1,397	-	1,397
	-	(5,358)	-	(5,358)
<b>2023</b>				
<i>In thousands of sterling</i>				
Interest rate swap	-	(507)	-	(507)
Credit compensation deals	-	(204)	-	(204)
	-	(711)	-	(711)

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

**28 Related party transactions**

**Transactions with British Car Auctions Ltd**

From 2016, LP Group B.V. was the shareholder of LeasePlan UK Limited's ultimate parent, LeasePlan Corporation N.V.. LP Group B.V. represents a group of long-term responsible investors, which include ADIA, ATP, Broad Street Investments, GIC, PGGM and TDR Capital. None of these investors has a direct or indirect controlling interest in the Company.

In 2019, TDR Capital, one of the aforementioned investors, acquired a controlling interest in British Car Auctions Limited ("BCA"). As a result, BCA became a related party of the wider LeasePlan group, and thus of LeasePlan UK Limited.

From January 2021, LeasePlan UK Ltd entered an arm's length supply agreement with BCA, with BCA becoming the sole third-party supply channel for vehicle disposals.

The terms of this agreement are such that BCA acts as a principal for the majority of the Company's vehicle disposals and as an agent for some miscellaneous vehicles (which are auctioned) and any vehicles sold direct to the original lease holder (driver sale).

ALD Automotive successfully completed the acquisition of LeasePlan on 22nd May 2023. Post acquisition, TDR Capital holds an insignificant shareholding of 8% in the new combined business.

However, given the significance of LeasePlan UK Limited's transactions with BCA during the year, the Company has disclosed these transactions, please see below.

The transactions between the Company and British Car Auctions Limited during the financial year were:

<b>2023</b>	<b>BCA acting as principal £000</b>	<b>BCA acting as agent £000</b>	<b>Total £000</b>
Net sales result (excluding selling costs)	120,382	8,186	128,568
Net commission paid to BCA	(4,623)	(1,323)	(5,946)
	<u>115,759</u>	<u>6,863</u>	<u>122,622</u>
<b>2022</b>	<b>BCA acting as principal £000</b>	<b>BCA acting as agent £000</b>	<b>Total £000</b>
Net sales result (excluding selling costs)	130,139	8,638	138,777
Net commission paid to BCA	(3,908)	586	(3,322)
	<u>126,231</u>	<u>9,224</u>	<u>135,455</u>

Net sales results correspond to the vehicle sales proceeds, less their net book value prior to the sale. The net commission paid to BCA consists of disposal costs, which include inspection, collection, sale and processing costs. The balances due in respect of British Car Auctions Limited as at 31 December were:

	<b>2023 £ 000</b>	<b>2022 £ 000</b>
Trade receivables	2,410	3,448
Trade payables	(1,914)	(141)
	<u>496</u>	<u>3,307</u>

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

**Transactions with Bumper (UK) 2021-1 Finance PLC**

In March 2021, the company conducted a securitisation program under the name Bumper (UK) 2021-1 Finance PLC, whereby £550 million of future lease instalment receivables and associated residual value receivables originated by LeasePlan UK Limited (the "originator") were sold to Bumper (UK) 2021-1 Finance PLC, a bankruptcy remote limited liability entity incorporated under the laws of England and Wales and specifically incorporated for the purpose of the securitisation transaction, of which LeasePlan UK acquired £150 million of it. Debt securities were issued by Bumper (UK) 2021-1 Finance PLC to finance this transaction. The title to the underlying vehicles is retained by the originator (except for vehicles under an Employee Car Ownership Scheme) and the portfolio was valued at £191,606,040 as at 31 December 2023.

The notes issued under this securitisation programme were repaid on 20 June 2024 and the deed of termination of the securitisation program was signed on 17 June 2024.

The notes were divided into a number of classes and further information including ratings by external agencies is given below:

Class	Original Amount	S&P Rating	Fitch Rating	DBRS Rating	Interest Rating
Class A Notes	£400,000,000	AAA	AAA	AAA	Compounded Daily SONIA + 0.50%
Class B Notes	£150,000,000	NR	NR	NR	174bps

As at 31 December 2023, the A notes were listed on the Irish Stock Exchange and held by external investors and the B notes were held by LeasePlan UK Limited. In terms of priority of order of payments, the B notes are subordinated to the A notes.

The transactions between the Company and Bumper (UK) 2021-1 Finance PLC during the financial year were:

	2023 £ 000	2022 £ 000
Net interest expense on borrowings with other group companies	2,696	2,696

The balances due in respect of Bumper (UK) 2021-1 Finance PLC as at 31 December were:

	2023 £ 000	2022 £ 000
		(As restated*)
Deemed loan	(41,606)	(249,262)
Amounts due from/(to) Bumper 2021-1 Finance PLC	137	107
Accrued interest on Class B notes	86	86
	<u>(41,383)</u>	<u>(249,069)</u>

\* Please refer to note 32 for further details with regards to the restatement, impacting the Loans and borrowings financial statement line.

**Transactions with directors**

The Directors do not control any of the voting shares of the company. There have been no transactions with the directors in 2023 outside of the payment of their emoluments, as set out in Note 9.

**LeasePlan UK Limited (registered number: 1397939)**

**Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

**Management Investment Plan**

As noted in previous Statutory Accounts, selected members of the Managing Board were previously provided with an opportunity to make an indirect investment alongside a consortium of financial investors in LeasePlan through a Management Investment Plan (the "MIP"). In order to facilitate the allocation of the MIP investment to individual employees, the investment in the MIP was held indirectly via a management holding company ("ManCo"). ManCo issued shares to a specially incorporated foundation that issued depositary receipts to each participant as evidence of his/her MIP investment. These depositary receipts entitled a participant to the full economic benefit of the underlying shares held by ManCo in an indirect parent company of LeasePlan.

At the launch of the MIP (November 2016), management indirectly invested €825,000 via ManCo in LeasePlan Corporation N.V.

Leavers and joiners to the MIP have been listed in previous Statutory Accounts.

The acquisition of LeasePlan by ALD Automotive in 2023 constituted a realization event under MIP resulting in the settlement of the MIP ("Exit"). Closing of the transaction happened on 22 May 2023.

In order to provide MIP participants comfort and to allow for settlement at closing, the MIP was initially settled based on an investment multiplier of 13.8x taking into account, amongst others, an average ALD share price over the last few months; the estimated closing NAV calculation, and a reasonable estimate of deferred cash consideration, where 0.5x of the LP MIP participants proceeds was held back in cash. In other words, the initial payout - a mixture of cash and ALD shares - was based on a multiplier of 13.5x.

Participants who were no longer employees of LeasePlan, or who left following the acquisition by ALD, were (subject to conditions) allowed to sell all their ALD shares. Participants who remained employees were allowed to sell sufficient shares to cover the tax liability of settlement, with the remainder locked up for a period of 12 months.

At the closing of the transaction (22 May 2023), the total investment of LeasePlan UK Limited management (past and present) in the MIP was unchanged from 2022 year-end at €735,000. Of that amount, the total aggregated investment amount of key management personnel amounted to €350,000 (unchanged from 2022 year-end). The original acquisition price of the ordinary shares in ManCo, in 2016, represented the fair market value of those shares, being the same subscription price as paid by the Consortium for their interest in the ordinary shares.

In July 2021, existing MIP participants who were also current LeasePlan employees were invited to participate in an investment in CarNext (which at that time was wholly owned by LeasePlan) via the same ManCo as the MIP. Two participants invested a total of €45,000 via a loan provided by ManCo - note, this is different to the MIP where the loan was provided by LeasePlan. As at 22 May 2023, the total outstanding loan to participants was €49,872. All loans were settled in full as part of the settlement of the MIP.

There is no impact on the Company's results or its financial position from the MIP.

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

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**29 Parent and ultimate parent undertaking**

The company's immediate parent is Inula Holding UK Limited.

The ultimate parent is Société Générale S.A.

The most senior parent entity producing publicly available financial statements is Société Générale S.A. These financial statements are available upon request from 29 Boulevard Haussmann, 9th arrondissement, Paris, France.

On 22nd May 2023, 100% of the share capital and voting rights of LP Group B.V., the holding company of LeasePlan Corporation N.V., was acquired by French-headquartered ALD Automotive Group. The rebranding of the new combined business to Ayvens was publicly announced in October 2023.

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**30 Contingent liabilities**

A contingent liability has arisen in relation to potential historic breaches of FCA requirements that were identified after the 2023 financial year end. Internal investigation is underway to identify whether there could be a present obligation, and what the amount of any obligation might be. At this stage in our investigation we cannot conclude that it is probable that there will be an outflow of resources.

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**31 Non adjusting events after the financial period**

There are no non-adjusting events between balance sheet date and the date these accounts were authorised for issue.

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

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**32 Correction of errors**

The Company became aware of the below matters during 2023 and made restatements to the 31 December 2022 comparatives and brought forward "Profit and loss account" reserve as at 1 January 2022 as a result.

The impact on the 31 December 2022 primary statements and the brought forward "Profit and loss account" reserve as at 1 January 2022 are set out in the tables below, as a result specific amounts are not referred to in the descriptions below.

1. The impact of a number of the errors referred to resulted in consequential errors in the calculation of deferred tax in previous periods. In restating the financial statements for the above errors, the deferred tax accounting has also been corrected which has resulted in restatement of the 31 December 2022 comparatives and the brought forward "Profit and loss account" reserve as at 1 January 2022.

2. In the prior period, 'Receivables from customers' were incorrectly presented as non-current, when they should have been presented as current.

3. Previous manual adjustments made during the preparation of the financial statements had been carried forward incorrectly for a number of years. In correcting these adjustments through the 2022 comparatives and the brought forward 'Profit and loss account' reserve as at 1 January 2022 a number of different financial statement line items were impacted.

4. The fair value of the Company's derivative instruments were overstated as at 31 December 2021. In correcting this matter it resulted in a reduction of brought forward 'Profit and loss account' reserve as at 1 January 2022 and an increase in the 'Unrealised gain on financial instruments' during 2022. The 31 December 2022 'Derivative financial instruments' balances were correct in the prior year financial statements and have not been restated.

5. The previous methodology for calculating the depreciable value and depreciation of the Company's portfolio of vehicles leased to customers under operating lease arrangements when there are changes in the residual values of the vehicles was neither in line with the requirements of IFRS or the Company's accounting policies. This resulted in depreciation expenses being overstated in previous periods, carrying value of the lease vehicles being understated and related impacts on other line items in the statement of financial position and statement of comprehensive income. As this error has taken place over a number of periods, there is also an impact to brought forward 'Profit and loss account' reserve as at 1 January 2022.

The following tables summarise the impact of these errors on the Company's financial statements. Further below, there is an additional table that breaks down the impact of each individual error in order to aid the understanding of the user.

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

	Impact of correction of errors		
	As previously reported	Adjustments	As restated
<b>Statement of Comprehensive Income</b>			
<b>Year Ended 31 December 2022</b>			
<b>£'000</b>			
Revenue	1,120,589	548	1,121,137
Cost of revenues	(866,659)	(40,662)	(907,321)
(Impairment) charges on loans and receivables	(4,670)	2,262	(2,408)
Unrealised gain on financial instruments	1,149	4,827	5,976
<b>Gross profit</b>	<b>250,409</b>	<b>(33,025)</b>	<b>217,384</b>
<b>Total operating income</b>	<b>250,409</b>	<b>(33,025)</b>	<b>217,384</b>
Staff expenses	(37,836)	(6)	(37,842)
Administrative expenses	(56,466)	-	(56,466)
Others	(3,874)	1	(3,873)
<b>Total operating expenses</b>	<b>(98,176)</b>	<b>(5)</b>	<b>(98,181)</b>
<b>Profit before tax</b>	<b>152,233</b>	<b>(33,030)</b>	<b>119,203</b>
Tax on profit on ordinary activities	(28,474)	(827)	(29,301)
<b>Profit for the year</b>	<b>123,759</b>	<b>(33,857)</b>	<b>89,902</b>
<b>Total comprehensive income</b>	<b>123,759</b>	<b>(33,857)</b>	<b>89,902</b>

**Statement of Financial Position**

**As at 31st December 2022**  
**£'000**

**Non-current assets**

Deferred tax assets	15,496	(15,496)	-
Property and equipment under operating lease	2,118,352	281,648	2,400,000
Other property and equipment	8,554	2	8,556
Assets for short term rental	107,896	11,041	118,937
Receivables from customers	381,243	(91,971)	289,272
Other receivables and prepayments	1,410	(8)	1,402
Others	150,672	-	150,672
	<b>2,783,623</b>	<b>185,216</b>	<b>2,968,839</b>

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

	<b>Impact of correction of errors</b>		
	<b>As previously reported</b>	<b>Adjustments</b>	<b>As restated</b>
<b>Current assets</b>			
Inventories	135,187	2,754	137,941
Other receivables and prepayments	78,952	1,344	80,296
Income tax asset	2,625	-	2,625
Cash and cash equivalents	1,275	98	1,373
Receivables from customers	135,815	94,515	230,330
Others	1,397	-	1,397
	<u>355,251</u>	<u>98,711</u>	<u>453,962</u>
<b>Total assets</b>	<u>3,138,874</u>	<u>283,927</u>	<u>3,422,801</u>
<b>Equity</b>			
Profit and loss account	363,029	199,547	562,576
Others	14,500	-	14,500
	<u>377,529</u>	<u>199,547</u>	<u>577,076</u>
<b>Non-current liabilities</b>			
Loans and borrowings	1,699,164	16,922	1,716,086
Deferred tax liabilities	-	65,101	65,101
Others	8,850	-	8,850
	<u>1,708,014</u>	<u>82,023</u>	<u>1,790,037</u>
<b>Current liabilities</b>			
Trade and other payables	329,237	1,691	330,928
Loans and borrowings	714,945	34	714,979
Provisions	1,264	632	1,896
Others	7,885	-	7,885
	<u>1,053,331</u>	<u>2,357</u>	<u>1,055,688</u>
<b>Total liabilities</b>	<u>2,761,345</u>	<u>84,380</u>	<u>2,845,725</u>
<b>Total equity and liabilities</b>	<u>3,138,874</u>	<u>283,927</u>	<u>3,422,801</u>

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

	As previously reported	Tax PYA 1	Impact of correction of errors				Total PYA	As restated
			Receivables PYA 2	PY C/fwd PYA 3	Derivatives PYA 4	FRA PYA 5		
<b>Statement of Comprehensive Income</b>								
<b>Year Ended 31 December 2022</b>								
<b>£'000</b>								
Revenue	1,120,589	-	-	548	-	-	548	1,121,137
Cost of revenues	(866,659)	-	-	(121)	-	(40,541)	(40,662)	(907,321)
(Impairment) charges on loans and receivables	(4,670)	-	-	2,262	-	-	2,262	(2,408)
Unrealised gain on financial instruments	1,149	-	-	-	4,827	-	4,827	5,976
<b>Gross profit</b>	<b>250,409</b>	<b>-</b>	<b>-</b>	<b>2,689</b>	<b>4,827</b>	<b>(40,541)</b>	<b>(33,025)</b>	<b>217,384</b>
<b>Total operating income</b>	<b>250,409</b>	<b>-</b>	<b>-</b>	<b>2,689</b>	<b>4,827</b>	<b>(40,541)</b>	<b>(33,025)</b>	<b>217,384</b>
Staff expenses	(37,836)	-	-	(6)	-	-	(6)	(37,842)
Administrative expenses	(56,466)	-	-	-	-	-	-	(56,466)
Others	(3,874)	-	-	1	-	-	-	(3,873)
<b>Total operating expenses</b>	<b>(98,176)</b>	<b>-</b>	<b>-</b>	<b>(5)</b>	<b>-</b>	<b>-</b>	<b>(5)</b>	<b>(98,181)</b>
<b>Profit before tax</b>	<b>152,233</b>	<b>-</b>	<b>-</b>	<b>2,684</b>	<b>4,827</b>	<b>(40,541)</b>	<b>(33,030)</b>	<b>119,203</b>
Tax on profit on ordinary activities	(28,474)	(827)	-	-	-	-	(827)	(29,301)
<b>Profit for the year</b>	<b>123,759</b>	<b>(827)</b>	<b>-</b>	<b>2,684</b>	<b>4,827</b>	<b>(40,541)</b>	<b>(33,857)</b>	<b>89,902</b>
<b>Total comprehensive income</b>	<b>123,759</b>	<b>(827)</b>	<b>-</b>	<b>2,684</b>	<b>4,827</b>	<b>(40,541)</b>	<b>(33,857)</b>	<b>89,902</b>

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

	As previously reported	Tax PYA 1	Receivables PYA 2	Impact of correction of errors		FRA PYA 5	Total PYA	As restated
				PY C/fwd PYA 3	Derivatives PYA 4			
<b>Statement of Financial Position</b>								
<b>As at 31st December 2022</b>								
<b>£'000</b>								
<b>Non-current assets</b>								
Deferred tax assets	15,496	(15,496)	-	-	-	-	(15,496)	-
Property and equipment under operating lease	2,118,352	-	-	-	-	281,648	281,648	2,400,000
Other property and equipment	8,554	-	-	2	-	-	2	8,556
Assets for short term rental	107,896	-	-	-	-	11,041	11,041	118,937
Receivables from customers	381,243	-	(94,656)	2,685	-	-	(91,971)	289,272
Other receivables and prepayments	1,410	-	-	(8)	-	-	(8)	1,402
Others	150,672	-	-	-	-	-	-	150,672
	2,783,623	(15,496)	(94,656)	2,679	-	292,689	185,216	2,968,839
<b>Current assets</b>								
Inventories	135,187	-	-	2,754	-	-	2,754	137,941
Other receivables and prepayments	78,952	-	-	1,344	-	-	1,344	80,296
Income tax asset	2,625	-	-	-	-	-	-	2,625
Cash and cash equivalents	1,275	-	-	98	-	-	98	1,373
Receivables from customers	135,815	-	94,656	(141)	-	-	94,515	230,330
Others	1,397	-	-	-	-	-	-	1,397
	355,251	-	94,656	4,055	-	-	98,711	453,962
<b>Total assets</b>	3,138,874	(15,496)	-	6,734	-	292,689	283,927	3,422,801

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

	As previously reported	Tax PYA 1	Impact of correction of errors				FRA PYA 5	Total PYA	As restated
			Receivables PYA 2	PY C/fwd PYA 3	Derivatives PYA 4				
<b>Equity</b>									
Profit and loss account	363,029	(80,598)	-	(12,544)	-	292,689	199,547	562,576	
Others	14,500	-	-	-	-	-	-	14,500	
	<u>377,529</u>	<u>(80,598)</u>	<u>-</u>	<u>(12,544)</u>	<u>-</u>	<u>292,689</u>	<u>199,547</u>	<u>577,076</u>	
<b>Non-current liabilities</b>									
Loans and borrowings	1,699,164	-	-	16,922	-	-	16,922	1,716,086	
Provisions	707	-	-	-	-	-	-	707	
Deferred tax liabilities	-	65,101	-	-	-	-	65,101	65,101	
Others	8,143	-	-	-	-	-	-	8,143	
	<u>1,708,014</u>	<u>65,101</u>	<u>-</u>	<u>16,922</u>	<u>-</u>	<u>-</u>	<u>82,023</u>	<u>1,790,037</u>	
<b>Current liabilities</b>									
Trade and other payables	329,237	-	-	1,691	-	-	1,691	330,928	
Loans and borrowings	714,945	-	-	34	-	-	34	714,979	
Provisions	1,264	-	-	632	-	-	632	1,896	
Others	7,885	-	-	-	-	-	-	7,885	
	<u>1,053,331</u>	<u>-</u>	<u>-</u>	<u>2,357</u>	<u>-</u>	<u>-</u>	<u>2,357</u>	<u>1,055,688</u>	
<b>Total liabilities</b>	<u>2,761,345</u>	<u>65,101</u>	<u>-</u>	<u>19,279</u>	<u>-</u>	<u>-</u>	<u>84,380</u>	<u>2,845,725</u>	
<b>Total equity and liabilities</b>	<u>3,138,874</u>	<u>(15,497)</u>	<u>-</u>	<u>6,735</u>	<u>-</u>	<u>292,689</u>	<u>283,927</u>	<u>3,422,801</u>	