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Registered no: 01975271

# Iveco Limited

## Report and Financial Statements

31 December 2022



**Directors**

S M McCarthy

M Bruni

V Nicola

A Morgan

**Secretary**

S M McCarthy

**Auditor**

Ernst & Young LLP

1 More London Place

London

SE1 2AF

**Bankers**

Barclays Bank PLC

1 Churchill Place

London E14 5HP

**Registered Office**

Cranes Farm Road

Basildon

Essex SS14 3AD

## Strategic Report

The principal activity of the Company is the sale of new and used commercial vehicles, together with spare parts and service contracts. This can include the sale of new Iveco vehicles with related future re-purchase commitments. The directors are not aware at the date of this report of any likely changes in the Company's activities in the forthcoming year.

### Review of the business

Iveco Group N.V. has continued to invest in research and development, which has resulted in a number of updates to the Company's existing products. The directors regard such investment as necessary for the continued success in the medium to long term.

Total turnover in 2022 was £422.5m, an increase of 34.8% from £313.5m in 2021.

Vehicles sales increased by 26.86% from 8,370 units in 2021 to 10,618 units in 2022. The increase in units sold is mainly due to the recovery from the Covid-19 pandemic and less uncertainty with regards Brexit.

Light and Heavy ranges benefitted from increased demand especially from construction and transport markets, with market share increasing for the Light range.

Parts sales increased by 1.7% to £59.66m (2021 – £58.66m) again mainly due to the recovery stated previously.

Operating profit increased from £9.4m in 2021 to £14.3m in 2022. Profit for the year ended at £9.3m after interest and tax.

### Principal risks and uncertainties

Iveco Limited operates in a highly competitive market in which a continuing risk to the Company is the loss of sales to its key competitors. The company manages this risk by providing a strong product range, value added services to its customers and maintaining strong relationships with its customers and with its distributor network.

The Company sells a number of its vehicles with repurchase options available to the customer at the end of a certain number of years. Therefore, the company bears a risk of used vehicle price fluctuation. The Company manages this risk by continually monitoring the market for used vehicles and adjusting its accounting for repurchase arrangements as necessary.

### Future developments

The company continues to focus on market penetration and share, stock management and updated products. However, in a context of general economic uncertainty in the UK, 2023 turnover is likely to be affected because although there is a strong forward orderbook, there are supply chain issues in fulfilling those orders. The group has also invested heavily in new products which should strengthen its market share in the medium term.

## Strategic Report (continued)

### Section 172 statement – Directors duty to promote success of the company

This section acts as the Company's Section 172(1) statement in accordance with the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended by the Companies (Miscellaneous Reporting) Regulations 2018). This section also constitutes the Company's statement on engagement with, and having due regard to the interest of our key stakeholders.

#### Decision making at the Board

All matters which under the Company's governance arrangements are reserved for decision by Directors, are presented at Board meetings. Directors are briefed on any potential impacts and, together with the potential impact to our key stakeholders, make a final decision which they believe is in the best interests of the members as a whole.

In addition, the directors and all employees of Iveco Limited are required to comply with the Iveco Group N.V. Code of Conduct.

As part of the Iveco Group N.V. Code of Conduct, directors and employees of the business are required to operate in a socially responsible and ethical manner and that, amongst other things, they adopt fair employment practices, protect safety in the workplace, and support and foster environmental consciousness.

#### Key Stakeholders

Our key stakeholders are shareholders, employees, customers (including authorised Network Dealers) and the wider community and environment.

#### Employees

During 2022, the directors engaged with employees in many different ways. These included quarterly email updates on the financial performance of the Company, town hall meeting held by the UK senior management team and live streaming presentations from the Brand President on the Iveco Group performance.

The directors also communicate with employees through our monthly email newsletter which includes articles and up-to-date news about the Company, our brands and our successes.

We also ensure the development of our employees through regular online training courses including courses relating to employees' health and wellbeing and key compliance issues.

#### Network Dealers

The Company operates a framework which encourages dialogue with our Network Dealers. Hearing Network Dealers opinions and considering this in key decision making is intrinsic to our long-term sustainability and success.

The Company has regular meetings and discussions with the Iveco Dealer Association, and related sub committees, to give and receive feedback in both sales and aftersales aspects of the business.

During 2022, due to the impact of the UK exiting the European Union the Company put in place various countermeasures to mitigate potential delays at the borders which could lead to disruption to the supply of vehicles and parts into the UK.

The Company provided timely and regular updates to its Network Dealers of the counter measures that were put in place and encouraged them to have similar discussions with their customers.

#### Community and Environment

The Board takes all reasonable steps to minimise any detrimental impact the Company's operations may have on the environment. The Company has continued its investment into alternative fuelled vehicles in the UK to help reduce emissions into the environment. In addition to continuing to invest in the development of alternative fuelled vehicles for the future Iveco will launch the next generation electric Van the eDaily with first deliveries in the UK within 2023.

The Company has established specific functions and structures within its respective business units to monitor the relevant emerging policies and regulatory developments at local and global level (especially in Europe, where regulatory pressure is greater). The resulting analyses are incorporated into the Company's strategy to ensure full compliance with applicable laws. The shifts in consumer preferences and demand

## Strategic Report (continued)

### Community and Environment (continued)

towards sustainable transport solutions, driven by both an increase in climate-related awareness and more stringent regulations, may result in potential risks for manufacturers that must adapt to the evolving market. To counter this, Iveco Group applies these shifts to the development of its product portfolio to steer R&D focus towards sustainable technologies (e.g., biofuels, electric and hydrogen propulsion technologies) and ensure the resilience of its business model. To ensure the timely delivery of its strategy, the Company has established specific targets linked to the environmental performance of its manufacturing processes, logistics, and product portfolio.

### Global supply chain, energy costs, and COVID-19 pandemic

Global supply chain remains challenging, as well as increased energy costs and inflation, representing the main challenge for the Company operations. Furthermore, the Company remains cautious about future impacts on its end-markets and business operations of restrictions on social interactions and business operations to limit the resurgence of the COVID-19 pandemic.

### Russian – Ukrainian conflict

The geopolitical situation and the Russia-Ukraine conflict escalated since the end of February 2022. Iveco Group has operations in both Russia and Ukraine, which have been suspended during the first quarter of 2022. During the first quarter, Iveco Group recorded a negative after-tax impact of €51 million in connection with our operations in Russia and Ukraine, primarily due to the impairment of certain assets and EU sanctions preventing further commercial activities with Russian legal entities and individuals. On 20 July 2022, the Company executed a dissolution agreement with the Russian JV, IVECO AMT, also formally presenting its withdrawal from the legal entity. Accordingly, the Iveco Group stake (33.3%) was returned to IVECO AMT. While Russia and Ukraine do not constitute a material portion of the Group business, a significant escalation or expansion of economic disruption could have a material adverse effect on Iveco Group results of operations. The Group is closely monitoring the impact of the Russia-Ukraine conflict on its employees and all aspects of its business, the Group's results of operations, financial condition and cash flows.

By order of the Board



S M McCarthy

Director

30 June 2023

## Directors' Report

The directors present their report and financial statements for the year ended 31 December 2022.

### Results and dividends

The profit for the year after taxation amounted to £9.3m (2021 – profit of £5.7m).

The directors do not recommend a final dividend (2021 – £nil).

### Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report above.

The directors recognise that the current economic conditions create uncertainty particularly over the level of demand for the company's products and services and the availability of finance through banking facilities for its customers. The company has considerable financial resources with strong net and current assets. However as the company's cash is subject to a cash pooling agreement, whereby it is held in a group treasury account, the company is reliant on the ultimate parent company for ensuring that it has access to sufficient funds to ensure it can continue as a going concern for the going concern period ending 30 June 2024.

Consequently, the directors believe that the company is well placed to manage its business risks successfully despite current economic conditions. Furthermore, the directors have received a letter of support from Iveco Group N.V. confirming that support will be available to Iveco Limited for the going concern period as defined above. The directors have assessed the ability of Iveco Group N.V. to provide this support by reviewing its latest published financial information as of 31 March 2023 and taking into consideration the forecast available liquidity and limited debt maturing within the going concern period.

Given the quantum of the forecast available liquidity and the limited debt maturing during the going concern period for Iveco Group N.V., the Board of Directors conclude that the Company is able to continue as a going concern for the going concern period, defined as the period ending 30 June 2024. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

### Streamlined Energy and Carbon Reporting

The 2018 regulations were put in place to increase awareness of energy costs within organisations and to provide data to inform the adoption of energy efficiency measures and to help reduce the impact on climate change. Iveco Limited is committed to working towards achieving these targets and the company strives for continuous improvement.

SECR reporting figures are shown below. Carbon emissions are reported as tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e).

<b>Summary:</b>	<b>2022</b>	<b>2021</b>		
Total carbon tCO <sub>2</sub> e	487	434		
Total energy kWh	527,545	454,168		
Intensity ratio				
tCO <sub>2</sub> e per work week	9	8		
	2022	2022	2021	2021
By type and scope:	kWh	tCO <sub>2</sub> e	kWh	tCO <sub>2</sub> e
Scope 2 - Gas	317,975	58	317,975	58
Scope 1 - LNG	-	-	-	-
Scope 2 - Electricity	96,775	402	96,775	367
Scope 3 - Petrol	51,710	12	3,870	1
Scope 3 - Diesel	61,085	15	35,548	8
<b>Total</b>	<b>527,545</b>	<b>487</b>	<b>454,168</b>	<b>434</b>

## Directors' Report (continued)

### Streamlined Energy and Carbon Reporting (continued)

The above figures have been prepared by using internal data and estimates of the natural gas and electricity annual consumption. Multiplying the surface of the building occupied by the relative average kWh/m<sup>2</sup> coefficients valid for the United Kingdom.

The Company is committed to continuous improvement of the environmental performance at its site and their processes, beyond the requirements of legislation, adopting the best technologies available and acting responsibly to preserve natural resources and to fight climate change.

### Directors

The directors who served the company during the year and up to the date of this report, unless otherwise stated, were as follows:

S M McCarthy  
M Bruni  
V Nicola  
A Morgan

### Employee involvement

The Company is committed to the development of employee consultation and thereby to their greater involvement in the Company's operations. Consultation is achieved through informal but regular briefing sessions.

### Disclosure of information to the auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditor

2022 is the last year of engagement of Ernst & Young LLP.

By order of the Board



S M McCarthy  
Director  
30 June 2023

## Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 judgments 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

# Independent auditor's report

to the members of Iveco Limited

## Opinion

We have audited the financial statements of Iveco Limited for the year ended 31 December 2022 which comprise the Statement of profit or loss, the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes 1 to 22, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period ending 30 June 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

## Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

# **Independent auditor's report**

**to the members of Iveco Limited (Continued)**

## **Other information (Continued)**

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

## **Opinions on other matters prescribed by the Companies Act 2006**

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

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

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

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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.

## **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

# Independent auditor's report

to the members of Iveco Limited (Continued)

## Auditor's responsibilities for the audit of the financial statements

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

### ***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101 "Reduced Disclosure Framework"), Companies Act 2006, and the relevant direct and indirect tax compliance regulation in the jurisdiction in which the company operates. In addition, the company has to comply with the laws and regulations relating to employees, health and safety, data protection and anti-bribery and corruption.
- We understood how Iveco Limited is complying with those frameworks by making inquiries of management to understand how the company maintains and communicates its policies and procedures in these areas, and corroborated this by reading supporting documentation including:
  - all minutes of board meetings held during the year; and
  - any relevant correspondence with local tax authorities.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by gaining an understanding of the entity level controls and policies that the company applies. In doing so, we focused on the risk that revenue could be manipulated through the recognition of inappropriate manual journal entries posted to the revenue accounts at or near period end. We have addressed this risk by ensuring that management had appropriate controls in place to address this risk and that we designed and executed additional audit procedures to address this risk.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved testing of journal entries, with a focus on journals indicating large or unusual transactions or meeting our defined risk criteria based on our understanding of the business and inquiries of management.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# Independent auditor's report

to the members of Iveco Limited (Continued)

## Use of our report

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

Ernst & Young LLP

Jacqueline Geary (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London

30 June 2023

## Statement of profit or loss

for the year ended 31 December 2022

	<i>Notes</i>	2022 £000	2021 £000
<b>Turnover</b>	3	422,497	313,467
Cost of sales		<u>(396,629)</u>	<u>(288,645)</u>
<b>Gross profit</b>		<b>25,868</b>	<b>24,822</b>
Rental income		337	290
Operating expenses	4	<u>(11,885)</u>	<u>(15,710)</u>
<b>Operating profit</b>	5	<b>14,320</b>	<b>9,402</b>
Interest receivable and similar income	8	3,187	354
Interest payable and similar charges	9	<u>(5,428)</u>	<u>(3,563)</u>
<b>Profit before taxation</b>		<b>12,079</b>	<b>6,193</b>
Taxation	10	<u>(2,802)</u>	<u>(536)</u>
<b>Profit for the financial year</b>		<b><u>9,277</u></b>	<b><u>5,657</u></b>

All amounts relate to continuing activities.

### Statement of comprehensive income for the year ended 31 December 2022

Profit for the financial year		9,277	5,657
Items that cannot be reclassified to profit or loss			
Actuarial gains on defined benefit pension schemes	19	4,165	12,877
Tax on items relating to components of other comprehensive income	10	<u>(1,041)</u>	<u>(1,423)</u>
<b>Total comprehensive income</b>		<b><u>12,401</u></b>	<b><u>17,111</u></b>

## Statement of financial position

at 31 December 2022

	<i>Notes</i>	<i>2022</i> £000	<i>2021</i> £000
<b>Fixed assets</b>			
Tangible fixed assets	11	9,218	14,968
Investment property	12	2,900	2,900
		<b>12,118</b>	<b>17,868</b>
<b>Current assets</b>			
Stocks	13	19,697	18,235
Trade and other debtors			
- recoverable within one year	14	261,344	201,306
- recoverable after more than one year	14	280	280
Cash and cash equivalents	15	19,378	13,628
Deferred tax asset	10	3,821	6,929
		<b>304,520</b>	<b>240,378</b>
<b>Creditors: amounts falling due within one year</b>	16	(219,237)	(153,509)
<b>Net current assets</b>		<b>85,283</b>	<b>86,869</b>
<b>Total assets less current liabilities</b>		<b>97,401</b>	<b>104,737</b>
<b>Creditors: amounts falling due after more than one year</b>	17	(3,829)	(9,967)
Provisions for liabilities	18	(14,251)	(15,673)
Defined benefit pension plan deficit	19	(10,692)	(23,054)
<b>Net assets</b>		<b>68,629</b>	<b>56,043</b>
<b>Capital and reserves</b>			
Called up share capital	20	117,000	117,000
Share premium account		9,219	9,219
Additional paid in capital		25,000	25,000
Other reserves		(9,430)	(9,615)
Accumulated losses		(73,160)	(85,561)
<b>Shareholder's funds</b>		<b>68,629</b>	<b>56,043</b>

The accounts of Iveco Limited, registration number 01975271, were approved by the board of directors and signed on its behalf on 30 June 2023 by:



S M McCarthy  
Director

## Statement of changes in equity

For the year ended 31 December 2022

	Share capital £000	Share premium £000	Additional paid in capital £000	Other reserves £000	Accumulated losses £000	Total equity £000
At 1 January 2021	117,000	9,219	25,000	(9,615)	(102,672)	38,932
Profit for the financial year	-	-	-	-	5,657	5,657
Other comprehensive income	-	-	-	-	12,877	12,877
Deferred tax on other comprehensive income	-	-	-	-	(1,423)	(1,423)
Total comprehensive income for the year	-	-	-	-	17,111	17,111
At 31 December 2021	117,000	9,219	25,000	(9,615)	(85,561)	56,043
Profit for the financial year	-	-	-	-	9,277	9,277
Other comprehensive income	-	-	-	-	4,165	4,165
Deferred tax on other comprehensive income	-	-	-	-	(1,041)	(1,041)
Equity awards (SBC)	-	-	-	185	-	185
Total comprehensive income for the year	-	-	-	185	12,401	12,586
At 31 December 2022	117,000	9,219	25,000	(9,430)	(73,160)	68,629

- (i) Other reserves mainly relate to goodwill written off in prior periods. Additionally, for the year ended 31 December 2022, the company recognized share-based compensation (SBC) expense of £185 thousand (2021: Nil) relating to grants awarded to the Executive Directors of the company. This expense has been allocated to the company based on the awards and terms previously granted to Iveco Group N.V.'s employees who have historically participated in CNH Industrial's equity compensation plans.
- (ii) Additional paid in capital relates to a historical capital amount passed to the company by its parent.

## Notes to the Financial Statements

At 31 December 2022

### 1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Iveco Limited for the year ended 31 December 2022 were authorised for issue by the board of directors on 30 June 2023 and the statement of financial position was signed on the board's behalf by Simon M McCarthy on 30 June 2023. Iveco Limited is a private company, limited by shares, incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standards 101 Reduced Disclosures Framework (FRS 101) under the historical cost convention, except for the investment property being held at fair value, and in accordance with applicable accounting standards.

The company's financial statements are presented in pounds sterling and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

### 2. Accounting policies

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

#### **Basis of preparation**

The financial statements are prepared under the historical cost convention, except for the investment property being held at fair value, and in accordance with applicable accounting standards and in compliance with the Companies Act 2006.

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

- (a) The requirements of IAS 7 Statement of Cash Flows.
- (b) The requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures.
- (c) The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- (d) The requirements of IFRS 7 Financial Instruments: Disclosures;
- (e) The requirements of paragraphs 91 – 99 of IFRS 13 Fair Value Measurement; and
- (f) The requirement of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors in relation to standards not yet effective.

#### **Going concern**

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report above.

The directors recognise that the current economic conditions create uncertainty particularly over the level of demand for the company's products and services and the availability of finance through banking facilities for its customers. The company has considerable financial resources with strong net and current assets. However, as the company's cash is subject to a cash pooling agreement, whereby it is held in a group treasury account, the company is reliant on the ultimate parent company for ensuring that it has access to sufficient funds to ensure it can continue as a going concern for the going concern period ending 30 June 2024.

Consequently, the directors believe that the company is well placed to manage its business risks successfully despite current economic conditions. Furthermore, the directors have received a letter of support from Iveco Group N.V. confirming that support will be available to Iveco Limited for the going concern period as defined above.

## Notes to the Financial Statements (continued)

At 31 December 2022

### 2. Accounting policies (continued)

#### *Going concern (continued)*

The directors have assessed the ability of Iveco Group N.V. to provide this support by reviewing its latest published financial information as of 31 March 2023 and taking into consideration the forecast available liquidity and limited debt maturing within the going concern period.

Given the quantum of the forecast available liquidity and the limited debt maturing during the going concern period for Iveco Group N.V., the Board of Directors conclude that the Company is able to continue as a going concern for the going concern period, defined as the period ending 30 June 2024. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

#### *Lease accounting*

The following paragraphs present Iveco Limited's accounting policy for leases for which it is a lessee or lessor.

##### *Lessee accounting*

A lease is a contract that conveys the right to control the use of an identified asset (the leased asset) for a period of time in exchange for consideration. The lease term determined by the Company comprises the non-cancellable period of lease contract together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. For real estate leases, this assessment is based on an analysis by management of all relevant facts and circumstances including the leased asset's purpose, the economic and practical potential for replacing and any plans that the Company has in place for the future use of the asset. The Company combines lease and non-lease components.

For leases with terms not exceeding twelve months (short-term leases) and for leases of low-value assets, Iveco Limited recognises the lease payments associated with those leases on a straight-line basis over the lease term as operating expense in the statement of profit or loss.

For all other leases, at the commencement date (i.e., the date the underlying asset is available for use), Iveco Limited recognises a right-of-use asset, classified within tangible fixed assets, and a lease liability, classified within creditors.

At the commencement date, the right-of-use asset includes the amount of lease liability recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. At the same date, the lease liability is measured at the present value of lease payments to be made over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The incremental borrowing rate is determined considering macro-economic factors such as the specific interest rate curve based on the relevant currency and term, as well as specific factors contributing to Iveco Limited's credit spread. The Company primarily uses the incremental borrowing rate as the discount rate for its lease liabilities.

After the commencement date, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. The right-of-use asset is depreciated on a straight-line basis. If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, Iveco Limited depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. After the commencement date, the lease liability is increased to reflect the accretion of interest, recognised within interest payable and similar charges in the statement of profit or loss, reduced for the lease payments made, and remeasured to reflect any reassessment or lease modifications.

## Notes to the Financial Statements (continued)

At 31 December 2022

### 2. Accounting policies (continued)

#### *Lease accounting (continued)*

##### Lessor accounting

Lease contracts where Iveco Limited acts as a lessor, can be classified as either an operating lease or finance lease. Leases where a significant portion of the risks and rewards are retained by the lessor are classified as operating leases. Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are classified as finance leases.

Where Iveco Limited is the lessor in a finance lease, the future minimum lease payments from lessees are classified as receivables from financing activities. Lease payments are recognised as repayment of the principal, and financial income remunerating the initial investment and the services provided.

Where Iveco Limited is the lessor in an operating lease, income from operating leases is recognised over the term of the lease on a straight-line basis. Leased assets include vehicles leased to retail customers by the Company's leasing companies. They are stated at cost and depreciated at annual rates of between 20% and 33%.

When leased assets are no longer leased and become held for sale, the Company reclassifies their carrying amount to inventories.

##### *Turnover*

Company turnover comprises the value of sales (excluding value added tax and all sales related discounts) of goods in the normal course of business.

Turnover is recognised when substantially all of the risks and rewards of ownership have been transferred to the customer and the company has substantially completed its delivery obligations to the customer.

The following criteria must be met before revenue is recognised:

- Vehicle sales revenue is recognised at the point of release from UK Customs as this is considered to be the point at which the risks and rewards of ownership have passed to the customer.
- Sales of spare parts revenue is recognised at the point of delivery.
- Service revenue is recognised once the repair is fully completed and the amount due has been agreed by the customer.
- Rental income arising from operating leases and investment property is accounted for on a straight-line basis over the lease term.
- Interest income is recognised as interest accrues using the effective interest method. The effective interest rate is the rate which exactly discounts estimated future cash receipts through the expected life of the financial instruments to its net carrying amount.

The company enters into short term contracts to sell and repurchase vehicles at a guaranteed repurchase price. Income on such contracts is recognised evenly over the contract term.

##### *Tangible fixed assets*

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Motor vehicles	– 3-5 years
Assets sold subject to buy back agreements	– over length of re-purchase agreement
Right of use assets	– earlier of useful life or length of lease term

## Notes to the Financial Statements (continued)

At 31 December 2022

### 2. Accounting policies (continued)

#### *Tangible fixed assets (continued)*

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Residual values, useful lives and methods of depreciation are reviewed at each financial year and adjusted prospectively if appropriate.

An item of tangible fixed assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in profit or loss in the year that the asset is derecognised.

#### *Investment properties*

Investment properties are measured initially at deemed cost, on transition to FRS101. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise.

Depreciation is not provided in respect of freehold investment properties.

#### *Stocks*

The company measurement of stocks is at the lower of cost or net realisable value in accordance with IAS 2 principles. The cost of stocks includes all costs of purchase, costs of conversion and all other costs incurred in bringing the stocks to their present location and condition. The costs of purchase include the purchase price, import duties and other taxes (so far as not recoverable from the taxing authorities), transport and handling costs and other costs directly attributable to the acquisition of the inventory. Reductions are made for trade discounts, rebates and other similar items.

#### *Taxation*

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the reporting date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised. Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised, or liability is settled, based on tax rates and laws enacted or substantively enacted at the reporting date. The carrying amount of deferred income tax assets is reviewed at each reporting date. Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment. Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in profit or loss.

#### *Foreign currencies*

Monetary assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial period. Transactions in foreign currencies have been converted to sterling using the rates of exchange ruling at the dates of the transactions. All foreign exchange differences are taken to profit or loss in the period in which they arise. The company's functional currency is pounds sterling.

## Notes to the Financial Statements (continued)

At 31 December 2022

### 2. Accounting policies (continued)

#### *Warranty liability*

Provision is made for the estimated liability on all products under warranty. No provision is made for non-contractual payments.

#### *Judgements and key assumptions*

The Company accrues for contingent liabilities such as obligations for warranties in relation to the quality and reliability of the product and obligations of buying back goods from the same customers to which the goods were previously sold. The Buyback obligation arises at the point of the sales for a contractually defined price and at a future date of execution.

The provision accrued for warranty obligations is estimated on the basis of the historical warranty spent for the claims paid and in relation to the vehicles sold.

#### *Repurchase arrangements*

The Company enters into transactions with customers whereby a vehicle chassis is sold with an option for the customer to sell back to the Company, at a later date, the original chassis together with a body that has been added to the vehicle by the customer. Where there is no significant uncertainty that the customer will exercise its option to sell the vehicle back to the Company, the Company's policy is to account for the sale as though it were an operating lease as follows:

- Transfer to fixed assets the sale of the vehicle.
- Recognise the depreciation of the unit in fixed assets as cost of sales.
- Amortise income from the arrangement as though it were a lease income.

#### *Pensions*

The Company provides pension arrangements to a number of full-time employees through a group defined benefit scheme. For defined contribution schemes the amount charged to profit or loss in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

Iveco Limited is a minority participant in the Fiat Group Pension Scheme, a multi-employer pension scheme operating in the UK. Under the scheme, there had been (to date) no segregation of assets between the different employers nor has there been any notional allocation of assets. At each formal triennial valuation of the scheme, the deficit is allocated to the different employers in line with the liability share (on a technical provision basis) and deficit contributions derived for each employer based upon this split.

#### *Financial assets*

Financial assets are recognised initially at fair value, normally being the transaction price plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs determined under IFRS 9.

## Notes to the Financial Statements (continued)

At 31 December 2022

### 2. Accounting policies (continued)

#### *Financial assets (continued)*

The subsequent measurement of financial assets is as follows:

#### *Loans and receivables*

Subsequent to initial recognition, loans and receivables, including receivables from related companies, are measured at amortised cost less an allowance for uncollectable amounts. Uncollectable amounts are determined using the expected credit loss (ECL) impairment model. Collectability and impairment are assessed on a regular basis. Subsequent recoveries of amounts previously written off are credited against other operating expenses in the Statement of profit or loss.

For trade debtors the company applies a simplified approach in calculating ECLs. The company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting period end.

#### *Financial liabilities measured at amortised cost*

Financial liabilities are initially recognised at fair value, net of transaction costs. For interest-bearing loans and borrowings this is the fair value of the proceeds received net of issue costs associated with the borrowing.

After initial recognition, these financial liabilities are subsequently measured at amortised cost using the effective interest method.

#### *Interest income*

Interest income is recognised as the interest accrues.

#### *Interest payable*

Interest payable is recognised as the interest accrues.

#### *Share-based compensation*

The company provides additional benefits to the key executive officers and select employees through equity compensation plans (stock grants) of Iveco Group. These plans represent a component of recipient remuneration. The compensation expense, corresponding to the fair value of the instruments at the grant date, is recognized in profit or loss on a straight-line basis over the requisite service period for each separately vesting portion of an award, with the offsetting credit recognized directly in equity. Any subsequent changes to fair value do not have any effect on the initial measurement.

### 3. Turnover

The company operates primarily in the Commercial Vehicle Industry in the United Kingdom. The company supplies all ranges of commercial vehicles, including smaller vans to large truck units, also buses and light military vehicles. The company also sells parts and engages in numerous after sales activities in line with offerings from competitors.

The split of turnover into vehicles, parts and other after sales activities is as follows:

	2022	2021
	£000	£000
Sale of Vehicles	349,814	243,428
Sale of Spare Parts	59,655	58,664
Income from After Sales Activities	13,028	11,375
	<u>422,497</u>	<u>313,467</u>

## Notes to the Financial Statements (continued)

At 31 December 2022

### 4. Operating expenses

	2022	2021
	£000	£000
Administrative expenses	8,167	12,465
Distribution costs	4,151	3,531
Other operating income	(433)	(286)
	<u>11,885</u>	<u>15,710</u>

### 5. Operating profit

This is stated after charging:

	2022	2021
	£000	£000
Auditor's remuneration	<u>73</u>	<u>64</u>
Depreciation of owned fixed assets, including assets sold under buy-back arrangements (refer note 11)	2,136	3,960
Depreciation of right of use assets (refer note 11)	1,126	860
Exchange (gain) / loss	(146)	3
Pension costs (refer note 19)	<u>280</u>	<u>394</u>

### 6. Directors' remuneration

	2022	2021
	£000	£000
Remuneration	<u>317</u>	<u>212</u>

No retirement benefits were accrued to directors (2021—£nil) under a defined benefit scheme during the year.

	2022	2021
	£000	£000
Emoluments paid to the highest paid director	257	149

Company contribution to the money purchase pension scheme was £Nil (2021 – £Nil).

No guarantees are provided by the company to any of the directors.

## Notes to the Financial Statements (continued)

At 31 December 2022

### 7. Staff costs

	2022	2021
	£000	£000
Wages and salaries	7,197	5,621
Social security costs	829	611
Other pension costs	672	713
	<u>8,698</u>	<u>6,945</u>

The average monthly number of employees (including executive directors) during the year was made up as follows:

	No.	No.
Administration	21	2
Selling and distribution	80	82
	<u>101</u>	<u>84</u>

### 8. Interest receivable and similar income

	2022	2021
	£000	£000
Interest received from fellow group companies	<u>3,187</u>	<u>354</u>

Interest income is derived from financial receivables held with Iveco Group N.V., the ultimate parent company.

### 9. Interest payable and similar charges

	2022	2021
	£000	£000
Bank charges	3	7
Interest payable leasing	109	105
Net interest expense on defined benefit liability (refer note 19)	304	370
Other financial charges	<u>5,012</u>	<u>3,081</u>
	<u>5,428</u>	<u>3,563</u>

## Notes to the Financial Statements (continued)

At 31 December 2022

### 10. Taxation

	2022	2021
	£000	£000
<b>Current tax</b>		
- Current year 19% (2020– 19%)	695	245
- In respect of prior years	39	-
Total current tax	<u>734</u>	<u>245</u>
<b>Deferred taxation</b>		
Origination and reversal of timing differences	2,120	1,243
Adjustment in respect of prior years	(52)	(16)
Impact of change in tax laws and rates	-	(936)
Total deferred tax	<u>2,068</u>	<u>291</u>
Total tax	<u>2,802</u>	<u>536</u>

The differences between the total current tax shown above and amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2022	2021
	£000	£000
Profit before tax	<u>12,079</u>	<u>6,193</u>
Profit multiplied by standard rate of corporation tax in the UK of 19% (2020 – 19%)	2,295	1,177
<i>Effects of:</i>		
Expenses not deductible for tax purposes	11	11
Changes in tax laws and rates	509	(636)
Adjustment in respect of prior years	(13)	(16)
Current tax for the year	<u>2,802</u>	<u>536</u>

#### Change in corporation tax rate

The Finance Act 2021 provides for the main rate of Corporation Tax to be increased from 19% to 25% from 1 April 2023.

The 25% rate had been substantively enacted at the reporting date and accordingly this rate has been applied in the measurement of the Company's deferred tax assets and liabilities at 31 December 2022.

## Notes to the Financial Statements (continued)

At 31 December 2022

### 10. Taxation (continued)

#### Deferred Tax

The deferred tax included in the statement of financial position is as follows:

	<i>2022</i>	<i>2021</i>
	<i>£000</i>	<i>£000</i>
<b>Deferred tax assets</b>		
Accelerated capital allowances	907	1,112
Other short term timing differences	241	-
Pension deficit	2,673	5,763
Tax losses carried forward	1,237	1,291
Valuation allowance	(1,237)	(1,237)
	<u>3,821</u>	<u>6,929</u>

	<i>2022</i>	<i>2021</i>
	<i>£000</i>	<i>£000</i>
<b>Deferred tax in profit or loss</b>		
Accelerated capital allowances	204	246
Other timing differences	(241)	12
Pension deficit	2,049	931
Utilisation of tax losses	108	54
Change in tax laws and rate	-	(936)
Prior year adjustment	(52)	(16)
Deferred tax expense	<u>2,068</u>	<u>291</u>

	<i>2022</i>	<i>2021</i>
	<i>£000</i>	<i>£000</i>
<b>Deferred tax in OCI</b>		
Amount charged to OCI	1,041	3,219
Rate change impact on deferred tax in the OCI	-	(1,796)
Deferred tax expense	<u>1,041</u>	<u>1,423</u>

## Notes to the Financial Statements (continued)

At 31 December 2022

### 11. Tangible fixed assets

	<i>Motor vehicles</i>	<i>Assets sold under buyback arrangements</i>	<i>Right of use assets</i>	<i>Total</i>
	£000	£000	£000	£000
<b>Cost:</b>				
At 1 January 2022	239	20,601	5,838	26,678
Additions in the year	-	82	1,222	1,304
Disposals in the year	-	(8,564)	(563)	(9,127)
At 31 December 2022	239	12,119	6,497	18,855
<b>Depreciation:</b>				
At 1 January 2022	239	9,156	2,315	11,710
Charge in year	-	2,136	1,126	3,262
Disposal in the year	-	(4,849)	(486)	(5,335)
At 31 December 2022	239	6,443	2,955	9,637
<b>Net book value:</b>				
At 31 December 2022	-	5,676	3,542	9,218
At 1 January 2022	-	11,445	3,523	14,968

At 31 December 2022, right-of-use assets refer primarily to lease contracts for industrial buildings of £3,160,723 (2021: £3,372,365) and other assets of £381,537 (2021: £151,132).

Iveco Limited recognised low-value lease expenses of £30,201 (2021: £18,840) at 31 December 2022, for these leases on a straight-line basis over the lease term.

### 12. Investment property

	2022	2021
	£000	£000
Valuation and net book value	<u>2,900</u>	<u>2,900</u>

The investment property which is freehold was revalued at £2.9m by Cushman & Wakefield LLP on an open market existing use basis as at 12 April 2018. The Directors estimate that the value has not materially moved since that date.

## Notes to the Financial Statements (continued)

At 31 December 2022

### 13. Stocks

	2022	2021
	£000	£000
Finished goods	19,466	15,339
Buyback inventory	231	2,896
	<u>19,697</u>	<u>18,235</u>

The value of stock purchased, charged to Cost of Sales during the year was £344,274,000 (2021: £255,591,000).

### 14. Trade Debtors

	2022	2021
	£000	£000
Amounts falling due within one year:		
Trade debtors	906	795
Amounts owed by fellow group undertakings	255,499	199,608
Other debtors, prepayments and accrued income	4,939	903
	<u>261,344</u>	<u>201,306</u>
Amounts falling due after one year:		
Called up share capital not paid	280	280
	<u>261,624</u>	<u>201,586</u>

Certain trade debtors have been given as security under debt factoring arrangements with associated undertakings. The debt factoring arrangement was without recourse. Included within amounts owed by group undertakings is £245,324,492 (2021 – £195,489,314) of cash which is held in an interest-bearing group treasury account and can be readily convertible to cash in this company.

## Notes to the Financial Statements (continued)

At 31 December 2022

### 15. Cash and cash equivalents

	2022	2021
	£000	£000
Restricted cash	<u>19,378</u>	<u>13,628</u>

Restricted cash mainly includes bank deposits that must be used exclusively for the repayment of the net liability relating to the pension plan.

### 16. Creditors: amounts falling due within one year

	2022	2021
	£000	£000
Trade creditors	9,534	8,893
Amounts owed to fellow group companies	110,556	68,965
Value added tax	9,492	5,233
Other taxation and social security	2,557	768
Finance lease liabilities	1,063	771
Other creditors	2,727	2,752
Accruals and deferred income	78,664	61,907
Amounts due under vehicle repurchase options granted to customers	4,644	4,220
	<u>219,237</u>	<u>153,509</u>

### 17. Creditors: amounts falling due after more than one year

	2022	2021
	£000	£000
Amounts due under vehicle repurchase options granted to customers	1,364	7,236
Finance lease liabilities	2,465	2,731
	<u>3,829</u>	<u>9,967</u>

## Notes to the Financial Statements (continued)

At 31 December 2022

### 18. Provisions for liabilities

	<i>Warranty</i> £000	<i>Buy Back Reserve</i> £000	<i>Total</i> £000
At 1 January 2022	14,772	901	15,673
Charged to profit and loss	15,910	103	16,013
Utilised	(17,257)	(178)	(17,435)
At 31 December 2022	13,425	826	14,251

Warranty provisions represent management best estimate of commitments given by the company for contractual, legal or constructive obligations arising from product warranties given for a period up to 3 years within which the company can utilise the provisions, on a need basis, to fulfil its customer commitments.

### 19. Pensions

The Company provides pension arrangements for its full-time employees through group schemes; both defined contribution and defined benefit.

A triennial valuation as at 31 March 2020 has been undertaken by Capita, an independent, qualified actuary. This valuation has been used as a basis for the valuation as at 31 December 2022.

The defined benefit pension scheme is closed to new members and to existing members from 31 January 2020. The age profile of the active membership is rising and under the projected unit method the current service cost will increase as the members of the scheme approach retirement.

The company is a minority participant in the Fiat Group Pension scheme and as such, has recognised its proportion of the liability in the Fiat Group Pension scheme.

The assets and liabilities of the schemes at 31 December are:

	<i>Iveco Main</i> £000	<i>Fiat Group</i> £000	<i>Total</i> £000
<b>At 31 December 2022</b>			
Total market value of assets	105,528	900	106,428
Present value of scheme liabilities	(116,117)	(1,003)	(117,120)
Defined benefit pension plan deficit	(10,589)	(103)	(10,692)
<b>At 31 December 2021</b>			
Total market value of assets	146,175	1,272	147,447
Present value of scheme liabilities	(168,562)	(1,939)	(170,501)
Defined benefit pension plan deficit	(22,387)	(667)	(23,054)

## Notes to the Financial Statements (continued)

At 31 December 2022

### 19. Pensions (continued)

The amounts recognised in the Statement of Profit or Loss and in the Statement of Comprehensive Income for the year are analysed as follows:

<b>Year ended 31 December 2022</b>	<i>Iveco Main</i> £000	<i>Fiat Group</i> £000	<i>Total</i> £000
<b>Recognised in the Statement of Profit or Loss</b>			
Administration costs and taxes	278	2	280
Recognised in arriving at operating profit (refer note 5)	278	2	280
Net interest on defined benefit liability (refer note 9)	292	12	304
<b>Taken to the Statement of Comprehensive Income</b>			
Actuarial gain/(loss) due to experience	(2,610)	155	(2,455)
Actuarial loss due to changes in financial assumptions	50,892	656	51,548
Return on plan assets greater than discount rate	(44,647)	(281)	(44,928)
Recognised in the Statement of Comprehensive Income	3,635	530	4,165
<b>Year ended 31 December 2021</b>			
<b>Recognised in the Statement of Profit or Loss</b>			
Administration costs and taxes	394	-	394
Recognised in arriving at operating profit (refer note 5)	394	-	394
Net interest on defined benefit liability (refer note 9)	359	11	370
<b>Taken to the Statement of Comprehensive Income</b>			
Actuarial gain/(loss) due to experience	3,411	(19)	3,392
Actuarial gain/(loss) due to changes in financial assumptions	7,524	(53)	7,471
Return on plan assets greater than discount rate	1,927	87	2,014
Recognised in the Statement of Comprehensive Income	12,862	15	12,877

## Notes to the Financial Statements (continued)

At 31 December 2022

### 19. Pensions (continued)

Changes in the present value of the defined benefit pension obligations are analysed as follows:

	<i>Iveco Main</i>	<i>Fiat Group</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
As at 1 January 2021	184,973	1,929	186,902
Interest on benefit obligation	1,741	30	1,771
Administration costs and taxes	394	-	394
Actuarial gains and losses	(10,933)	72	(10,861)
Disbursements from plan assets	(7,613)	(92)	(7,705)
Defined benefit obligation at 31 December 2021	<u>168,562</u>	<u>1,939</u>	<u>170,501</u>
As at 1 January 2022	168,562	1,939	170,501
Interest on benefit obligation	2,697	34	2,731
Administration costs and taxes	278	2	280
Actuarial gains and losses	(48,283)	(811)	(49,094)
Disbursements from plan assets	(7,137)	(161)	(7,298)
Defined benefit obligation at 31 December 2022	<u>116,117</u>	<u>1,003</u>	<u>117,120</u>

Changes in the fair value of plan assets are analysed as follows:

	<i>Iveco Main</i>	<i>Fiat Group</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
As at 1 January 2021	146,040	1,207	147,247
Interest income on plan assets	1,382	19	1,401
Return on plan assets greater than discount rate	1,927	87	2,014
Employer contributions	4,439	51	4,490
Disbursements	(7,613)	(92)	(7,705)
Fair value of plan assets 31 December 2021	<u>146,175</u>	<u>1,272</u>	<u>147,447</u>

## Notes to the Financial Statements (continued)

At 31 December 2022

### 19. Pensions (continued)

Changes in the fair value of plan assets (continued)

	<i>Iveco Main</i>	<i>Fiat Group</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
As at 1 January 2022	146,175	1,272	147,447
Interest income on plan assets	2,405	22	2,427
Return on plan assets lesser than discount rate	(44,647)	(281)	(44,928)
Employer contributions	8,732	48	8,780
Disbursements	(7,137)	(161)	(7,298)
Fair value of plan assets 31 December 2022	<u>105,528</u>	<u>900</u>	<u>106,428</u>

Key assumptions for all schemes were:

	<i>Iveco Main</i>		<i>Fiat Group</i>	
	2022	2021	2022	2021
	%	%	%	%
Discount rate	4.80	1.82	4.70	1.80
Future inflation	3.50	3.50	3.35	3.35
Rate of salary increases	N/A	N/A	2.65	3.20
Rate of pension increases	2.73	3.10	2.95	3.55

### Demographic and mortality tables

	<i>Iveco Main</i>	<i>Fiat Scheme</i>	<i>Iveco Main</i>	<i>Fiat Scheme</i>
	<i>At 31 Dec 2022</i>	<i>At 31 Dec 2022</i>	<i>At 31 Dec 2021</i>	<i>At 31 Dec 2021</i>
Mortality tables used for pre 96 leavers	S3PXA CMI 2019 With 1.25% LTR of improvement	S2XPA CMI 2017 With 1.25% LTR of improvement	S3PXA CMI 2019 With 1.25% LTR of improvement	S2XPA CMI 2017 With 1.25% LTR of improvement
Mortality tables used for post 96 leavers	S3PXA Light, CMI 2019 With 1.25% LTR of improvement	S2XPA CMI 2017 With 1.25% LTR of improvement	S3PXA Light, CMI 2019 With 1.25% LTR of improvement	S2XPA CMI 2017 With 1.25% LTR of improvement

## Notes to the Financial Statements (continued)

At 31 December 2022

### 19. Pensions (continued)

#### Estimated long term investment return

	Expected return (%pa)*	Iveco Main		Fiat Group	
		Current allocation (%)	Strategic allocation (%)	Current allocation (%)	Strategic allocation (%)
<b>Growth Assets</b>	<b>(Iveco: 2.9/ Fiat: 3.0)</b>	<b>50.9</b>	<b>46.0</b>	<b>53.4</b>	<b>50.3</b>
Global Equity	4.0	7.5	8.0	5.5	5.6
Global Equity – synthetic (Leveraged)	8.3	-	-	1.9	1.7
Emerging market multi asset	3.9	2.7	3.0	2.1	3.0
Dynamic Asset allocation	2.6	17.4	18.9	20.7	20.9
Real assets	-	-	-	-	-
Broad bonds	2.3	14.1	12.0	16.4	14.0
Infrastructure	3.4	9.2	4.1	6.7	5.1
<b>Matching Assets</b>	<b>(Iveco: 0.2/ Fiat: 0.3)</b>	<b>49.1</b>	<b>54.0</b>	<b>46.6</b>	<b>49.7</b>
Dynamic LDI	0.4	31.3	-	42.0	-
Money Market Funds	-	17.8	-	4.7	-
<b>Total</b>	<b>(Iveco: 1.5/ Fiat: 1.7)</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Note: figures may not sum due to rounding.

\*Expected return above gilts as at 31 December 2022. Returns for the Growth Assets, Matching Assets and Total refer to the Strategic Allocation for each Scheme. Assumed long term expected return of gilts as at 31 December 2022 was 3.9% pa.

<i>Cash Commutation</i>	2022	2021
	%	%
	15% of Pension (at current rates)	15% of Pension (at current rates)
	2022	2021
	Years	Years
Retiring at the end of the reporting year:		
- Male (from the age 65)	23.2	23.2
- Female (from age 65)	24.8	24.7
Retiring 20 years after the end of the reporting year:		
- Male (from age 65)	24.6	24.5
- Female (from age 65)	26.2	26.1

Included within pension fund liabilities is an amount relating to employees of Iveco Holdings Limited, the immediate parent of Iveco Limited. On the basis that the amount is not considered material as the number of active and deferred members is insignificant, this has been included within the assets and liabilities in the accounts of Iveco Limited.

## Notes to the Financial Statements (continued)

At 31 December 2022

### 20. Issued share capital

		2022		2021	
	No	£000	No	£000	£000
<i>Allotted, called up and fully paid</i>					
Ordinary shares of £1 each	36,720,000	36,720	36,720,000	36,720	
'B' Preference shares of £1 each	80,000,000	80,000	80,000,000	80,000	
<i>Called-up, allotted and not paid</i>					
Ordinary shares of £1 each	280,000	280	280,000	280	
		<u>117,000</u>		<u>117,000</u>	

The preference shares are non-voting and have preferential rights to receive dividends and return of capital on a winding up.

### 21. Related party transactions

During the year, the Company entered into transactions, in the ordinary course of business, with other related parties. Those transactions with directors are disclosed in note 6. The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries. Transactions entered into, and trading balances outstanding at 31 December 2022 with other related parties, are as follows:

	Sales to Related Party	Purchases from Re- lated party	Amounts owed by related party	Amounts owed to related party
	£000	£000	£000	£000
<b>Other related parties 2022</b>				
Iveco Czech Republic A.S.	4	-	-	-
Iveco Magirus A.G.	8	3,011	3	406
Leasys UK Ltd	-	507	-	33
Magirus GMBH	-	-	-	-
FCA SERVICES S.c.p.a.	-	519	-	99
<hr/>				
<b>Other related parties 2021</b>				
Iveco Czech Republic A.S.	1	4	-	4
Iveco Magirus A.G.	5	3,141	1	331
Leasys UK Ltd	-	396	-	58
Magirus GMBH	-	1	-	-
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#### *Terms and conditions of transactions with related parties*

Outstanding balances with entities other than subsidiaries are unsecured, interest free and cash settlement is expected within 60 days of invoice. Terms and conditions for transactions with subsidiaries are the same, with the exception that balances are placed on intercompany accounts with no specified credit period. The Company has not provided or benefited from any guarantees for any related party receivables or payables. During the year ended 31 December 2022, the Company has not made any provision for doubtful debts relating to amounts owed by related parties (2021: £nil).

## Notes to the Financial Statements (continued)

At 31 December 2022

### 22. Ultimate parent undertaking and controlling party

Iveco Group N.V. a company incorporated in the Netherlands is the parent undertaking of the smallest and largest group of which the Company is a member and for which group financial statements are available at Iveco Group N.V.'s principal place of business at Via Puglia 35, Turin, Italy 10156. They are also available online from [www.ivecogroup.com](http://www.ivecogroup.com)