

Inchcape Finance plc
(Registered number: 2153225)

Directors' Report and Financial Statements

For the year ended 31 December 2011

MONDAY



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28/05/2012
COMPANIES HOUSE

22a St Jame's Square
London
SW1Y 5LP

Inchcape Finance plc

Directors' Report

The Directors submit their report together with the audited financial statements for the year ended 31 December 2011

Results and dividends

The results for the Company show a profit for the financial year of £20.9m (2010 a profit of £22.5m)

The Directors do not recommend the payment of a final dividend (2010 £nil)

Business review and principal activities

The Company's principal activity during the financial year was that of a finance company for companies within the Inchcape Group. The Company borrows and lends money on behalf of Inchcape Group companies which are involved in the retail and distribution of motor vehicles across the globe. The Company also enters into derivative financial instruments that manage the foreign exchange and interest rate exposures of the Group.

The Company's revenue arises mainly from interest income from loans to Group Companies or short term money market deposits and thus varies with changes in the applicable base rate. Costs relate primarily to interest payments on deposits from Group Companies and loan facilities from third party banks and financial institutions. The Company's trading results are also affected by the volume of business which can vary over time depending on market conditions affecting the automotive industry, changes to the fair value of derivatives and changes in Inchcape Group funding requirements.

For the financial year ended 31 December 2011, Inchcape Finance plc reported a profit on ordinary activities before taxation of £26.3m. This compares to a profit on ordinary activities before taxation of £30.7m in 2010, a decrease of £4.4m.

Future developments

It is not envisaged that there will be any change in the Company's activities in the foreseeable future. The Company's future prospects depend on the future prospects of the Inchcape Group as a whole.

Key performance indicators (KPIs)

The Company is part of the Inchcape Group. The development, performance and position of the UK segment, which includes this Company, is discussed in the Group's 2011 Annual Report and Accounts which does not form part of this report.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks.

The Directors of Inchcape plc manage the Group's risks at a group level rather than at an individual business unit level. For this reason, the Company's Directors believe that a disclosure of the Group's risk would not be appropriate for an understanding of the development, performance or position of Inchcape Finance plc.

Further discussion of these risks and uncertainties, in the context of the Inchcape Group as a whole, is provided in the Group's 2011 Annual Report and Accounts which does not form part of this report.

Inchcape Finance plc

Directors' Report (continued)

Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of changes in debt market prices, credit risk, liquidity risk and interest rate risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company by monitoring levels of debt finance and the related finance costs. The Company's financial risk management through the use of derivative financial instruments falls into three categories. The Company purchases foreign currency derivatives to provide economic hedging for its inter-company borrowings. The Company enters into inter-company foreign currency forward contracts with Group companies to provide them with hedges for their sales and purchases denominated in non-functional currencies and then subsequently enter into matching external foreign currency forward contracts to manage the Group's exposure. The Company also holds cross currency interest rate derivatives to hedge the Group's US dollar denominated fixed rate Private Placement.

The policies set by the Group's board of directors are implemented by the Company's finance department. The department has a policy and procedures manual that sets out specific guidelines to manage interest rate risk, credit risk and circumstances where it would be appropriate to use financial instruments to manage these. The accounting policies applied by the Company are described in further detail on pages 9 to 11 of these financial statements.

Price risk

The Company has no exposure to equity securities as it holds no listed or other equity investments.

Credit risk

The amount due from counterparties, arising from cash deposits and the use of financial instruments creates credit risk. Limits are in place which reduce credit risk by stipulating the aggregate amount and duration of exposure to any one counterparty, dependent upon the applicable credit rating. Credit ratings and the appropriate limits are reviewed regularly.

Liquidity risk

The Company actively maintains a mixture of long-term and short-term debt finance arrangements that are designed to ensure the Company has sufficient available funds for operations. At the end of the year, the Group's committed facility for general corporate purposes was a five year syndicated £500m committed revolving credit facility with relationship banks due to expire in 2013. This facility was undrawn at the year end. The Company replaced the above facility with a £450m committed revolving credit facility with a syndicate of banks and a €65m bi-lateral committed revolving credit facility. These facilities were put in place on 14th and 19th March 2012 respectively and both expire in March 2017. The Group also has in place Private Placement notes. Short term liquidity on derivatives is managed by ensuring arrangements are back to back.

Interest rate cash flow risk

The Company's interest rate policy has the objective of minimising net interest expense and protecting the Company from material adverse movements in interest rates. Throughout 2011 the Company has borrowed at floating rates only. This approach reflects the continuing low interest rate environment and the low level of net debt. Where interest rate hedging activities are deemed appropriate in the future, the Group's board of directors has approved the use of interest rate swaps, forward rate agreements and options.

Inchcape Finance plc

Directors' Report (continued)

Directors

The directors who were in office during the year and up to the date of signing the financial statements were as follows

Dale Butcher (Resigned 30 June 2011)

Claire Chapman

Tony George

Paul James (Appointed 1 October 2011)

Christopher Parker

Alison Philips

Gavin Robertson (Resigned 1 October 2011)

Tamsin Waterhouse

Transactions with Directors

No transaction, arrangement or agreement required to be disclosed under the terms of the Companies Act 2006 was outstanding at 31 December 2011, or occurred during the year for any Director or connected person (2010 none)

Directors' indemnity

A Qualifying Third Party Indemnity (QTPI), as permitted by the Company's Articles of Association and section 234 of the Companies Act 2006, has been granted by the Company to each of the Directors of the Company. Under the provisions of the QTPI, the Company undertakes to indemnify each Director against liability to third parties (excluding criminal and regulatory penalties) and to pay the Directors' costs as incurred, provided that they are reimbursed to the Company if the Director is found guilty or, in an action brought by the Company, judgement is given against the Director. A QTPI was in force throughout the financial year and also at the date of approval of these financial statements

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements

Supplier payment policy

The Company is responsible for agreeing the terms and conditions including terms of payment under which business transactions with the Company's suppliers are conducted. While the Company does not follow any single external code or standard, in line with Inchcape plc Group policy, payments to suppliers are made in accordance with the agreed terms, provided that the supplier is also complying with all relevant terms and conditions. The number of days purchases outstanding at 31 December 2011 is calculated at nil days (2010 nil days)

Donations

Donations of £nil (2010 £nil) to charitable causes were made during the financial year. There were no political donations during the year (2010 £nil)

Inchcape Finance plc

Directors' Report (continued)

Disclosure of information to the auditors

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware

The Directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Statement of directors responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements

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

By Order of the Board



Claire Chapman
Director

Date 23 May 2012

Inchcape Finance plc

Independent auditors' report to the members of Inchcape Finance plc

We have audited the financial statements of Inchcape Finance plc for the year ended 31 December 2011 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Director's Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Inchcape Finance plc

Independent auditors' report to the members of Inchcape Finance plc (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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



Mark Gill (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date 23 May 2012

Inchcape Finance plc

Profit and loss account

For the year ended 31 December 2011

	Note	2011 £m	2010 £m
Turnover	2	66.7	77.1
Cost of sales	3	<u>(40.3)</u>	<u>(46.3)</u>
Gross profit		26.4	30.8
Operating expenses	4	<u>(0.1)</u>	<u>(0.1)</u>
Profit on ordinary activities before tax		26.3	30.7
Taxation on profit or loss on ordinary activities	6	<u>(5.4)</u>	<u>(8.2)</u>
Profit for the financial year		<u>20.9</u>	<u>22.5</u>

The turnover and operating profit is derived wholly from continuing operations

There are no recognised gains or losses for the current and preceding financial years other than the profit of £20.9m (2010: £22.5m) shown above. There is no material difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents and therefore no separate statement of total recognised gains and losses has been presented.

Inchcape Finance plc

Balance sheet

As at 31 December 2011

	Note	2011 £m	2010 £m
Current assets			
Debtors amounts falling due after more than one year	7	1,198.6	-
Debtors amounts falling due within one year	7	177.8	1,503.0
Derivative financial instruments	8	142.4	129.2
Cash at bank and in hand		73.0	155.8
		<u>1,591.8</u>	<u>1,788.0</u>
Current liabilities			
Creditors amounts falling due within one year	9	(446.3)	(1,389.3)
Derivative financial instruments	8	(14.3)	(12.7)
		<u>(460.6)</u>	<u>(1,402.0)</u>
Total assets less current liabilities		1,131.2	386.0
Creditors Amounts falling due after more than one year	9	(1,018.7)	(297.8)
Provisions for liabilities and charges	12	(13.7)	(10.3)
Net assets		<u>98.8</u>	<u>77.9</u>
Capital and reserves			
Called up share capital	13	27.5	27.5
Profit and loss account	14	71.3	50.4
Shareholders' funds	15	<u>98.8</u>	<u>77.9</u>

The financial statements on pages 7 to 20 were approved by the Board of Directors on 23 May 2012

Signed on behalf of the Board of Directors



Christopher Parker
Director
Inchcape Finance plc

Registered no. 2153225

Inchcape Finance plc

Notes to the financial statements

For the year ended 31 December 2011

1 Accounting policies

Basis of accounting

The financial statements have been prepared on a going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards. The particular accounting policies adopted are as described below. The principal accounting policies of the Company have been applied consistently and reviewed in accordance with Financial Reporting Standard 18 'Accounting Policies'.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue as a going concern for the foreseeable future. As such, the Company continues to adopt the going concern basis in preparing the annual report and accounts.

Cash flow statement and related party disclosures

The Company is a wholly owned subsidiary of Inchcape plc, a company registered in England and Wales, and is included in the consolidated financial statements of Inchcape plc which are publicly available. Consequently, the Company has taken advantage of the exemption in paragraph 5(a) of FRS 1 (Revised 1996), 'Cash Flow Statements', and not published its own cash flow statement. The Company is also exempt under the terms of paragraph 3 of FRS 8, 'Related Party Disclosures', from disclosing related party transactions with entities that are part of the Inchcape plc group.

The Directors consider that there are no other relationships, transactions or balances which are required to be disclosed by FRS8.

Turnover

Turnover represents interest earned on financial instruments, together with commissions, fees and any exchange gains that may occur.

Cost of sales

Cost of sales represents interest cost and premiums payable on financial instruments, together with commissions, fees and any exchange gains that may occur.

Foreign currencies

Transactions in overseas currencies have been translated into Sterling at the rate ruling at the date of the transaction. Assets and liabilities are translated into Sterling at the rate ruling at balance sheet date except where rates of exchange are fixed under contractual agreements.

Inchcape Finance plc

Notes to the financial statements

For the year ended 31 December 2011

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Financial assets and liabilities

The Company classifies its financial instruments in the following categories: loans and receivables, and amortised cost. The classification is determined at initial recognition and depends on the purpose for which the financial instruments are required.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except where the maturity date is more than twelve months after the end of the reporting period. They are initially recorded at fair value and subsequently recorded at net realisable value.

Amortised cost includes non-derivative financial assets and liabilities which are held at original cost, less amortisation.

Financial instruments

Financial Instruments are used to manage the Company's exposure to fluctuations in interest rates and foreign currency exchange rates. These are accounted for in accordance with FRS 25, 'Financial Instruments: Disclosure and Presentation' and FRS 26, 'Financial Instruments: Recognition and Measurement'. Instruments accounted for as hedges are designated as a hedge at the inception of contracts. Interest differentials on derivative instruments and amounts receivable and payable on interest rate instruments are recognised as adjustments to interest expense over the period of the contracts. Derivatives are marked to market and any gains or losses are recognised at each balance sheet date. Currency swap agreements are retranslated at the rates ruling in the agreements, with resulting gains and losses being offset against foreign exchange gains or losses on the related borrowing. Gains and losses arising on financial instruments, which are cancelled due to the termination of underlying exposure, are taken to the profit and loss account immediately.

Taxation

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

Deferred taxation is provided in full (without discounting) based on current tax rates and law, on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax in future except as otherwise required by FRS 19, Deferred Tax. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding commitment to sell the asset.

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

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

Inchcape Finance plc

Notes to the financial statements

For the year ended 31 December 2011

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Cash and cash equivalents

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

Provisions

A provision is recognised when the Company has a present obligation that arises from a past event, when it is more likely than not to result in the transfer of economic benefits and where the amount can be reliably estimated. Provisions are discounted where the time value of money is considered to be material.

Inchcape Finance plc
Notes to the financial statements
For the year ended 31 December 2011
..... *continued*

2 Segmental information

	2011	2010
	£m	£m
Turnover within the Inchcape Group by destination		
United Kingdom	41.1	28 9
Rest of Europe	0.5	0 4
Rest of the World	5.9	2 7
	47.5	32 0
External turnover by destination		
United Kingdom	13.4	38 6
Rest of Europe	0 3	-
Rest of the World	5.5	6 5
	19.2	45 1
Total turnover by destination		
United Kingdom	54.5	67 5
Rest of Europe	0 8	0 4
Rest of the World	11.4	9 2
	66.7	77 1
Profit/(loss) on ordinary activities before tax		
United Kingdom	27.5	33 1
Rest of Europe	(0.4)	-
Rest of the World	(0 8)	(2 4)
	26 3	30 7
Net assets		
United Kingdom	270.2	303 3
Rest of Europe	(82 4)	33 5
Rest of the World	(89 0)	(258 9)
	98 8	77 9

All turnover by origin originates in the United Kingdom. Turnover includes £20.7m (2010: £26.3m) in respect of foreign exchange gains.

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Notes to the financial statements
For the year ended 31 December 2011
..... *continued*

3 Cost of sales

Cost of sales comprise the following

	2011 £m	2010 £m
Interest payable		
On transactions with Group companies	32.1	32.6
On transactions with third parties	5.4	4.4
	<u>37.5</u>	<u>37.0</u>
Foreign exchange losses.		
On transactions with Group companies	2.5	9.2
On transactions with third parties	0.3	0.1
	<u>2.8</u>	<u>9.3</u>
	<u><u>40.3</u></u>	<u><u>46.3</u></u>

4 Operating profit / loss

Auditors' remuneration has been borne by a fellow subsidiary undertaking. Of this remuneration £28,000 (2010: £28,000) is deemed to be attributable to the Company.

5 Directors and employees

The Company has no employees (2010: none) except the Directors and hence no salary, social security or pensions costs (2010: £nil).

No emoluments (2010: £nil) were paid to the Directors of the Company whose services are provided to a number of Group companies. The proportion of their emoluments attributable to the Company can not be reasonably estimated and these costs are borne entirely within the Inchcape Group.

Inchcape Finance plc

Notes to the financial statements

For the year ended 31 December 2011

..... continued

6 Taxation

a) Taxation charge for the year

The taxation charge based on the results for the year is made up as follows

	2011 £m	2010 £m
Current tax		
UK corporation tax on profits for the year	2.6	5.0
UK corporation tax prior year adjustments	(0.6)	(0.2)
Current tax charge for the year	2.0	4.8
Deferred tax:		
Origination and reversal of timing differences	3.4	3.4
Tax charge for the year	5.4	8.2

b) Factors affecting tax charge for the year

The tax assessed for the year is lower than (2010 - lower than) the standard rate of corporation tax in the UK of 26.5% (2010 - 28%). The differences are explained below

	2011 £m	2010 £m
Profit on ordinary activities before taxation	26.3	30.7
Corporation tax at standard rate	7.0	8.6
Short term timing differences	(4.2)	(3.4)
Adjustments in respect of previous years	(0.6)	(0.2)
Expenses not deductible for tax purposes	-	0.2
Impact of changes in tax rates	(0.2)	(0.4)
Current tax charge for the year (as above)	2.0	4.8

The March 2011 Budget Announcement proposed that the main rate of corporation tax would be reduced to 26% from 1 April 2011 and 25% from 1 April 2012. As these changes were substantively enacted at the balance sheet date, the deferred tax asset has been restated to reflect the reduced tax rate of 25%. The effect of this in these financial statements is to reduce the deferred tax liability by £0.8m and credit the profit and loss account ordinary tax charge by £0.8m.

Inchcape Finance plc

Notes to the financial statements

For the year ended 31 December 2011

..... continued

c) Factors that may affect future tax charges

The anticipated future effective rate of tax for the Company will be slightly above or below the UK nominal rate of 26.5% (2010 28%) representing a current year tax charge calculated as the UK nominal rate of tax multiplied by the accounting profit or loss for the year plus or minus ordinary permanently disallowed items of income and expense

The March 2012 Budget announcement included a further proposal to reduce the main rate of corporation tax to 24% from 1 April 2012, with further reductions to reduce the rate to 22% by 1 April 2014. As these changes had not been substantively enacted at the balance sheet date no account has been taken of them in these financial statements

The overall effect of the further changes from 25% to 22% if applied to the deferred tax balance at 31 December 2011 would be to reduce the deferred tax liability by £1.6m and credit the profit and loss account ordinary tax charge by £1.6m (2012 £0.5m, 2013 £0.5m and 2014 £0.6m)

7 Debtors

	2011 £m	2010 £m
Amounts falling due within one year		
Amounts owed by parent company	-	1,136.8
Amounts owed by fellow subsidiaries	173.3	354.5
Other debtors	2.8	10.9
Interest receivable - Group companies	1.7	0.8
	<u>177.8</u>	<u>1,503.0</u>
	2011 £m	2010 £m
Amounts falling due after more than one year		
Amounts owed by parent company	974.8	-
Amounts owed by fellow subsidiaries	223.8	-
	<u>1,198.6</u>	<u>-</u>

Inchcape Finance plc
Notes to the financial statements
For the year ended 31 December 2011

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8 Derivative financial instruments

	2011			2010		
	Asset	Liability	Impact on profit and (loss)	Asset	Liability	Impact on profit and (loss)
	£m	£m	£m	£m	£m	£m
Financial instruments						
- hedging balance sheet position	7.9	4.8	(4.5)	9.1	1.5	8.2
- hedging forward contracts	9.5	9.5	-	11.2	11.2	-
Cross currency interest rate swap	125.0	-	16.1	108.9	-	24.2
Total	142.4	14.3	11.6	129.2	12.7	32.4

Financial instruments managing balance sheet positions are foreign currency derivatives that mature within 12 months and outstanding instruments have a nominal principal amount of £477.3m as at 31 December 2011 (2010 £477.9m)

Financial instruments managing forward contracts are back to back foreign currency derivatives that mature within 12 months and outstanding instruments have a nominal principal amount of £520.1m as at 31 December 2011 (2010 £637.5m)

The cross currency interest rate derivative matures in 2017 and 2019 with cashflows for interest costs on an annual basis and have an outstanding nominal principal of £264.6m as at 31 December 2011 (2010 £264.6m)

Inchcape Finance plc
Notes to the financial statements
For the year ended 31 December 2011
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9 Creditors

Creditors: amounts falling due within one year

	2011 £m	2010 £m
Bank loans and overdrafts	94.9	106.5
Interest payable - third parties	1.6	1.0
Interest payable - Group companies	1.1	1.3
Amounts owed to fellow subsidiaries	348.7	1,280.5
	<u>446.3</u>	<u>1,389.3</u>

Creditors: amounts falling due after more than one year

	2011 £m	2010 £m
Interest payable - Group companies	36.5	18.4
Amounts owed to fellow subsidiaries	734.7	-
Amounts owed to parent company	247.5	279.4
	<u>1,018.7</u>	<u>297.8</u>

The amounts owed to parent Company includes USD denominated loans of £177.4m (2010 £176.3m) maturing May 2017 (2010 May 2017) at 6.3% fixed interest rate until maturity and £103.8m (2010 £103.1m) maturing May 2019 (2010 May 2019) at 6.3% fixed interest rate until maturity. The remaining off-setting balance of £33.7m (2010 Nil) represents non interest bearing advances made to parent Company on six monthly maturity terms but which are not expected to be settled within one year.

The Interest payable to Group Companies represents accrued interest on the above two USD loans since the loan start dates of December 2009. This accrual is non interest bearing with £23.0m due in May 2017 (2010 £11.6m) and £13.5m due in May 2019 (2010 £6.8m).

The amounts owed to fellow subsidiaries classified as falling due after more than one year of £734.7m (2010 nil) represents deposits received from subsidiaries on six monthly maturity terms but which are not expected to be settled within one year. Interest rates are currently source currency base rates less margins of 0.25-0.50%.

Inchcape Finance plc
Notes to the financial statements
For the year ended 31 December 2011
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10 Borrowings

At year end £nil was drawn on the committed revolving credit facility (2010 £nil)

The Company's borrowings are unsecured

11 Facilities and post balance date events

At the balance sheet date the Company had a £500m committed revolving credit facility in place with a syndicate of banks maturing in April 2013 (2010 £500m)

On 14th March 2012 the Company replaced the above £500m facility with a £450m committed revolving credit facility with a syndicate of banks and on 19th March 2012 added a €65m bi-lateral committed revolving credit facility, both expiring in March 2017

The Company has no uncommitted money market lines

12 Provisions for liabilities and charges

Deferred tax

The movement in the deferred tax asset in the year is as follows

	£m	
As at 1 January 2011		(10 3)
Tax charge to profit and loss		<u>(3 4)</u>
As at 31 December 2011		<u><u>(13 7)</u></u>
	2011	2010
	£m	£m
Other timing differences	<u>(13 7)</u>	<u>(10 3)</u>

Inchcape Finance plc
Notes to the financial statements
For the year ended 31 December 2011
..... *continued*

13 Called up share capital

Authorised

	2011 £m	2010 £m
27,500,000 Ordinary shares of £1 00 each (2010 27,500,000)	<u>27.5</u>	<u>27.5</u>

Allotted, called up and fully paid

	2011 £m	2010 £m
27,500,000 Ordinary shares of £1 00 each (2010 27,500,000)	<u>27.5</u>	<u>27.5</u>

14 Profit and loss account

	Profit and loss account £m
At 1 January 2011	50.4
Profit for the financial year	<u>20.9</u>
At 31 December 2011	<u>71.3</u>

15 Reconciliation of movement in shareholders' funds

	2011 £m	2010 £m
Profit attributable to shareholders	<u>20.9</u>	22.5
Net addition to shareholders' funds	20.9	22.5
Shareholders' funds at 1 January	<u>77.9</u>	55.4
Shareholders' funds at 31 December	<u>98.8</u>	<u>77.9</u>

Inchcape Finance plc

Notes to the financial statements

For the year ended 31 December 2011

..... continued

16 Contingent liabilities

The Company is party to composite cross guarantees between banks, its ultimate parent undertaking and fellow subsidiaries. The Company's contingent liability under these guarantees at the year end was £nil (2010: £nil).

17 Financial commitments

The Company has, in the ordinary course of business, commitments under foreign exchange instruments relating to the hedging of transactions and overseas earnings.

18 Parent undertaking and controlling party

The Company's immediate parent is Inchcape plc, a company registered in England and Wales.

The Directors regard the ultimate parent undertaking and controlling party to be Inchcape plc, a company registered in England and Wales.

Both the smallest and the largest group of which the Company is a member and for which Group Financial statements are drawn up is that of Inchcape plc. Copies of the Annual Report and Accounts for that company are available from:

The Company Secretary
Inchcape plc
22A St James's Square
London
SW1Y 5LP