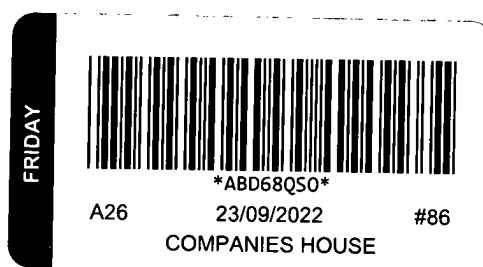


**FCA Dealer Services UK Ltd**  
**Registered No. 04569800**

**Report and Financial Statements**  
**For the year ended 31 December 2021**



**CONTENTS**

|   | <b>Page</b>  |
|---|--------------|
| <b>Corporate Information .....</b>                              | <b>3</b>     |
| <b>Strategic Report .....</b>                                   | <b>4-6</b>   |
| <b>Directors' Report .....</b>                                  | <b>7-9</b>   |
| <b>Directors' Responsibilities Statement .....</b>              | <b>10</b>    |
| <b>Independent Auditor's Report .....</b>                       | <b>11-14</b> |
| <b>Income Statement .....</b>                                   | <b>15</b>    |
| <b>Statement of Comprehensive Income .....</b>                  | <b>16</b>    |
| <b>Statement of Changes in Equity.....</b>                      | <b>16</b>    |
| <b>Statement of Financial Position .....</b>                    | <b>17</b>    |
| <b>Notes to the Accounts:</b>                                   |              |
| <b>1. Accounting policies .....</b>                             | <b>18-22</b> |
| <b>2. Turnover .....</b>  | <b>23</b>    |
| <b>3. Administrative expenses .....</b>                         | <b>23</b>    |
| <b>4. Other operating income .....</b>                          | <b>23</b>    |
| <b>5. Auditor's remuneration .....</b>                          | <b>23</b>    |
| <b>6. Staff costs .....</b>                                     | <b>24</b>    |
| <b>7. Interest payable and similar charges .....</b>            | <b>25</b>    |
| <b>8. Taxation .....</b>  | <b>25-27</b> |
| <b>9. Stock .....</b>   | <b>28</b>    |
| <b>10. Debtors.....</b>   | <b>28</b>    |
| <b>11. Creditors: amounts falling due within one year .....</b> | <b>28</b>    |
| <b>12. Allotted and issued share capital .....</b>              | <b>29</b>    |
| <b>13. Pensions and other post-retirement benefits .....</b>    | <b>29-31</b> |
| <b>14. Related party transactions .....</b>                     | <b>31</b>    |
| <b>15. Ultimate Controlling Party .....</b>                     | <b>32</b>    |
| <b>16. Post Balance Sheet Events.....</b>                       | <b>32</b>    |
| <b>17. Contingent Liability.....</b>                            | <b>32</b>    |

## **FCA DEALER SERVICES UK LTD**

### **CORPORATE INFORMATION**

#### **DIRECTORS**

Alexander Hughes  
Christopher Duckworth  
Rolando D'Arco  
Claudia Beriava

#### **INDEPENDENT AUDITORS**

Ernst & Young. LLP  
The Paragon  
32 Counterslip  
Bristol  
BS1 6BX

#### **COMPANY SECRETARY**

John Savage

#### **BANKERS**

Barclays Bank PLC  
1 Churchill Place  
London  
E14 5HP

The Royal Bank of Scotland plc  
250 Bishopsgate  
London  
EC2M 4AA

#### **SOLICITORS**

Payne Hicks Beach Solicitors  
10 New Square  
Lincoln's Inn  
London  
WC2A 3QG

#### **REGISTERED OFFICE**

250 Bath Road  
Slough  
Berkshire  
SL1 4DX

**STRATEGIC REPORT****Year ended 31 December 2021****REVIEW OF THE BUSINESS**

The principal activity of the Company is the facilitation and management of consignment stocking facilities and other dealer financing facilities (including corporate identity requirements) to the following brands of the Stellantis Group in the UK – Fiat, Abarth, Alfa Romeo, Jeep, Maserati and Fiat Professional. It also provides dealer financing facilities as a white label service to brands such as Ferrari, Morgan, Lotus and the Hymer Group. Dealer financing consists of providing floor plan funding for new vehicles, funding of spare parts, demonstration vehicles, used and trade in vehicles.

The Company's financial performance was impacted due to the Covid-19 pandemic induced lockdown in terms of the average receivables managed by the Company during the year - £233m in 2021 compared to £268m in the previous year. However, the overall financial performance was not significantly impacted and its financial results were in line with its budget expectations for the year. The Company managed the financing of 386 dealers (2020: 234 dealers) during the year. There was one dealer failure during the year (2020: one dealer failure).

In order to comply with Government guidelines and for the safety and wellbeing of its staff, the Company moved to a remote working arrangement for most of its staff. Employees were provided with the required hardware (laptops, monitors and other hardware) to ensure that all retailers, brands and other stakeholder enquiries were dealt with in a timely manner.

The key financial and other performance indicators during the year were as follows:

|                             | <b>2021</b> | <b>2020</b> | <b>Change</b> |
|-----------------------------|-------------|-------------|---------------|
|                             | <b>£000</b> | <b>£000</b> | <b>%</b>      |
| Turnover                    | 4,149       | 4,519       | (-8.19%)      |
| Operating profit            | 10,971      | 10,702      | 2.51%         |
| Profit after tax            | 6,115       | 4,878       | 25.36%        |
| Equity Shareholders' funds  | 28,448      | 38,860      | (26.79%)      |
| Average number of employees | 9           | 9           | -             |

**PRINCIPAL RISKS AND UNCERTAINTIES**

The Company's major exposure to risk is on account of credit facilities to dealers and to the impact of dealer failures. The Company has strong controls and ensures adherence to Group credit and risk policies to minimise potential risks. Risk is also mitigated by way of charge on the vehicles financed, other securities such as bank guarantees, charges on properties and other collateral. The level of security depends on the financial strength of the dealerships as assessed in line with long established Group policies.

The Company's debtors are short term in nature and interest is charged on a floating rate basis (with monthly resets). The Company's borrowing profile matches that of its receivables. The majority of the receivables and loans payable are not exposed to any foreign exchange risk. The Company has a small portfolio of its receivables in Euros, which are funded by the Group's cash pooling facility in the same currency. The Company, in addition to its annual forecasts, updates its holding Company's central treasury with its cash flow requirements on a weekly basis. Liquidity for the business is ensured by way of cash management facilities and short term loans from its shareholders.

The Company is also actively engaged with the brands and its network partners to ensure that it is able to support them, while constantly monitoring the risk: credit, dealer profitability and market share posed by market conditions.

**STRATEGIC REPORT (continued)**  
**Year ended 31 December 2021**

**FUTURE DEVELOPMENTS**

In December 2021, Credit Agricole & Stellantis announced the future strategic direction of the financial services partnership. Under this, the proposal is of the 100% takeover by CA Consumer Finance of the Retail and Dealer financing (non-FCA brands and white label) businesses, tools and many of the FCA Bank teams, including Leasys Rent, to create a pan-European car financing, rental and mobility company, retaining the same name. This is a strategic axis of the project for Crédit Agricole Group and CA Consumer Finance (CACF). The mission of this new entity will be a forceful attack on the European market to reach:

- Manufacturers with no pan-European captive companies or ones that requires modernisation
- New entrants with needs in terms of EV (Electronic Vehicle) products
- Independent distributors and white-label dealers
- Pan-European online platforms, especially in the used car market.

The potential size of these combined target markets amounts to nearly €120 billion. The Crédit Agricole Group is very proud to rely on the expertise and know-how of FCA Bank's teams for its development in the automotive and mobility market, and is highly confident in the success of these plans.

The full impact of the strategic announcement on the company will be determined during 2022, however, the Directors consider that the announcement is likely to result in further diversification opportunities for the company from 2023 onwards.

The Company has already started taking steps to align its strategy with the above mission of CACF.

**SECTION 172 (1) STATEMENT – DIRECTORS DUTY TO PROMOTE SUCCESS OF THE COMPANY**

During 2021 market trends and conditions, regulatory factors and consumer behaviors have been relevant in shaping the decisions of the Board. As such, attention has been paid to the various stakeholders in the business, more specifically: the motor manufacturer brands we represent and its retailer network, suppliers, the wider community and environment, shareholders and the Company's employees.

The Company has played a key role in supporting the brands and its retailer network during the year. By the end of 2021 the company had moved its Dealers across from any LIBOR based pricing to SONIA without any major financial or operational impact. Moving forward, the directors will ensure that the Company plays a proactive role in supporting the retailer network on the opportunities arising out of the Group's electrification strategy & will continue to seek new opportunities to support the vision of the Credit Agricole group for the UK.

The directors monitor the Company's adherence to the FCA Bank Group's risk management policies. The Key Risk Indicators are monitored on a periodic basis (against set thresholds).

The directors have approved the governance structure within the Company, which has a strong focus on the various risks, in particular the economic and trading environment which can have an impact on its retailer network.

The directors are aware of the strategic nature of the Company's support to the Stellantis brands it supports in the UK and of its significance within the wider FCA Bank Group. All decisions are taken keeping in mind the long-term, sustainable and strategic interest of the captive bands and the shareholder.

**STRATEGIC REPORT (continued)**  
**Year ended 31 December 2021**

**ENGAGEMENT WITH CUSTOMERS, SUPPLIERS AND OTHERS**

The Company's main interactions are with the brands it supports and their retailer network. The Company has frequent interactions with the Network development teams to understand the requirements of the retailer network. The Company also has a proactive engagement with its retailers to ensure that the funding lines and facilities are adequate to cover the needs of the retailers.

**EMPLOYEE INVOLVEMENT**

The Company operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2004.

During the year, the policy of providing employees with information about the Group has been continued through the newsletter 'Good Practice Group News' in which employees have also been encouraged to present their suggestions and views on the Group's performance.

Regular meetings are held between local management and employees to allow a free flow of information and ideas. The Company has undertaken to strengthen the skills and motivation within its employee base. Both skills based training and study support is made available to staff.

The Company continued the engagement with its employees in 2021 through the Employee Forum and town hall meetings.

**DISABLED EMPLOYEES**

The Group gives full consideration to applications for employment from disabled persons where the candidates' particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the Group's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

The report was placed before the board on 22 February 2022 and signed on its behalf by:



A Hughes  
DIRECTOR  
22 February 2022

**DIRECTORS' REPORT**  
**Year ended 31 December 2021**

The directors present their annual report on the affairs of FCA Dealer Services UK Limited ('the Company') together with the financial statements and auditors' report for the year ended 31 December 2021.

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 on pages 4-6.

**RESULTS AND DIVIDENDS**

The Company recorded a profit after taxation of £6.1m (2020: £4.9m) and this has been transferred to reserves. A dividend of £17m was paid in 2021 (2020: £nil).

**DIRECTORS AND THEIR INTERESTS**

The names of the directors who served during the year were as follows:

| <b>Name</b> | <b>Date appointed</b> | <b>Date resigned</b> | <b>Nationality</b> |
|-------------|-----------------------|----------------------|--------------------|
| A Hughes    | 6 October 2010        |                      | British            |
| C Duckworth | 30 July 2015          |                      | British            |
| S Basili    | 17 February 2020      | 18 November 2021     | Italian            |
| R D'Arco    | 11 September 2020     |                      | Italian            |
| C Beriava   | 18 November 2021      |                      | Italian            |

The directors do not hold any beneficial interests in the shares of the Company.

**GOING CONCERN**

The Company's parent company is FCA Bank SpA, a company registered in Italy. FCA Bank SpA is owned 50% by FCA Italy SpA (the wholly owned subsidiary of Stellantis NV) and 50% by Credit Agricole Consumer Finance SA (CACF), the wholly owned consumer credit subsidiary of Crédit Agricole SA. The partnership between FCA Italy SpA and Credit Agricole is unique in the captive automotive finance sector and offers the company a combination of the commercial effectiveness of an industrial partner with a risk discipline and financial strength of a banking partner. The parent company is committed to the continued future success of the business.

On the basis of their assessment of the Company's financial position and of reasonable expectation of continuous support from its holding Company, the Company's directors are confident that the Company will be able to continue to trade for the foreseeable future, being no less than twelve months from the date that the financial statements were approved.

The Company's forecasts and projections, taking account of potential changes in trading performance show that the Company should be able to operate within the level of its current facilities. The Company meets its funding requirements through the Group cash management facility and term loans from shareholders. The directors' expectation is that these facilities will be available for the foreseeable future. The support from Credit Agricole to its parent company, FCA Bank SpA continues unchanged and hence the directors' expectation is that these facilities (from FCA Bank SpA / Credit Agricole SA) will be available for the foreseeable future, being no less than twelve months from the date that the financial statements were approved.

Beyond 2022, the company will be part of Credit Agricole and CACF's strategy of creating a pan-European car financing entity. This ambition gives the Company the possibility to target a wide market opportunity. The in-house expertise and resources combined with the Bank status of the

**DIRECTORS' REPORT (continued)**  
**Year ended 31 December 2021**

Company's parent company will enable it to offer innovative and complete products and services to this enlarged market.

The Company is crucial to the growth aspirations of the Credit Agricole group in creating a pan-European automotive financing entity. Independent and non-FCA captive Dealer networks are key to achieve this goal and the Company has a proven track record, product portfolio and expertise to harness new opportunities in the coming years. The Company has managed to meet its funding requirements whilst ensuring adherence to Company and Group policies regarding credit exposures. The Company has not faced any significant losses on account of motor dealership failures during 2021.

In light of the above factors, the Company continues to adopt the going concern basis of accounting in preparing its annual financial statements.

**FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company follows Group treasury policies to ensure that its borrowing profile matches its receivables. A small portion of the Company's receivables are in Euro and associated funding is matched in the same currency.

As mentioned in the Strategic report, the automotive industry is particularly susceptible to the risks posed by the changes to the regulatory environment and to the overall economic environment (consumer confidence and spending, business confidence, etc.). The Company's major exposure to risk is on account of potential retailer failures. The Company also has an exposure to any price changes which have a negative impact on the realisable value of the vehicles it finances. These risks are managed and monitored by the Company with constant interactions with all the brands it supports and ensures that it is able to intervene in a proactive manner to support both the brands and its network while minimising any risk to itself.

The company has improved its risk by entering into new funding agreements which do not include the option of return of the vehicles by the dealers under its consignment agreement with the company. Under the revised flow, the Dealer is funded at the end of the consignment period under a Vehicle Finance Agreement.

The company follows the Risk Appetite Framework (RAF) of the FCA Bank Group. The RAF prescribes the targets and thresholds for key risks in the business. Breach of thresholds would result in interventions by the local / central management teams. The RAF is a key tool within the overall risk management strategy of the company / group. Credit related stress tests are performed at the FCA Bank SpA level and included as a part of its Pillar II capital calculations. FCA Bank SpA is considered, for prudential purposes within Credit Agricole SA's scope for prudential consolidation and, consequently, as a "significant" banking entity.

**DISCLOSURE OF INFORMATION TO THE AUDITORS**

Each person who is a director at the date of approval of this report confirms that:

- So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- 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.

This information is given and should be interpreted in accordance with the provisions of section 418(2) of the Companies Act 2006.



**FCA DEALER SERVICES UK LTD**

**DIRECTORS' REPORT (continued)**  
**Year ended 31 December 2021**

**REAPPOINTMENT OF AUDITORS**

The directors will place a resolution before the annual general meeting to reappoint Ernst and Young LLP as the auditors for the ensuing year in accordance with section 485 of the Companies Act 2006.

**POST BALANCE SHEET EVENTS**

None.

By order of the board

A handwritten signature in black ink, consisting of a stylized 'A' followed by a horizontal line.

A Hughes  
Director  
22 February 2022

**DIRECTORS' RESPONSIBILITIES STATEMENT**  
**Year ended 31 December 2021**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 'The Financial Standard applicable to the UK and Republic of Ireland'. 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 in accordance with Section 10 of FRS 102 and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 102 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- state whether applicable UK Accounting Standards including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FCA DEALER SERVICES UK LIMITED**

**Opinion**

We have audited the financial statements of FCA Dealer Services UK Limited for the year ended 31 December 2021 which comprise the Income Statement, the Statement of comprehensive income, the Statement of changes in equity, the Statement of Financial Position and the related notes 1 to 17, 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice). In our opinion, the financial statements:

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 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 of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. 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.

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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FCA DEALER SERVICES UK LIMITED (continued)**

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 there is 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 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FCA DEALER SERVICES UK LIMITED (continued)**

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.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are the Companies Act 2006, tax legislation and the Data Protection Act (GDPR).
- We understood how FCA Dealer Services UK Limited is complying with those frameworks by making enquiries of management, internal audit, and those responsible for legal and compliance matters. We have also performed a review of minutes of the Board and Internal Control and Audit Committee meetings held.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the entity level controls that the Company has established to address risk identified by the Company, or that otherwise seek to prevent, deter or detect fraud. We also considered performance and incentive plan targets and their potential to influence management to manage earnings.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved making enquiry of senior management and internal audit for their awareness of any non-compliance of laws or regulations, inquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees, inquiring about the Company's methods of enforcing and monitoring compliance with such policies.

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.

**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

**FCA DEALER SERVICES UK LTD**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FCA DEALER SERVICES UK LIMITED (continued)**

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

Andy Blackmore (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Bristol  
Date: 22 March 2022

**FCA DEALER SERVICES UK LTD**

**INCOME STATEMENT**  
**For the year ended 31 December 2021**

| <b>Income Statement</b>                              |             | <b>2021</b>    | <b>2020</b>    |
|--|-------------|----------------|----------------|
|  | <b>Note</b> | <b>£000</b>    | <b>£000</b>    |
| <b>Turnover</b>                                      | <b>2</b>    | 4,149          | 4,519          |
| Administrative expenses                              | <b>3</b>    | (987)          | (2,880)        |
| Other operating income                               | <b>4</b>    | <u>7,809</u>   | <u>9,063</u>   |
| <b>Operating profit</b>                              |             | 10,971         | 10,702         |
| Interest payable and similar charges                 | <b>7</b>    | <u>(3,346)</u> | <u>(4,639)</u> |
| <b>Profit on ordinary activities before taxation</b> |             | 7,625          | 6,063          |
| Tax on profit on ordinary activities                 | <b>8</b>    | <u>(1,510)</u> | <u>(1,185)</u> |
| <b>Profit for the year</b>                           |             | <u>6,115</u>   | <u>4,878</u>   |

# FCA DEALER SERVICES UK LTD

## STATEMENT OF COMPREHENSIVE INCOME For the year ended 31 December 2021

|  | 2021  | 2020  |
|--|-------|-------|
|  | £000  | £000  |
| Profit for the financial year  | 6,115 | 4,878 |
| Re-measurement gain/(loss) recognised on defined benefit pension schemes | 540   | (183) |
| Movement on deferred tax relating to pension liability                   | (34)  | 65    |
| Total other comprehensive income   | 506   | (118) |
| Total comprehensive income for the year                                  | 6,621 | 4,760 |

## STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2021

|  | Share capital | Profit and loss account | Total Equity |
|--|---------------|-------------------------|--------------|
|  | £000          | £000                    | £000         |
| At 1 January 2020                                      | 20,500        | 13,594                  | 34,094       |
| Profit for the year                                    | -             | 4,878                   | 4,878        |
| Other comprehensive income                             | -             | (118)                   | (118)        |
| Movement on deferred tax relating to FTA IFRS9 reserve | -             | 6                       | 6            |
| Dividends  | -             | -                       | -            |
| At 31 December 2020                                    | 20,500        | 18,360                  | 38,860       |

|  | Share capital | Profit and loss account | Total Equity |
|--|---------------|-------------------------|--------------|
|  | £000          | £000                    | £000         |
| At 1 January 2021                                      | 20,500        | 18,360                  | 38,860       |
| Profit for the year                                    | -             | 6,115                   | 6,115        |
| Other comprehensive income                             | -             | 506                     | 506          |
| Movement on deferred tax relating to FTA IFRS9 reserve | -             | (33)                    | (33)         |
| Dividends  | -             | (17,000)                | (17,000)     |
| At 31 December 2021                                    | 20,500        | 7,948                   | 28,448       |



**FCA DEALER SERVICES UK LTD**

**STATEMENT OF FINANCIAL POSITION**  
**At 31 December 2021**

|   | <b>Note</b> | <b>2021<br/>£000</b> | <b>2020<br/>£000</b> |
|---|-------------|----------------------|----------------------|
| <b>CURRENT ASSETS</b>                                 |             |                      |                      |
| Stock   | 9           | 55,382               | 39,455               |
| Debtors   | 10          | 151,101              | 253,624              |
| Cash at bank  |             | 11,444               | 17,360               |
|   |             | <u>217,927</u>       | <u>310,439</u>       |
| <b>Creditors:</b> amounts falling due within one year | 11          | (188,910)            | (270,330)            |
|   |             | <u>29,017</u>        | <u>40,109</u>        |
| <b>NET CURRENT ASSETS EXCLUDING PENSION LIABILITY</b> |             |                      |                      |
| Defined benefit pension liability                     | 13          | (569)                | (1,249)              |
|   |             | <u>28,448</u>        | <u>38,860</u>        |
| <b>NET ASSETS</b>                                     |             |                      |                      |
| <b>CAPITAL AND RESERVES</b>                           |             |                      |                      |
| Called up share capital                               | 12          | 20,500               | 20,500               |
| Profit and loss account                               |             | 7,948                | 18,360               |
|   |             | <u>28,448</u>        | <u>38,860</u>        |
| <b>EQUITY SHAREHOLDERS' FUNDS</b>                     |             |                      |                      |

The notes on pages 18 to 32 form part of these financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 February 2022



A Hughes  
DIRECTOR  
22 February 2022

**NOTES TO THE FINANCIAL STATEMENTS**  
**At 31 December 2021**

**1. ACCOUNTING POLICIES**

**Basis of preparation**

FCA Dealer Services UK Ltd is a limited liability Company incorporated in England. The Registered Office is Fiat House, 250 Bath Road, Slough, Berkshire SL1 4DX.

The Company meets the requirements for a qualifying entity under FRS102 and has therefore taken advantage of the reduced disclosures for subsidiaries allowed under the standard. The Company has taken advantage of the following exemptions:

- The requirements of Section 7 Statement of Cash Flows 3.17(d)
- The requirement of Section 33 Related Party Disclosures paragraph 33.7;

The financial statements of FCA Dealer Services UK Ltd were approved for issue by the Board of Directors on the 22 February 2022. The financial statements have been prepared in accordance with applicable accounting standards. The financial statements are prepared in sterling which is the functional currency of the Company and rounded to the nearest £'000.

**Judgements and key sources of estimation uncertainty**

The presentation of the financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions. These judgements, estimates and assumptions affect the reported amounts of assets and liabilities as well as income and expenses in the financial statements provided.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates' underlying assumptions are reviewed on an ongoing basis. Judgements are made by management (discussed and agreed at the appropriate internal committees) in the application of FRS 102 that have significant effect on the financial statements and estimates. The Company regularly reviews the financial strength and operation performance of its Dealer network (strength of financial statements, stock audit performance, cash flow position, investment, strength of management, etc.). Provision for impairments include such specific assessment of risk in respect of individual dealer Groups considering the factors such as portfolio at risk and availability of realisable securities.

**NOTES TO THE FINANCIAL STATEMENTS**  
**At 31 December 2021**

**1. ACCOUNTING POLICIES (continued)**

**Taxation**

The Company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 8.

**Revenue recognition**

Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

Turnover mainly represents income earned under stocking, dealer financing and other facilities offered to the Fiat, Alfa Romeo, Chrysler, Jeep, Maserati and Ferrari Brands and their retailer networks in the United Kingdom. Turnover includes all income earned from operations in UK. Interest is accounted on a time proportion basis taking into account the effective rate on the transaction.

Other operating income: commission and fees are charged for the administration of the systems and acquisitions of contracts. Agreed fees are charged on a monthly basis.

Turnover are exclusive of Value Added Tax and trade discounts.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results in the financial statements that arise from the inclusion of gains and losses in tax assets in periods different from those in which they are recognised in the financial statements. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

**Stock**

Stock comprises new Cars and LCVs that is valued at the lower of cost and net realisable value in accordance with generally accepted accounting principles.

**Trade receivables**

Trade receivables are measured at fair value on initial recognition and subsequently the carrying value is measured at amortised costs including any associated credit risk provision.

**NOTES TO THE FINANCIAL STATEMENTS**  
**At 31 December 2021**

**1. ACCOUNTING POLICIES (continued)**

**Trade receivables (continued)**

Appropriate allowances for estimated irrecoverable amounts are recognised via the income statement when there is objective evidence that an asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Credit risk on exposure to dealers is mitigated by way of charge on the vehicles financed, other securities such as bank guarantees, charge on properties and other collateral. The level of securities depends on the financial strength of the dealerships as assessed in line with long established Group policies.

The measurement criteria are closely linked to the inclusion of these receivables in one of the three stages of credit risk established by IFRS 9. The last of which (stage 3) consists of nonperforming financial assets and the remaining (stages 1 and 2) of performing financial assets. With regard to the accounting representation of the above measurement effects, the value adjustments for this type of asset are recognized in profit or loss:

- on initial recognition, for an amount equal to the 12-month expected credit loss;
- on subsequent measurement of the asset, when the credit risk has not increased significantly since initial recognition, in relation to changes in the amount of adjustments for the 12-month expected credit losses;
- on subsequent measurement of the asset, when the credit risk has increased significantly since initial recognition, in relation to the recognition of adjustments for expected credit losses over the contractually agreed remaining lifetime of the asset;
- on subsequent measurement of the receivable, where – after a significant increase in credit risk has occurred since initial recognition – the increase is no longer “significant” due to the alignment of the cumulative value adjustments to take account of the change from a lifetime expected credit loss to a 12-month expected credit loss for the instrument.

These receivables, when they are performing, are subject to an assessment, aimed at establishing the value adjustments to be recognized in the financial statements, at the level of individual agreement according to the risk parameters consisting of Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD), derived from the AIRB models, and duly adjusted to take account of the provisions of IFRS 9.

If, in addition to a significant increase in credit risk, there is also objective evidence of impairment, the amount of the loss is measured as the difference between the carrying amount of the asset – classified as “non-performing”, like all the other relationships with the same counterparty – and the present value of the estimated future cash flows, discounted using the original effective interest rate. The amount of the loss, to be recognized through profit or loss, is established based on individual measurement or determined according to uniform categories and, then, individually allocated to each position, and, takes account of forward-looking information and possible alternative recovery scenarios.

**Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less.

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31 DECEMBER 2021**

**1. ACCOUNTING POLICIES (continued)**

**Trade payables**

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Trade payables is mainly represented by amounts due to the manufacturer (a related party) for new vehicles sold not yet paid.

**Amounts owed to Group undertakings**

The majority of amounts owed to Group undertakings comprise loans. These are stated at the cost plus interest which is accrued on a daily basis.

The remaining amounts due to Group undertakings comprise recharges of administration costs and are recorded at transaction price.

**Interest-bearing loans and borrowings**

All interest-bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of cash payable to the bank (including interest).

**Pension and other post-employment benefits**

The Company provides pension arrangements to a number of full time employees operated through a defined benefit scheme, which is operated by a related Company Fiat Chrysler Automobiles UK Limited. The Trustee board is legally responsible for the administration and payment of pensions in accordance with the Trust Deed. The Managing Companies, Fiat Chrysler Automobiles N.V. and Fiat Chrysler Automobiles UK Ltd and Participating Employers are legally responsible for making ongoing and deficit contributions to the scheme in accordance with the Trust Deed and scheme rules. Each of FCA Dealer Services UK Ltd, FCA Automotive Services UK Ltd and Leasys UK Ltd are Participating Employers.

The cost of defined benefit pension plans and other post-employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future salary increases and pension increases are based on expected future inflation rates. Further details are given in note 13.

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

**Foreign currency**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet dates. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of transaction. Exchange gains and losses are recognised in the Income Statement.

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31 DECEMBER 2021**

**1. ACCOUNTING POLICIES (continued)**

**De-recognition of financial assets and liabilities**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities are de-recognised when they are extinguished, i.e. when the obligation in any contract is discharged, cancelled or expired.

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31 DECEMBER 2021**
**2. TURNOVER**

The whole of the turnover is attributable to financing dealer consignment and other stocking facilities net of value added tax.

|                      | <b>2021</b>         | <b>2020</b>         |
|----------------------|---------------------|---------------------|
|                      | <b>£000</b>         | <b>£000</b>         |
| Interest income      | 1,993               | 2,467               |
| Fees and commissions | 2,156               | 2,052               |
| <b>Total</b>         | <b><u>4,149</u></b> | <b><u>4,519</u></b> |

All turnover arose within the United Kingdom.

**3. ADMINISTRATIVE EXPENSES**

|                                      | <b>2021</b>       | <b>2020</b>         |
|--------------------------------------|-------------------|---------------------|
|                                      | <b>£000</b>       | <b>£000</b>         |
| Administrative expenses              | 2,734             | 2,648               |
| Provision for bad and doubtful debts | (1,747)           | 232                 |
| <b>Total</b>                         | <b><u>987</u></b> | <b><u>2,880</u></b> |

**4. OTHER OPERATING INCOME**

|  | <b>2021</b>         | <b>2020</b>         |
|--|---------------------|---------------------|
|  | <b>£000</b>         | <b>£000</b>         |
| Other Interest income                    | 6,936               | 8,215               |
| Administration Fees and Stocking Charges | 873                 | 848                 |
| <b>Total</b>                             | <b><u>7,809</u></b> | <b><u>9,063</u></b> |

**5. AUDITOR'S REMUNERATION**

The remuneration of the auditors or its associates is further analysed as follows:

|   | <b>2021</b>      | <b>2020</b>      |
|---|------------------|------------------|
|   | <b>£000</b>      | <b>£000</b>      |
| Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts | 74               | 50               |
| <b>Total</b>  | <b><u>74</u></b> | <b><u>50</u></b> |

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31 DECEMBER 2021**
**6. STAFF COSTS**
**a) Staff costs**

|                       | <b>2021</b> | <b>2020</b> |
|-----------------------|-------------|-------------|
|                       | <b>£000</b> | <b>£000</b> |
| Wages and salaries    | 743         | 757         |
| Social security costs | 82          | 66          |
| Other pension costs   | 46          | 125         |
|                       | <u>871</u>  | <u>948</u>  |

Included in other pension costs £644 (2020: £52,000) in respect of the defined benefit schemes and £44,936 (2020: £58,504) in respect of the defined contribution scheme.

The average monthly number of employees during the year was made up as follows:

|                | <b>2021</b> | <b>2020</b> |
|----------------|-------------|-------------|
|                | <b>No.</b>  | <b>No.</b>  |
| Administration | <u>9</u>    | <u>9</u>    |

**b) Directors' remuneration**

|   | <b>2021</b> | <b>2020</b> |
|---|-------------|-------------|
|   | <b>£000</b> | <b>£000</b> |
| Aggregate remuneration in respect of qualifying services              | 356         | 393         |
| Aggregate amounts receivable under long term incentive plans          | <u>-</u>    | <u>-</u>    |
|   | <b>2021</b> | <b>2020</b> |
|   | <b>£000</b> | <b>£000</b> |
| No of directors who received shares in respect of qualifying services | -           | -           |
| No of directors who exercised share options                           | -           | -           |
| No of directors accruing benefits under defined benefit schemes       | <u>1</u>    | <u>1</u>    |
|   | <b>2021</b> | <b>2020</b> |
|   | <b>£000</b> | <b>£000</b> |
| In respect of highest paid directors                                  |             |             |
| Aggregate remuneration  | 242         | 270         |
| Accrued pension at the end of the year                                | 47          | 44          |
| Accrued lump sum at the end of the year                               | <u>-</u>    | <u>-</u>    |

Three directors of the company are also directors of fellow group companies. The directors do not believe that it is practicable to apportion the amount between their services as director of the company and their services as director of the fellow group com



**7. INTEREST PAYABLE AND SIMILAR CHARGES**

|   | <b>2021</b>  | <b>2020</b>  |
|---|--------------|--------------|
|   | <b>£000</b>  | <b>£000</b>  |
| Group interest payable and similar charges      | 3,329        | 4,619        |
| Interest attributable to pension fund liability | 16           | 20           |
|   | <u>3,345</u> | <u>4,639</u> |

**8. TAXATION**

The tax charge comprises:

|                                       | <b>2021</b>  | <b>2020</b>  |
|---------------------------------------|--------------|--------------|
|                                       | <b>£000</b>  | <b>£000</b>  |
| UK corporation tax at 19% (2020: 19%) | 1,448        | 1,177        |
| Prior year adjustment                 | 11           | (4)          |
| Total current tax                     | <u>1,459</u> | <u>1,173</u> |

*Deferred tax:*

|  |              |              |
|--|--------------|--------------|
| Origination and reversal of timing differences | 38           | 12           |
| Impact of change in tax laws and rates         | 14           | -            |
| Prior year adjustment                          | (1)          | -            |
| Total deferred tax                             | <u>51</u>    | <u>12</u>    |
| Tax on profit on ordinary activities           | <u>1,510</u> | <u>1,185</u> |

Tax included in the statement of total other comprehensive income:

Deferred tax:

|  |           |             |
|--|-----------|-------------|
| Actuarial gain on pension scheme                     | 135       | (35)        |
| Effect on decreased tax rate on deferred tax balance | (101)     | (30)        |
| Total current tax                                    | <u>34</u> | <u>(65)</u> |

Tax included in the statement changes in Equity:

The tax changes/(credit) is made up as follows:

Deferred Tax

|  |           |            |
|--|-----------|------------|
| Risk Provision                                       | (48)      | (37)       |
| Effect on decreased tax rate on deferred tax balance | 81        | 31         |
| Total tax on profit on continuing operation          | <u>33</u> | <u>(6)</u> |

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31 DECEMBER 2021**

**8. TAXATION (continued)**

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

|  | <b>2021</b>  | <b>2020</b>  |
|--|--------------|--------------|
|  | <b>£000</b>  | <b>£000</b>  |
| Profit on ordinary activities before tax   | <u>7,625</u> | <u>6,063</u> |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 – 19%) | 1,449        | 1,152        |
| Expenses not deductible for tax purposes   | 1            | 1            |
| Adoption of IFRS9 – Taxed through retained earnings  | 36           | 36           |
| Change in tax laws and rates   | 14           | -            |
| Prior year adjustment  | <u>10</u>    | <u>(4)</u>   |
| Total tax expense  | <u>1,510</u> | <u>1,185</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 Balance Sheet date and accordingly this rate has been applied in the measurement of the Company's deferred tax assets and liabilities at 31 December 2021.

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31 DECEMBER 2021**

**8. TAXATION (continued)**

The deferred tax included in the balance sheet is as follows:

**Deferred tax assets**

|                          | <b>2021<br/>£000</b> | <b>2020<br/>£000</b> |
|--------------------------|----------------------|----------------------|
| Other timing differences | 84                   | 75                   |
| Pension fund deficit     | 142                  | 237                  |
|                          | <u>226</u>           | <u>312</u>           |

**Deferred tax liability**

|                         |             |           |
|-------------------------|-------------|-----------|
| Other timing difference | (288)       | (256)     |
|                         | <u>(62)</u> | <u>56</u> |

|   | <b>2021<br/>£000</b> | <b>2020<br/>£000</b> |
|---|----------------------|----------------------|
| <b>Deferred tax in the income statement</b> |                      |                      |
| Other timing differences                    | 11                   | (2)                  |
| Pension deficit                             | 27                   | 14                   |
| Prior year adjustments                      | (1)                  | -                    |
| Change in tax laws and rates                | 14                   | -                    |
| Deferred Tax Expense/ (credit)              | <u>51</u>            | <u>12</u>            |

|   |             |           |
|---|-------------|-----------|
| Deferred tax (liability)/asset as at 1 January 2021 | 56          | (3)       |
| Amount credited to OCI                              | (34)        | 65        |
| Amount credited through retained earnings           | (33)        | 6         |
| Deferred tax per income statement                   | (51)        | (12)      |
| Deferred tax (liability)/ asset at 31 December 2021 | <u>(62)</u> | <u>56</u> |

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31 DECEMBER 2021**
**9. STOCK**

|                                     | <b>2021</b>   | <b>2020</b>   |
|-------------------------------------|---------------|---------------|
|                                     | <b>£000</b>   | <b>£000</b>   |
| Finished goods and goods for resale | <u>55,382</u> | <u>39,455</u> |

Stock comprises wholly of new cars and light commercial vehicles held in depot or dealer premises for resale. Impairment provisions were £nil (2020: £nil) and no impairment was charged to the income statement in the year (2020: £nil).

**10. DEBTORS**

|  | <b>2021</b>    | <b>2020</b>    |
|--|----------------|----------------|
|  | <b>£000</b>    | <b>£000</b>    |
| Gross trade debtors                        | 151,612        | 256,080        |
| Less provision for bad and doubtful debts  | (2,432)        | (4,454)        |
| Amounts owed from other group undertakings | 1,831          | 1,942          |
| VAT Receivable                             | 90             | -              |
| Deferred taxation Asset                    | -              | 56             |
|  | <u>151,101</u> | <u>253,624</u> |

Movement on provision for bad and doubtful debts

|  | <b>2021</b>  | <b>2020</b>  |
|--|--------------|--------------|
|  | <b>£000</b>  | <b>£000</b>  |
| At 1 January                                   | 4,454        | 4,379        |
| Charge for the year to profit and loss account | (1,897)      | 232          |
| Utilisation                                    | (125)        | (157)        |
| Total at 31 December                           | <u>2,432</u> | <u>4,454</u> |

All debtors fall due within one year with the exception of the deferred tax asset.

**11. CREDITORS: amounts falling due within one year**

|  | <b>2021</b>    | <b>2020</b>    |
|--|----------------|----------------|
|  | <b>£000</b>    | <b>£000</b>    |
| Trade creditors                          | 281            | 253            |
| Amounts owed to other group undertakings | 181,948        | 254,461        |
| VAT Payable                              | -              | 9,778          |
| Corporation Tax                          | 561            | 207            |
| Deferred Tax Liability                   | 62             | -              |
| Accruals and deferred income             | 6,058          | 5,631          |
|  | <u>188,910</u> | <u>270,330</u> |

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31 DECEMBER 2021**

**12. ALLOTTED AND ISSUED SHARE CAPITAL**

|   | <b>2021</b> | <b>2020</b> |
|---|-------------|-------------|
| <b>Authorised</b>                         | <b>£000</b> | <b>£000</b> |
| 20,500,000 Ordinary shares of £1 each     | 20,500      | 20,500      |
|   | <hr/>       | <hr/>       |
| <b>Allotted, called-up and fully paid</b> |             |             |
| 20,500,000 Ordinary shares of £1 each     | 20,500      | 20,500      |
|   | <hr/>       | <hr/>       |

**13. PENSION OBLIGATIONS AND OTHER POST- RETIREMENT BENEFITS**

The disclosures in these accounts below are based on calculations carried out as at 30 November 2021 by an independent qualified actuary.

The assets are held in a separate trustee-administered fund to meet long-term pension liabilities to past and present employees. The Trustee of the Scheme are required to act in the best interest of the beneficiaries. The appointment of Trustee is determined by the trust documentation.

The Trustees of the Scheme invest the assets in line with the Statement of Investment Principles. The Statement of Investment Principles has been established taking into consideration the liabilities of the Scheme and the investment risk that the Trustees are willing to accept. Under the Scheme Funding regime introduced by the Pensions Act 2004, the Trustees are required to carry out regular scheme funding valuations of the Scheme and establish a schedule of contributions and a recovery plan when there is a shortfall in the Scheme. The recovery plan details the amount and timing of the contributions required to eliminate the shortfall in the Scheme. Scheme funding valuations are carried out at least every three years. Approximate funding updates are produced annually in years where a full scheme funding valuation is not being completed.

At each scheme funding valuation, the present value of the contributions detailed in the current recovery plan is compared with any shortfall revealed. Where the contributions under the current recovery plan are no longer sufficient to remove the shortfall by the end of period specified in the recovery plan a new recovery plan will need to be agreed between the trustees and the employer. Options include increasing contributions due from the employer, extending the recovery period with additional contributions paid after the expiry of the current recovery period or some combination of the two. The affordability to the employer of any increase in contributions is a primary factor in the agreement of any new recovery plan. Where the contributions are more than sufficient to remove the shortfall by the end of the recovery period, options include reducing contributions due, keeping the recovery period the same, or shortening the recovery period.

The latest funding valuation of the Fiat Group Pension Scheme was completed on 31 March 2018. The defined benefit pension scheme exposes the employer to actuarial risks, such as longevity risk, interest rate risk, salary risk, market (investment) risk and currency risk.

The Fiat Group Pension Scheme closed to further accrual of benefit on 30 June 2017. Members in active service at that date were offered participation in the Fiat Group Money Purchase Scheme. Following the 2018 High Court judgment that the inequality between men and women in respect of GMP benefits, there were a number of unanswered questions, especially around benefits that have already been paid. A further judgment on 20 November 2021 was that the trustees of the Lloyds Banking Group schemes owed a duty to a transferring member to make a transfer payment which was correctly calculated, and which reflected the member's right to equalised benefits. Where the initial transfer payment was inadequate on this basis, trustees have an obligation to

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31 DECEMBER 2021**
**13. PENSION OBLIGATIONS AND OTHER POST- RETIREMENT BENEFITS (continued)**

make a top-up payment to the receiving scheme on behalf of the transferred member. We have recognised the expected financial impact of the judgment in the accounts and are working with the trustees of the pension scheme and our professional advisers on this issue. Once any top-up payments have been made, the actual financial impact of the judgement will be recognised in the accounts.

The approach has been updated regarding setting CPI inflation assumptions in light of the proposed RPI reform.

**Overall Fiat Group Pension Scheme:**

|                                     | 31 December 2021<br>£000 | 31 December 2020<br>£000 |
|-------------------------------------|--------------------------|--------------------------|
| Total market value of assets        | 211,591                  | 194,888                  |
| Present value of scheme liabilities | (242,035)                | (254,801)                |
| Group net pension deficit           | <u>(30,444)</u>          | <u>(59,913)</u>          |
|                                     | %                        | %                        |
| <b>Key assumptions were:</b>        |                          |                          |
| Rate of increase of salaries        | 2.90                     | 2.70                     |
| Rate of return of assets            | 1.82                     | 1.90                     |
| Discount rate                       | 1.82                     | 1.40                     |

The latest funding valuation of the Fiat Group Pension Scheme was completed at 30 November 2021. The defined benefit pension scheme exposes the employer to actuarial risks, such as longevity risk, interest rate risk, salary risk, market (investment) risk and currency risk.

During the year the Company made contributions of £157,333 (2020: £148,417) into the Fiat Group Pension Scheme.

The Company is expected to contribute £148,548 to the Fiat Group Pension Scheme during 2021.

During the year the Company made contributions of £44,936 (2020: £58,504) to the Fiat Group Money Purchase Scheme.

**NOTES TO THE FINANCIAL STATEMENTS**  
**AT 31 DECEMBER 2021**

**13. PENSION OBLIGATIONS AND OTHER POST- RETIREMENT BENEFITS (continued)**

**FCA Dealer Services UK Ltd Share of Fiat Group Pension Scheme Analysed by Liability Value:**

|  | <b>2021</b>  | <b>2020</b>    |
|--|--------------|----------------|
|  | <b>£000</b>  | <b>£000</b>    |
| Opening balance                                  | (1,249)      | (1,142)        |
| Gains/(losses) on liabilities                    | 280          | (448)          |
| Gains/(losses) on assets                         | 260          | 265            |
| Current service cost less employee contributions | -            | (45)           |
| Employer's contribution                          | 157          | 149            |
| Interest cost                                    | (73)         | (92)           |
| Expected return on plan assets                   | 57           | 71             |
| Gain/(loss) on bulk TV adjustments               | (1)          | (7)            |
| Closing balance                                  | <u>(569)</u> | <u>(1,249)</u> |

**14. RELATED PARTY TRANSACTIONS**

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. The balances outstanding at 31 December are as follows:

|  | <b>Amounts owed<br/>from related party</b> | <b>Amounts owed to<br/>related party</b> |
|--|--|--|
|  | <b>£000</b>                                | <b>£000</b>                              |
| Entities with control over the Company   |  |  |
| 2021   | 141  | 178,979                                  |
| 2020   | 275  | 242,380                                  |
| Entities with which the Company shares joint<br>management                       |  |  |
| 2021   | -  | -  |
| 2020   | -  | -  |
| Entities that are members of the wider Group but<br>have limited or no influence |  |  |
| 2021   | 1,690                                      | 2,969                                    |
| 2020   | 1,667                                      | 12,081                                   |

Sales and purchases between related parties are made at normal market prices. Outstanding balances are unsecured, interest free and cash settlement is expected within 30 days of invoice. The Company has not provided or benefitted from any guarantees for any related party receivables or payables. During the year ended 31st December 2021 the Company has not made any provision for any doubtful debts relating to amounts owed by related parties (2020: £nil). Interest on loans from related parties is calculated at terms & rates agreed to for each drawdown.

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31 DECEMBER 2021**

**15. ULTIMATE CONTROLLING PARTY**

The Company's parent company is FCA Bank SpA, a company registered in Italy is the immediate holding Company. FCA Bank SpA is the parent undertaking of the smallest and largest group of which the Company is a member and for which consolidated accounts are drawn up. FCA Bank SpA is owned 50% by FCA Italy SpA (the wholly owned subsidiary of Stellantis NV) and 50% by Credit Agricole Consumer Finance SA (CACF), the wholly owned consumer credit subsidiary of Crédit Agricole SA. Consolidated accounts of FCA Italy SpA may be obtained from the Company secretary, FCA Bank SpA, Corso Giovanni Agnelli 200, Turin, Italy.

**16. POST BALANCE SHEET EVENTS**

None.

**17. CONTINGENT LIABILITY**

A claim was filed at the High Court in England on 30th December 2020 and subsequently expired the year after. A new claim was filed at the High Court in England the 24th of November 2021 by the same UK law firm seeking monetary damages and vehicle buybacks on behalf of a number of claimants in connection with alleged emissions non-compliance of certain FCA diesel vehicles. The claim has not been served on the Company.