

reddenORTHGATE

Keeping customers mobile

Redde Northgate plc

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Introduction

Keeping customers mobile

Delivering their regular needs or supporting them when unforeseen events occur. We do this responsibly, underpinned by our culture.

Be the leading supplier of mobility solutions and automotive services

Trusted to provide expert advice and manage complex solutions. An enabler of our customers' transition to lower-carbon mobility.

Leading the way

Non-GAAP Statement

In preparing this report, we refer to our financial results and measures taken at our year-end measures at low management and other stakeholders to both to compare the performance of the Group for the current and prior year without the effects of other categories of adjustments.

Our financial measures exclude certain adjustments from acquisition, certain adjustments to depreciation and certain other adjustments. We have therefore excluded certain adjustments from our financial measures. Specifically, we refer to depreciation and other adjustments. GAAP measures are adjusted to reflect the effects of these adjustments in the year for which the adjustments are made to our financial statements.

Adjusted financial GAAP measures are referred to as "GAAP financial measures" and are shown on pages 38 to 39. A further explanation of the adjustments is provided in a table of adjustments in the notes to the financial statements on pages 200 to 209.

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Highlights of the year

Operational Highlights

Fleet size ('000)

130.7

Utilisation

92%

Financial Highlights

Underlying profit before tax £m

£165.9m

Underlying EPS (p)

55.6p

Revenue £m

£1,489.7m

ROCF %

14.1%

Pursuing market opportunities

We operate in markets where operators are increasingly looking to outsource their mobility needs to trusted and experienced suppliers.

➔ [Recent market entry](#)
Our markets – page 12



Delivering with purpose

A customer-certified focus on responsive delivery and transparent performance.

➔ [Recent market entry](#)
CEO review – page 24



Growing responsibly

Taking into account the impact on our people, the communities in which we work and the planet on which we all live.

➔ [Recent market entry](#)
Sustainability – page 52



Our customers and people are at the heart of what we do

Our vision is to be the leading supplier of mobility solutions and automotive services. We do this driven by our Purpose:


www.reddenorthgate.com/about-us/our-purpose-and-values/



Keeping our customers mobile...

Business model

We are focused on placing the customer at the centre of our business, offering a broad range of services that can be flexed and tailored to the needs of each customer.

➔ Read more on **Our customers** – page 6

...underpinned by our culture...

People

We seek to empower our colleagues, embedding the right values and skills to deliver industry-leading customer service.

➔



...delivering for our stakeholders

Strategy

Our strategy centres on delivering the benefits of ownership to a range of corporate and businesses, which we achieve through integrated mobility solutions across the vehicle lifecycle.

➔

Remuneration

We reward our colleagues and business leaders against a range of relevant financial metrics, and we are appropriate also against a number of personal and strategic objectives.

➔

Stakeholders

We look to create sustainable value, investing in the business for the benefit of our diverse stakeholder groups and our social environment.

➔

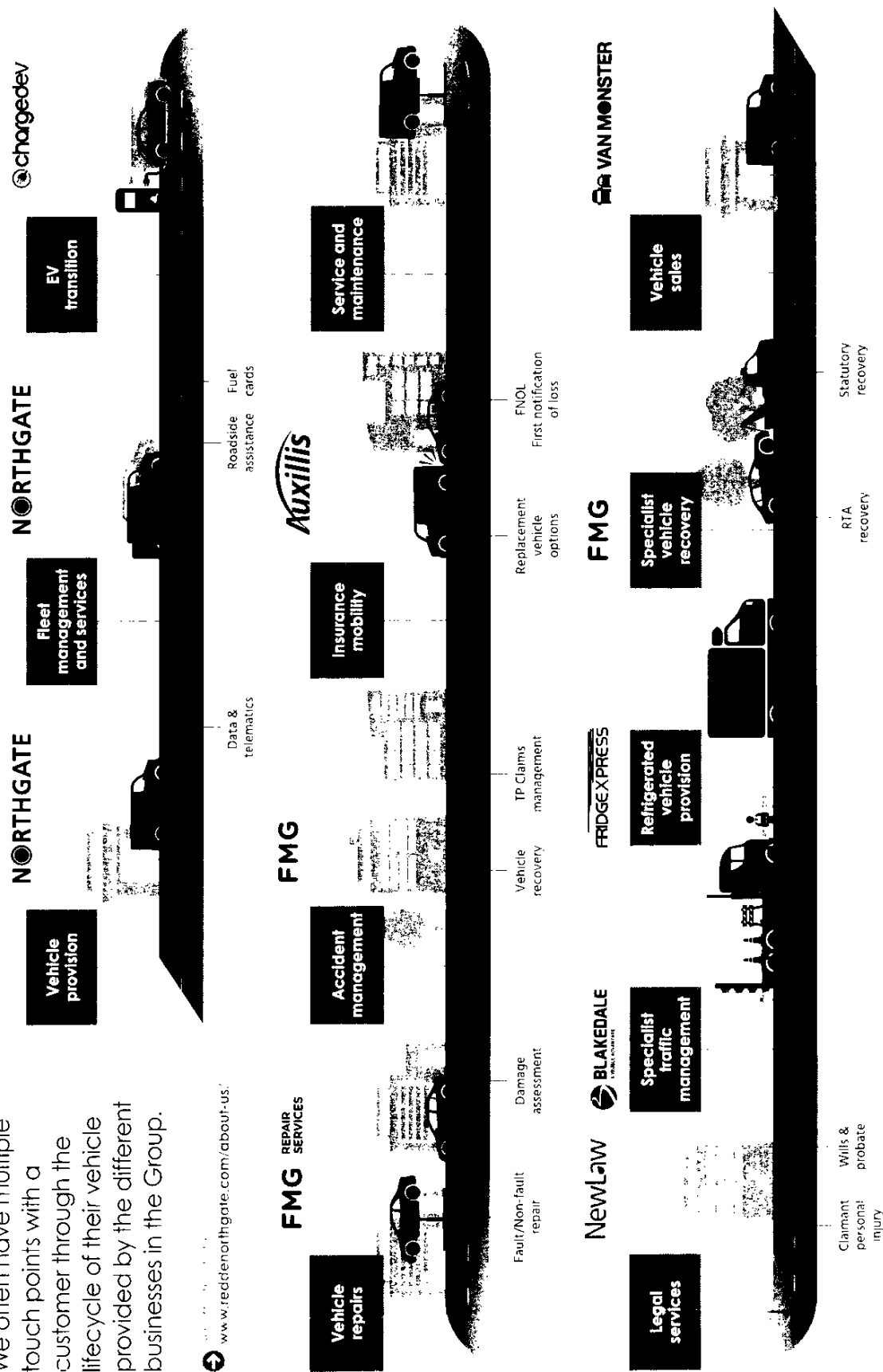
About us continued

Supporting our customers

We often have multiple touch points with a customer through the lifecycle of their vehicle provided by the different businesses in the Group.



www.reddenorthgate.com/about-us

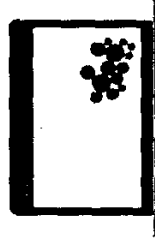


About us continued What we do

The Group provides integrated mobility solutions to businesses and consumers.

We have grown both organically and through acquisition to become a market leading provider of a diverse range of related services which customers increasingly choose to take as an integrated mobility solution.

➔ Scan the QR code on our website by scanning



Vehicle provision

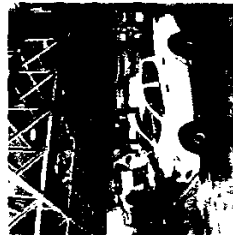
Vehicle rental service and maintenance across the UK, Spain and Ireland to a range of blue chip, governmental and corporate fleets.



Very broad fleet options including specialist vans, e-LCVs and specialist vehicles including self-generated traffic management & support.

Fleet support

Management of the performance, compliance and maintenance of commercial fleets such as service scheduling, telematics, driver liaison, training and downtime management.



Additional fleet support services together with EV charging and solar installation and EV fleet suitability consulting.

Claims support and accident management

End to end handling of any accident claim on a UK customer fleet or policyholder's behalf from initial incident reporting to repair and insurer management.



Legal support services for vehicles, drivers and/or passengers involved in a motor incident such as personal injury claims or uninsured loss recovery.

Replacement vehicle

Replacement vehicle provision following an accident, either through credit hire arrangements or direct hire for insurer's own policyholders.



Like-for-like replacement vehicles in event of a non-fault accident, or where customer has subscribed to upgraded courtesy car policy.

Bodyshop repair

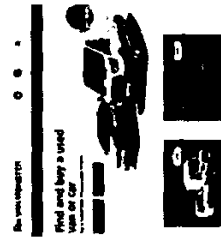
Vehicle damage repairs for cars and LCVs including structural, aluminium and body repairs.



Comprehensive automotive repairs from owned and third party centres across the UK together with mobile repair, glass repair and replacement services.

Vehicle disposal

Extensive range of used vans & cars offered to businesses and private individuals through retail sites in UK, Spain & Ireland and online auction platforms, with comprehensive aftersales support.



Principal disposal route for the Group's fleet and also used by Northgate rental vehicles, also used by fleet operators for fleet disposals.

Our customers

We keep our customers mobile through meeting their regular mobility needs or by servicing and supporting them when unforeseen events occur.

We are a fully active, cost-effective, multi-sector provider of vehicle and fleet services, offering a complete range of mobility solutions, covering everything from fleet management to emergency recovery, repair and replacement.

We partner with a wide range of leading national and international organisations as well as other key stakeholders from the transport industry and have a long-standing reputation.



Corporates from blue-chip to SMEs

- Renting vehicles to corporate customers from the largest of blue chips through to SMEs
- A broad cross section of industries from support services to infrastructure, construction and logistics
- Fleet management services to corporate fleets ranging from below 25 vehicles to over 1,000
- Incident management to corporate and dealership fleets

Public Sector

- We are an accredited Public Sector provider through a number of Framework Agreements
- Providing rental vehicles to many government agencies, NGOs and local councils
- Specialist 'blue light' recovery services to 12 emergency services in the UK
- Support to National Highways on major incident management

Insurance and leasing

- Working with many of the UK's leading insurers and insurance brokers
- Supporting fleets of many of the largest contract hire and leasing companies in the UK
- Extensive product range from incident management to claims and repair handling
- Providing complete management of an accident and claim across both credit and direct hire and repair

Consumers

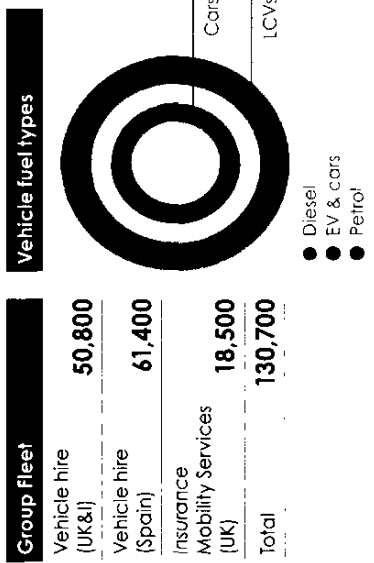
- Although principally a B2B provider, we have a number of services and engagement with individual drivers and through retail as well as business channels
- Supporting accident claims handling for individual referrals from our insurance partners
- Disposing of vehicles to retail buyers through retail sites and online auctions
- In Spain, renting vehicles and providing workshop services to retail
- Installation and support for EV charging infrastructure across the UK to retail consumers

Ensuring customer proximity

We support our customers through a network and diversified fleet of 130,700 owned and leased vehicles from 175 franchises across the UK, Ireland and Spain, and with a specialist team of 7,400 colleagues.

This operational scale and reach provides significant benefits and greater responsiveness for our customers across a broad range of services. This is delivered through a unique integrated platform and solutions for customers increasingly seeking their vehicle management needs.

We provide vehicles from a very broad range of automotive manufacturers to give our customers the greatest choice, with a growing number of EV and hybrid models.



Rental locations
117

Repair centres
103

Colleagues
7,400



Spain

26
Rental locations

39
Repair centres

1,300
Colleagues



The value we create

Our market leading proposition is focused on placing the customer at the centre of our business, offering a broad range of services that can be flexed and tailored to the needs of each customer.

Our key resources...

Integrated platform

A market leading end-to-end platform of wholly owned services, provided and supported by extensive service

Nationwide networks

The scale of our operations means we have a dense distribution of assets, service centres and a large customer base across the country.

Our people

A highly skilled and experienced workforce, supported by extensive training and development, and a strong focus on customer service.

Market positioning

With a proven, customer-centric model, we are a market leader in the provision of end-to-end services, offering a range of flexible and tailored solutions to meet the needs of our customers.

Financial strength

Our strong financial position and market leadership enables us to invest in our business and support our customers.

...deliver benefits...

Integrated mobility solutions

Our integrated mobility platform allows many of our customers to benefit from taking multiple services together, simplifying their procurement and operational processes, and achieving greater cost efficiencies.

Drive to Zero

We also support our customers in the transition to zero emissions transport by providing solutions, driver training and advice to help customers make the switch.

Generating revenue

We generate revenues from rental and value-added services for vehicle fleet customers, together with accident management, repair and claims handling revenues. Revenues from the disposal of vehicles at end of rental life help fund fleet replacement.

...and create value responsibly for all stakeholders...

Customers

Miles driven by customers in year

2.1bn

Partners & suppliers

Capital expenditure

£476m

Investors

Dividends

£52.2m

Governments & regulators

Income taxes paid

£36.6m

Employees

Salaries & benefits

£271m

Community

EV chargers installed

6,700

Our competitive strengths:

UNRIVALLED CUSTOMER EXPERIENCE

SCALE

EXPERTISE

Our stakeholders

We regularly engage with our stakeholders across a variety of formats, including face to face meetings, surveys and multimedia channels. Through this dialogue we can better inform our strategy, enhance our customer service and deliver sustainable growth.

...who we engaged with throughout the year

People

With 7,400 people across three countries and 175 locations, our colleagues are central to our business performance and our ability to provide customer service. We are focused on attracting and retaining talent in competitive markets and ensuring colleagues fulfil their potential.

How we engaged

We promote a transparent, two way communication approach with our colleagues, through townhalls and the new HUB internal comms platform. We also engage in formal communications through an Employee Engagement Forum and annual survey. We are continually looking to develop our team members with appropriate development opportunities.

➔ Read more on page 19

Customers & partners

Customers are central to our business: from sole traders, large multi-national fleet owners or insurance partners, we strive to provide the highest levels of customer service and a flexible range of mobility solutions to keep them mobile and focused on what is important to them.

How we engaged

We seek to build long term customer relationships and regularly engage to help identify changing needs and requirements. With recent shortages of vehicles and parts, we have sought to be transparent with customers as to the challenges faced in meeting their needs.

➔ Read more on page 18

Suppliers

We seek to build mutually beneficial relationships with all our key supply chain partners, enabling us to focus on every step in our supply chain and to operate efficiently. We have a responsible supplier policy and commit to work in a transparent and consistent way.

How we engaged

We have engaged on a regular basis, including annual meetings to review our performance and improvement plans. Key suppliers have designated account managers and dialogue increasingly includes reviews of sustainable alternatives for products and adherence to our policies.

➔ Read more on page 72

Regulators

We look to engage with governments and regulators to maintain a constructive dialogue and ensure we understand an ever-changing landscape for mobility. Policies relating to the EV transition is a key focus, together with operational safety compliance aspects and personal data handling.

How we engaged

On policy matters we engage principally through our active participation with industry bodies including BVRLA and AEDIVE.

➔ Read more on page 10

Communities

We engage with the local communities in each major location we have a presence, including local schools, business groups and community organisations. We seek to have a positive impact on the places in which we operate, and on the environment where we are located.

How we engaged

We seek out and engage directly with community group leaders and enterprises to determine how we can best support social and environmental projects. This includes the loan of vehicles, volunteering and fundraising activities.

➔ Read more on page 58

Investors

We are committed to promoting investor confidence and understanding, to enable both equity investors and lenders to make informed decisions. To achieve this we seek regular dialogue with market participants to communicate our strategy and business objectives.

How we engaged

Our Executive Directors met with over 80% of our major active shareholders in FY2023, and the Chairman of our Remuneration Committee held 14 governance meetings with shareholders and proxy agencies. This was supported by the launch of a new corporate website. We also maintain regular dialogue with lending institutions.

➔ Read more on page 86

Drive to Zero: reducing customer emissions

Across our geographies, we are working to help enable the energy transition for customers and their commercial vehicle fleets.

We are recognised as a trusted adviser to customers embarking on their drive towards net zero.

With our end to end support and in-house expertise and capabilities, we are differentiated in our market position: aiding fleet customers to develop and deliver plans to reduce their carbon emissions, and supporting those starting to use EVs with their charging infrastructure.

As a market leader with longstanding experience across all aspects of owning and managing vehicle fleets of all sizes, we also know we have a voice and a role to play in ensuring policy makers, our industry and customers find the most efficient and effective mobility solutions.

Through our Board-level representation on UK and Spanish industry bodies, BVRLA and AEDIVE, we are engaging with Government departments, providing insight into the most effective methods to drive decarbonisation, through focus areas, legislation and taxation mechanisms.

Product enablers

Growing fleet choice

We continue to expand our range of available EVs and hybrids in line with market expectations. We now have 12 UK and 16 Spanish models available and over 4,700 vehicles on fleet, including small and medium sized vans and specialist transport management and refrigerated vehicles.

New technologies

There are many exciting innovations within the automotive sector, from EV battery technology to rethinking urban and micro mobility solutions. We ensure we are up to date with new technologies and OEMs, identifying opportunities with Iberdrola which offers rental, charging and green energy solutions, and in the UK to broaden our customer offering.

Charging and operational support

With an industry-first vehicle and charging rental bundle, we continue to seek ways to remove barriers for customers in their transition journeys. With a UK-wide charging installation capability, we support installation of both home and workplace infrastructures.

Green energy and solar options

We are developing new complementary products and services to support the adoption of EVs within a fleet. In Spain, a partnership with Iberdrola will offer green energy contracts, and in the UK we are starting to offer solar panels integrated into the EV charging solution.

Supporting customers

EV suitability consulting

We support customers in analysing their journeys and suitability to transition over to EVs. Using telematics we have analysed over 2,000 vehicles across UK customers, assessing range, payload and charging opportunities.

EV open days

We host days where customers can experience current and future fleet EVs, and understand our Drive to Zero services. With four days already held in the UK and Spain, there is a rolling programme of events planned.

Driver training

We continue to offer free driver training at the point of a vehicle being delivered. So far over 550 free training courses have been provided to our customers.

Service & support

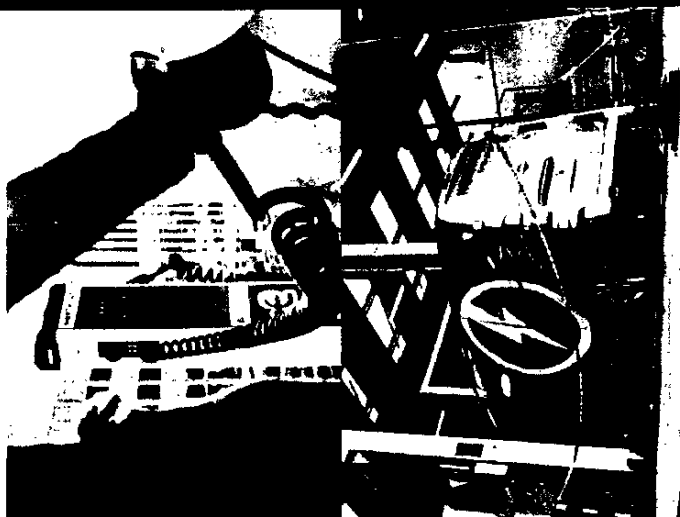
All of our workshops have team members trained and able to support in the servicing and maintenance of electric vehicles.

4,700

EVs and hybrids on fleet

6,700

EV chargers installed



Overview

Introduction

Redde Northgate operates across a number of markets but concentrates on those where customers have a variety of reasons to invest in both repairing and commercial vehicles and to acquire and maintain a fleet of new cars. Redde Northgate provides an integrated service for most part of their needs.

Within these diverse markets, Redde Northgate has developed a number of distinct operations including integrated services for repair to customers in the LCV, Ireland and Spain. Partners with one of our core car hire companies to deliver services of all vehicle types to major contractors and business partners in the UK.

Redde Northgate is owned and managed by private equity and is a key asset in this context. This includes a substantial debt to ECU Holdings of over £30 million, well in excess of £200 million of loans, mortgages, bank facilities and one of the largest combined financial portfolios and repair capabilities across the UK.

LCV

There are many businesses in the UK and Europe offering such leasing and rental services, from single location through to large multinational operators, where LCV supply is part of a larger offering of a broad range of vehicle types.

UK & Ireland and Spanish fleet customers have traditionally chosen to own their vehicles directly, but have increasingly taken out multi-year long term lease contracts or rented products for portions of their fleet. Rental offers greater flexibility in managing fleet size and lower capital expenditure compared to ownership; this is combined with the benefits that Redde Northgate can offer customers in terms of additional fleet services, efficiencies, and vehicle supply and choice.

Accident management and repair

The UK market is highly competitive, with a broad range of participants ranging from smaller single garage service centres and body shops, through to large independent national chains, as well as in-house operations within large insurance companies.

Increasingly, these in-house operations have been viewed as non-core by insurers and major fleet providers, increasingly aligned with the outsourced model used by insurance brokers and smaller operators. There has therefore been a growing trend to outsource such requirements to networks of independent repair centres or to regional or nationwide bodyshop group operators, such as Redde Northgate.

We differentiate ourselves from our peers in the breadth and quality of services we offer from our platform, however there are large competitors within the different elements of accident and claims management and repair. In Spain, the legal framework does not support credit hire and repair services, and repair centres tend to be more local operations.

Market opportunity

Our customer base is growing as the Group increases its share in the segments it operates in, from acquisitions and also as a result of underlying market growth as outsourcing continues to grow. Clients are attracted to the multiple services they can access from Redde Northgate's integrated platform, the simplicity this brings to complex processes, and our specialist technical expertise.

Our platform provides our customers both with greater flexibility and cost benefits derived from the greater efficiencies and national presence that our platform affords; and our clients can minimise operational friction and benefit from greater responsiveness by choosing to take multiple services from us.

Vehicle supply

Reddie Northgate has relationships with over 40 automotive OEMs and historically has been one of the largest single purchasers of LCVs in the UK and Europe, our role of the traditional OEM dealership networks.

This strong supply-side relationship network means that the business typically has early access to new vehicle supply at scale. This is because our financial strength, responsiveness and ability to show case brands and new models is attractive to manufacturers looking to place multiple vehicles as we continually seek to refresh and expand our fleet of over 130,000 vehicles.

COVID-19 and the regional conflicts have continued to create tight supply conditions for LCVs and new vehicles in general over the past three years, with manufacturing processes and supply chains significantly disrupted for both new units and parts.

While the left-hand drive markets, including Spain, have recovered much of their new vehicle supply chain liquidity, particularly for new cars, the right-hand drive market of UK & Ireland remains substantially under-supplied. This has continued to have consequences for both the new vehicle market and also for used vehicle pricing, which has remained at significantly higher levels than pre-COVID 19.

Continued lack of visibility around the supply chain easing, and the cumulative under-supply estimated at c.250,000 LCVs (in the years following COVID-19) in the UK and Ireland, means the supply-demand imbalance is expected to continue for a number of years before normalising, with a slow return to "normal" markets. In Spain however, improved vehicle supply is allowing the market to revert to closer to historic norms, although used vehicle prices remain above pre-COVID-19 levels.

EV & new technologies

The growing market for non-CE vehicles, principally EVs, has also been impacted by supply chain constraints. For the emerging e-LCV segment, there is the additional challenge of limited range and payload capabilities of the current generation of battery technology and the supporting infrastructure.

It is currently limits e-LCV real-world usability within a commercial fleet, together with the challenges of overnight charging away from a depot and in-journey and destination charging. With limited options for e-LCVs, customers are more focused on understanding their options for starting to adopt EVs, rather than significant scaling up within their fleets at this time.

Next-generation technology in particular however offer greater range and flexibility potential for fleet users, and e-LCV adoption is expected to grow significantly in the coming years as these come to market. We are working to develop relationships with a broad range of current and new OEMs who are embracing new technology to support the energy transition for LCV fleets.



Global vehicle supply chains and production capabilities have started to recover, together with some interesting new market entrants. With improved availability we will be able to accelerate vehicle onboarding allied to responsible remarketing of used vehicles."

Tim Bailey,
UK Fleet Director

LCV rental

UK and Ireland

With leased LCVs on the rise in the UK & Ireland, we finished at 4.6 million, with an average usage of over eight miles per hour (MPH) per day. This is a reflection of our excellent fleet usage, offering a mix of new and used LCVs, as well as a mix of new and used LCVs, and a mix of new and used LCVs. Demand was strong in the region, with LCV rental at 1.1 million, up 10% on 2022. This is a reflection of our excellent fleet usage, offering a mix of new and used LCVs, as well as a mix of new and used LCVs.

As a result of this, we have seen a strong demand for LCV rental, with a mix of new and used LCVs, and a mix of new and used LCVs.

As a result of this, we have seen a strong demand for LCV rental, with a mix of new and used LCVs, and a mix of new and used LCVs.

market. Over 40% of our fleet is placed with clients working in the public sector, and less than 15% is with SMEs who rent lower than five LCVs.

As a result, we are seeing strong demand from clients, and a strong demand for LCVs, with a mix of new and used LCVs, and a mix of new and used LCVs.

A growing number of customers are also attracted by the range of ancillary services offered by Fleetbase, including a mix of new and used LCVs, and a mix of new and used LCVs.



Spain

The total number of LCVs is estimated at nearly 5 million, and the LCV rental segment is at 850k. Of this, around 30% are cars or converted vans, a significantly higher proportion than in UK and Ireland, with an older average age of nearly 14 years.

Demand is impacted by similar economic growth factors as in the UK, but additionally by the strong tourist market, which is reflected in strong seasonal activity.

GDP growth has been supported by public investment and remains above the EU average, helping demand in infrastructure-related sectors such as construction, transport, and services. Our customers come from a diverse range of sectors, with construction and support services segments such as infrastructure, safety and maintenance being significant.

There are growing market opportunities for EV solutions, including the provision of access to workshop capacity for corporate insurance customers who have large fleets and need greater certainty of access. There are more significant opportunities for Northgate, principally focused on capacity but also for the level of vehicle flexibility and technical services network that Northgate's distribution provide.



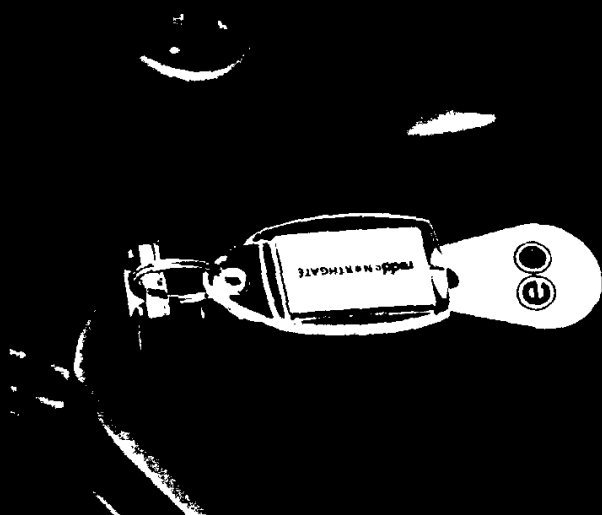
Demand continues to be very strong; improved vehicle supply will allow both a refresh of the existing fleet and offer opportunities to grow new business."

Nell McCrossan,
Northgate UK Sales Director



Together with growing our workshop capacity, the progressive easing of the vehicle supply throughout the year has been key to accelerating growth and enhancing our customer proposition."

Jorge Alarcon Alejandre,
Managing Director
Northgate Spain



Accident management, claims and repair

In the UK, there are estimated to be 40 million motor policyholders and around 2.6 million road traffic accidents annually, resulting in two million insurance-related vehicle repairs being undertaken. Each form of claim results in different and complex legal processes for the management of a claim, but will typically involve incident recovery, replacement vehicle loan and bodyshop or mobile repair.

The overall repair bodyshop market in the UK is estimated to comprise of some 3,400 bodyshop locations, with no single operator owning more than 100 locations. There are also networks of independent body shops which contract capacity together.

Our insurance partners are estimated to represent 17-20m policyholders, and typically contract with a number of providers to secure their hire/repair capacity needs, or as referral partners. Reddie Northgate owns 67 bodyshop locations and has a third-party network of over 400 body shops. This places

us in the top three providers of repair capacity in the UK, carrying out around 190,000 repairs a year.

The UK market for outsourced services has been growing as more insurance and corporate partners look to reduce their non-core operations. Depending on the business model of the customer, this can be for supporting their direct business for their own policyholders, or as referral partners for credit-based non-fault claims management.

There is also a growing trend of consolidation of outsourced partners and a focus on larger operators such as Reddie Northgate who can manage the complexity of claims and repair processes and provide the highest levels of customer service.

The trend to increased outsourcing of accident and incident management and repair services by insurance companies, brokers and other corporate partners is expected to continue; this creates numerous opportunities, both in the form of individual services together with a growing number of combined service opportunities across claims handling, replacement hire and repair.

2m

insurance repairs annually

17-20m

policyholders represented by our insurance partners



The continuing trend for outsourcing combined with scarce supply of bodyshop capacity puts us in an attractive position as a trusted partner, able to provide cost efficient solutions for our partners."

Harvey Stead,
Managing Director Roddick



Equine Rescue Service

We provide specialist support in a broad range of situations where such expertise is essential to resolving a breakdown or supporting an accident.

These include working with over 12 emergency services specialising in recovery and major incident management, recovery within complex operations such as Operation Slack (managing traffic flow to the Channel Tunnel and the Port of Dover) and the 2012 Olympics, and oversized loads and equine rescue.

We have worked in exclusive partnership with Equine Rescue Service for over 13 years, providing a specialist bespoke roadside mechanical breakdown and recovery service to support over 20,000 of their members travelling with horses from equestrian Olympic medalists to first-time riders.

When an incident or breakdown is reported to us, our specialist 24/7 roadside support team ensures the safety and wellbeing of the horse,

driver and any passengers until they reach their destination. When a roadside fix isn't possible, we arrange for the specialist onward transportation of the horse. Take the driver and passengers to their destinations and the vehicle is recovered to the driver's home, or preferred repairer.

By integrating our operating platforms, we exchange real-time data, ensuring the shortest allocation and response times for members waiting at the roadside.

Member satisfaction

- 88% of calls are answered within 20 seconds
- 80% of the time we fix the vehicle at the roadside
- 91% of members said they were very satisfied or satisfied
- 93% said they would recommend the service to others



7
93%

would recommend
Equine Rescue Service
to others

Through our long-standing partnership with FMG we can ensure that expert help is quickly at hand and our members are back on the road in the fastest possible time.

We receive lots of positive feedback from our members on the great service they've received at a very stressful time."

Debbie MacMorran,
Managing Director, Equine Rescue Service

Our strategy

Since the merger in 2020, our strategy has focused on leveraging the benefits of ownership of a range of complementary businesses, which together deliver integrated mobility solutions across the vehicle lifecycle.

This strategy has served us well in developing a platform through which customers can seamlessly access a broad range of services, and helps achieve a group-wide culture, efficiencies and growth across our businesses.



Focus

Completing the integration of the Group, accessing cost synergies and developing the widened customer proposition.

- An industry-leading, integrated business
- An efficient, dynamic Group
- A culture where people can be their best



Drive

Diversifying our current offering into complementary markets and exploring growth in further markets and geographies.

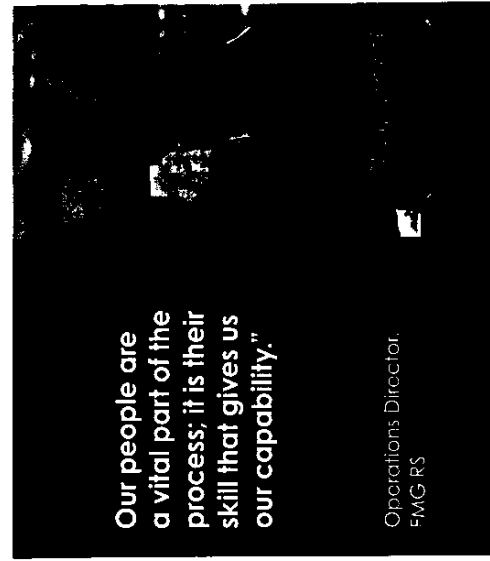
- Leverage the scale of the Group
- Products and services that exceed expectations
- A sustainable and responsible business



Broaden

Developing our offering further into new markets and geographic growth opportunities.

- Explore opportunities in new markets and new geographies
- Expand into complementary markets



Our people are a vital part of the process; it is their skill that gives us our capability."

Operations Director,
FMG RS



Providing workshop capacity to Spanish insurance and fleet customers is a new and exciting opportunity for us."

Operations
Development Manager,
Northgate Tailors



Joining the Group has quickly expanded both my sales pipeline and opportunities with our existing customers."

Sales Manager,
Blakelata

Enhancing customer service

Expanding our capabilities and network reach, through new branch openings and improved customer offerings, including bundled EV and solar charging solutions, open workshops and B2C product offerings.

EV consulting

Broadening our advisory and consulting support to customers embarking on their transport-related energy transition journeys.

Enhancing the digital provision of data, with improved processing efficiency and transparency; offering greater commercial insights to customers with increasingly cross-platform reporting.

Sourcing new technologies

Identifying innovation in vehicle and accident product solutions; including new supply chain routes, delivering greater customer choice and access to new technologies and lower-carbon solutions.

Pipeline of M&A delivering a broader product set, new geographies and customer solutions; including both complementary (FridgeXpress, May 2023) and more transformational opportunities.

Supporting our people

Keele Northgate plc
Annual Report and Accounts 2023

Corporate
governance

Financial
statements

Shareholder and
other information

Read more about
our commitment
in our **Sustainability
Report FY2023**

Advancing our technology capabilities

Continually developing
our specialised
capabilities in line with
rapidly advancing
automotive technology
and drive train
electrification;
enhancing our industry-
leading IMI-approved
technical training facility.

Encouraging a
stronger sense of
unity across the Group;
through the alignment
of Group-wide values
and simplified grade
structures, together
with a package of
enhanced benefits
and share awards.

Attracting a strong and
diverse pipeline of
talent to meet our
growth plans; through
strengthening our
technical talent value
proposition to ensure
we attract, recruit and
retain the best in the
industry.

Helping our people in challenging times

Helping our people
navigate cost-of-living
pressures; providing
support for our people
to help ease financial
pressures, including
through targeted
cost-of-living payments.

Prioritising employee
engagement to lead
to better retention
rates and increased
productivity; over
5,700 of our people
completed an
engagement survey
delivering a 74% overall
satisfaction rating.



CEO Q&A with Martin Ward

How do you see your strategic priorities?

Our current strategy to build an integrated mobility platform was put in place at the time of the merger in 2020, and uses a well-recognised transformation framework. It has served us well as we merged the two businesses together, while also building the integrated mobility platform which we have today. With six acquisitions undertaken since 2020, it has also helped us to evaluate the growth opportunities we come across.

Our strategic priorities continue to be centred around enhancing the strong mobility platform we have developed and the potential it offers us to drive growth in the business. We always have customer service at the heart of our offering, and a focus on delivering on our customer needs and requirements remains core to our business model, more than ever before.

We are also recognising how important an enabler we can be for our customers: both in terms of helping their efficiency programmes through being a trusted outsourcing partner, and also more fundamentally with regards to energy transition.

The move away from the internal combustion engine is a fundamental structural shift for society, and one which brings to our business far more opportunities than challenges. This is very much in tune with our broad growth ambitions as ensuring we are able to capitalise on opportunities as they present themselves.

Describe the concept of integrated mobility platform

The concept of mobility and mobility solutions is more widely understood in Europe and the US, and encompasses all of the products and services necessary to support business's and people's transport needs. It goes beyond the obvious of getting from point A to B and caters for all aspects of support from rental, vehicle breakdown, accident assistance, roadside accident recovery, service, maintenance, repair, replacement vehicles, data, telematics and more. In the UK, the concept is starting to gain better traction, particularly as elements such as urban mobility are becoming more mainstream, alongside the growth in outsourcing a broad range of services.

Within our own customer base, the benefits of our platform are increasingly appreciated and as we add more services and products, customers can see material benefits and cost savings from working with us across the board. There are plenty of opportunities to expand the platform and enhance its usefulness for customers, and we see this as being a key driver of growth.

What is your view on digitalisation opportunities?

Digitalisation is very much aligned with our plans for enhancing our service offering and seamlessly integrating our platform. The increased levels of transparency, responsiveness and scalability of the platform and what it can offer customers becomes even clearer through accessible digital channels.

We see this as a continuing process, which is underway and which will take a number of years to fully deliver, in planned incremental steps. But when taken together with the benefits of our multi-service mobility solutions, it has the potential to offer additional efficiencies and customer service tools, such as greater data-driven insights, a more seamless claims management journey and shared cost savings.

What are your net zero ambitions?

We would like to achieve net zero as soon as we can credibly achieve this, supported by considered plans that can deliver measurable reductions in the business with targets that the workforce and the board can achieve. To do this we have needed a clearer understanding of our net zero trajectory which was something we have worked on this year. The reality is that it is all about transitioning our vehicle fleets to EVs with customers who will have different timescales.

For our Reddie repair hire fleet, it will need to reflect the UK car parc, i.e. what policyholders or customers are driving, within our rental fleets, the key issues are around identifying LCVs with a commercially-viable driving range, load capacity and accessible charging infrastructures, which are all currently barriers to rapid adoption. We are working hard to address these barriers, helping our customers take their first steps in bringing EVs onto their fleets.

Our non-vehicle related emissions are less than 1% of our footprint. We will seek to reduce emissions where we can directly influence decision making and drive behavioural change, alongside initiatives such as solar energy for our branches. We have set Scope 1 and Scope 2 targets which are outlined in this report, and are setting ourselves measurable reduction targets to perform against.

Where has inflation most impacted the business?

Inflation has had a significant impact on all our stakeholders over the past year, and we have looked to mitigate these as far as possible. Energy inflation has been felt most significantly within our workshops and bodyshops and we have found it necessary to pass on much of this increase, as well as looking at ways to reduce our consumption.

Supply chain inflation coupled with parts delays have been a challenge for the business, and we have sought to be as transparent as possible with customers to best manage expectations; we have sought to ensure they understand what we are doing to try and ensure the maintenance of our high levels of customer service, in what have been challenging times with very limited visibility.

Our people have always been our key asset, and we have been very mindful of the impact that the current cost-of-living challenges are having at both work and home. Having an open and caring culture, wellbeing support, together with targeted salary increases and one-off cost-of-living payments are ways we have sought to ensure we look after those most impacted.



Blakedale acquisition

We acquired Blakedale, a family-owned supplier of specialist traffic management vehicles in July 2022. Based in Lancashire, over the past 30 years it had built itself into the UK's largest privately owned traffic management vehicle hire company.

The acquisition was clearly a nervous time for us all; we had moved from working for a small family-run company to being part of a multi-national PLC overnight.

The support, assistance and guidance I have received personally from all areas within Redde Northgate has been exceptional.

The future for Blakedale and our loyal customers looks very prosperous. I don't know what I was worried about!"

Sales Manager,
Blakedale

Blakedale

Blakedale's specialist fleet of bespoke vehicles ranges from small traffic maintenance vans to 18 tonne impact protection vehicles.

These vehicles, along with Blakedale's sales packages and repair and maintenance services are supplied to highway contractors on both short and long-term rental as well as contract hire. The vehicles are used on high speed roads such as motorways and dual carriageways as well as urban environments.

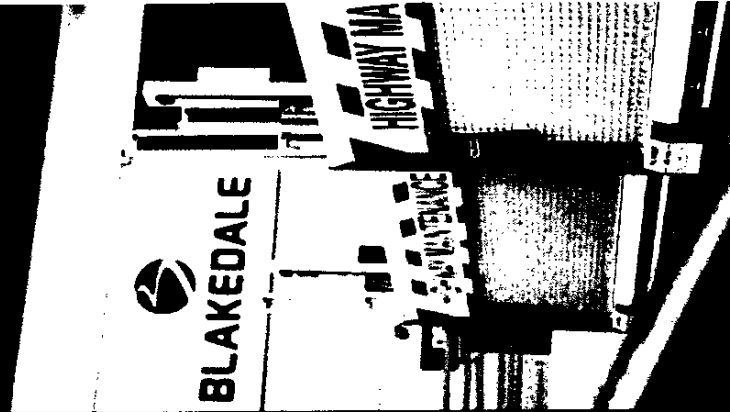
With a highly customer-focused offering, Blakedale relationships go back over 15 years with many of its major customers. This made it a natural fit for Redde Northgate, sharing a similar culture and a complementary customer base.

The acquisition has enabled the Group to grow its share of the traffic management sector at a time when the Government has pledged strategic long term investment in UK roads until 2050.

Since acquisition

Performance has been very strong, with significant fleet growth and a broadening customer base, as we brought the capabilities of our integrated mobility platform to the business, including the development of an e-LCV offering.

- 30% growth in fleet to over 425 vehicles
- 28% growth in the customer base
- 100% score for employee pride in their service offering



A year of considerable achievement



Overview

The successful delivery of substantial growth in financial performance and progress on our strategic priorities is testament to the strength and resilience of the Group's business model and integrated mobility platform which has been built up over the past three years.

It has been a year of considerable achievements which have together delivered record results placing us in a very strong position for future growth, particularly as supply chains start to normalise.

Our broadening service offering allows the Group to offer an integrated proposition to our customers, providing greater simplicity and efficiency benefits through outsourcing to us, and this has been central to our success in winning large multi-year contracts which we onboarded in the year.

We continue to actively review inorganic growth opportunities across our geographies, with the acquisitions of Blakedale and most recently FrigateXpress adding specialist capabilities to the platform.

This Annual Report and Accounts has the combined theme of customers and our people; a reflection that these sit at the heart of our business proposition.

Strategic focus

It is an exciting time within the automotive sector, with technology delivering innovation at pace in a number of areas: from EV battery technology, rethinking urban mobility and new OEMs entering the market. This is alongside greater opportunities for digitalisation, including the rapidly emerging potential of AI, to help deliver material benefits in customer service and responsiveness through greater automation of processes and the better use of data.

We are excited by these innovations and the opportunities they present for the Group, and are confident that we have the business model, depth of experience and financial capacity to take advantage as they arise. We are increasing our focus on enhancing customer service and delivery, growth opportunities and our role as an enabler within the sector.

Capital allocation

The conservative capital allocation approach is an important priority for the Board. The financial strength of our business provides us with substantial purchasing capacity which is of particular advantage when responding rapidly to new vehicle supply availability.

Within this context, our strong performance meant we felt it appropriate in August 2022 to extend the buyback programme from the initial £30m to £60m in total, around 7% of the Group's ordinary share capital. Reflecting the Board's continued optimism for continued growth, we have proposed a final dividend of 16.5p which along with the interim dividend of 7.5p represents a 14.3% increase for the full year.

Sustainability

The Group is very mindful of the role it has to play as an enabler of the low carbon mobility transition for its customers in their commercial mobility activities. The response to our growing Drive to Zero customer offering in both UK & Ireland and Spain has demonstrated the value we can bring to customers in what is set to be a complex transition journey for many; this will increase in importance for the business in the coming years and we are adding products and services to support our clients in managing their transition.

Within the business, we have also made significant progress with our own sustainability efforts. As set out in this report, we have set up a Group Sustainability Committee, defined medium term Scope 1 and Scope 2 targets and gained a better understanding of our total emissions profile.

Our people

The Board is very appreciative of all our Redde Northgate colleagues in the UK & Ireland and Spain for their efforts and successes over the past year, and thank them for their dedication in challenging market conditions. We continue to see a high level of employee engagement both in our employee survey and at the large number of events and forums held throughout the year, and are pleased to see a rise in underlying engagement metrics, with our overall engagement score remaining strong at 74%.

There has also been a clear focus on supporting our colleagues at a time where many are facing increasing financial burden with the current cost-of-living pressures. The Board was very supportive of proposals to make special payments in December and at year end, targeted at the lower end of our salary scale, together with a number of further actions to support our people at this challenging time.

Board and governance

The Board has benefitted this year from the addition of two Non-Executive Directors who bring diverse skills and experience in relevant areas for the Group. In May we welcomed Bindi Karia, and in November we appointed Nicola Rabson to the Board, whose experience of people-related issues in particular will be highly valued. The composition of the Board is reviewed regularly and I continue to explore further opportunities to enhance the breadth and skills of the Board.

We have also undertaken a significant engagement programme as part of the triennial review of our remuneration policy which we are presenting for a vote at this year's AGM, consulting widely with major shareholders and other key stakeholders.

Looking forward

Supported by the strong underlying performance of the past year, the Group is well placed to take advantage of opportunities as they arise, and provides the Board with confidence for another year of progress in FY2024.

Avril Palmer-Baunack
Chairman

Case study

Branch of the year

Creating a customer focused culture for success.

Northgate and Auxillis have been running a Branch of the Year competition for a number of years. The purpose of the competition is to recognise and reward customer service excellence and teamwork.

The finalists are decided through the allocation of points linked to customer, financial, operational, training and safety performance.

The eight highest performing branches against these metrics were shortlisted and were visited by the judges who talked to customers being serviced by these sites, taking their views on board along with impressions of the site and teams working there.

Before the live-streamed awards event, all eight finalists created their own short videos to introduce their branch.

Blaydon (Auxillis) and Coventry (Northgate) were awarded "Branches of the year" with the special recognition award going to Ashford Auxillis branch in Kent. The branches also voted for their best support function: this year the asset team took the "Team of the year" award.

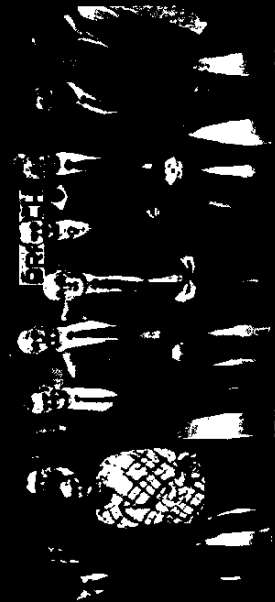
The awards are designed around the Group values and encompass the level of culture we want around all our branches. The way the teams have come together is spectacular."

Chris Jones
Branch Operations Director

It's all about the team, they've driven this, they're so resilient and have been working so hard always putting the customer at the front of what we do. I'm so pleased for them and proud of them."

Robin Mercer
Branch Manager at Blaydon

Watch branch of the year video



Making strategic progress



Group overview

The Group has delivered stand-out operational performances across many areas with significant volume growth in our accident management business and rental revenue growth in both UK&I and Spain reflecting continued strong demand across our geographies.

Our focus has been on satisfying strong customer demand through the management of fleet acquisition and disposals, and the successful onboarding of all the significant multi-year insurer contracts announced previously, which went live in the first half of the year. Alongside growth in value added services and the introduction of new products and services, careful pricing increases to offset cost inflation have helped to maintain operating margins across the business units; together these have enabled us to achieve record results for both revenue and profit.

Our integrated mobility platform has demonstrated its potential and more customers than ever are seeing the benefits of taking multiple services from us and enjoying the cost efficiencies this growing platform affords them; this also helps support greater customer retention. With acquisitions of specialist traffic management vehicle providers Blakelade in July 2022 and temperature-controlled vehicle specialists

FridgeXpress in May 2023, we have also extended our fleet customer proposition, bringing an even broader range of customer revenue streams onto the platform.

Growth drivers

Claims and services revenue growth of 37% was achieved through increased traffic volumes and the ramp-up of the multi-year insurer contracts; these contracts have reached their forecast activity levels. We are confident that the pipeline of potential new contracts and enhanced service provision on existing contracts will deliver further volume growth, including the scheduled onboarding of a new leasing company contract in Q2.

Our outsourcing proposition continues to attract both insurer and leasing provider interest as they look to benefit from the cost and efficiency benefits that our platform can offer at a time of significant claims inflation. Insurers under protocol arrangements with us grew to over 60% of our long term contracts in the year, reflecting the trust and efficiencies such arrangements afford both parties, while actions such as energy cost levies have been carefully managed.

Throughout the year demand for LCV rental continued to outstrip supply across our geographies, alongside increased demand for additional services and products such as

telematics, where over 10,000 units are now in service, up 10%, as customers increasingly look to monitor driver behaviours. A 50% growth in customers covered by accident management services in Northgate UK&I in the year helped support rental margins and customer retention, as customers see benefits and efficiencies from leveraging our broader fleet expertise. We also installed over 6,700 charging points, including at an increasing number of commercial locations.

In Spain, the economy has performed well with strong activity from telecom and tourism sectors. The opening up of our Spanish workshops to third parties has been very successful, with three notable contracts signed in the year, increasing workshop revenues by 60%. Pricing increases in both Northgate Spain and Northgate UK&I have been implemented in discussion with customers, with average UK&I rental rates rising close to inflation in the year.

Customer diversity remains broadly spread across sectors, and the business continues to actively manage customer and sector exposures. In Northgate UK&I, no sector accounts for more than 15% of LCV rental VOH, and eight sectors each represent over 7% of VOH. In Spain the largest sectors remain construction and support services.

Fleet availability

Fleet growth of 4,400 vehicles to 130,700 over the past year reflects the success we have had in accessing supply, particularly for cars, to support our businesses and customer needs. In Northgate Spain a broader range of manufacturers supported fleet renewal and growth, with the number of vehicles on the fleet increasing 6% in the year; while in the UK, whilst the number of vehicles on the fleet decreased 6%, our OEM relationships mean that we have early visibility of supply and have had the financial capacity to quickly respond to supply opportunities as they come available.

We maintained our strategy of limiting disposals and optimising fleet recycling when vehicles come off hire, as well as seeking new sources of supply. Both Van Monster and the Spanish e-Auction online disposal portals accounted for over 90% of fleet disposal activities in their geographies and are increasingly significant players in the online marketplace. They offer a highly cost-efficient route for de-fleeting vehicles, and a real-time understanding of the used vehicle market.

We are starting to see a modest easing of supply and parts constraints but are still a way off "normal" supply levels, particularly in the UK&I, and the cumulative undersupply of new vehicles since 2020 is expected to keep residual values high in the medium term.

Strategic focus

Our strategic priorities continue to be centred around enhancing the strong mobility platform we have developed and the potential this offers us for growth in the business and to integrate new products and acquisitions. We always have customer service at the heart of our offering, and a focus on delivering to our customer needs and requirements remains core to our business model. Operationally this has included opening our new branch in Inverness and enhancing our digital capabilities and ability to offer greater commercial insights to customers.

We are also recognising how important an enabler we can be for our customers: both in terms of helping their efficiency programmes through being a trusted outsourcing partner, and also more fundamentally with regards to energy transition and the move to EVs. This is gathering pace for passenger vehicles but remains in its infancy for the commercial LCV sector, particularly for those requiring higher payloads or travelling long distances.

The acquisitions of Blakedale and FridgeXpress have provided incremental specialist vehicle capabilities that we can build on through fleet investment and broadening customer bases. Blakedale, which specialises in traffic management vehicles, achieved a 28% increase in the number of customers and over 30% growth in the vehicle fleet since acquisition. The acquisition of FridgeXpress, a provider of temperature-controlled vehicles and trailers in the UK, was completed shortly after the year end and offers a similar potential for cross platform growth.

Together these acquisitions have added over 1,000 new specialist vehicles to the UK&I fleet offering and the potential to provide both

existing and new customers with a broader product offering. We continue to explore inorganic opportunities across territories to grow both our fleet and range of services and remain alert to new technologies and new suppliers looking to enter our markets.

The growing scale of our mobility platform means that we are an increasingly attractive partner for OEMs and other providers, such as for the Spanish utility company Iberdrola, where we have a new partnership to jointly provide a complete EV solution comprising vehicle, charging infrastructure and green energy supply.

Case study

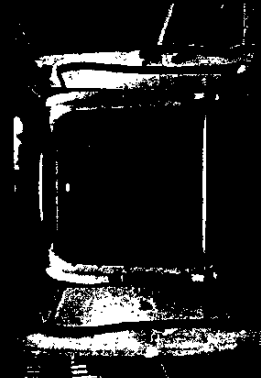
Acquisition of FridgeXpress

On 18 May 2023, Northgate Vehicle Hire acquired FridgeXpress, which provides short and long term temperature controlled van rental to a nationwide network of food and pharmaceutical businesses spanning from Kent to Scotland.

FridgeXpress runs a fleet of over 600 diesel and electric vans and trailers.

All vehicles are managed and maintained centrally from its workshop in Rugby supported by a network of mobile service engineers.

It was one of the first companies to add electric refrigerated vans to its fleet to help customers tackle their emissions particularly in urban areas.



Supporting sustainability

For customers, our Drive to Zero programme supports fleet owners in identifying the right strategy and first steps in utilising EVs, or improving their fleet management and driver behaviour to reduce current emissions. This will rise in importance in the coming years with the increase in the number of low emission zones, alongside growing requirements of governmental contracts for the use of EV vehicles, and greater accountability on progress towards net zero targets. We are adding products such as solar (UK&I) and bundled green energy (Spain) to our charging and e-rental offerings, along with advisory services to help customers negotiate what remains an uncertain regulatory and infrastructure-reliant environment.

Within our business, our key people engagement metric scored highly at 74%, and we saw improvements in key underlying areas, such as those seeing the business as providing encouragement for their personal development, and a 91% score for employees feeling they work in a great team. This reflects the efforts made to support our people throughout their career with us, from learning and development opportunities to enhanced employee benefits and wellbeing support.

We know these are key elements in maximising retention in what is a challenging labour market and have significantly increased the numbers (up over 150%) on our apprenticeship scheme and expanded our recruitment and outreach programmes. We also supported cost-of-living pressures with two targeted payments since December, continued to invest in various communication channels for the greater sharing of Group news, values and culture, and our new corporate and recruitment websites have also increased the profile and accessibility of information about the Group to external stakeholders.

A new Group Sustainability Committee was set up in the year, chaired by the CEO, with separate working groups focused on key aspects such as facilities, mobility and data, and social impact. Our work this year has enabled us to get a better understanding of our environmental footprint, set Scope 1 and Scope 2 targets and enhance our TCFD reporting. These targets, which comprise 100% renewable electricity and a 10% reduction in our directly controlled emissions by 2027, sit alongside our existing commitments to reduce waste to landfill and efforts to increase reuse and repair rather than replacement and recycling across the Group.

Financial strength

Our strong cashflows and balance sheet supports business growth, a progressive dividend as well as share buybacks. These support agility and responsiveness both in our fleet acquisition strategies and ability to execute non-organic expansion. With a strong fixed asset profile and resilient cashflows, we offer an attractive profile to lenders. We extended our bank facility by an additional 12 months to 2026 in October, which gave further flexibility and duration to our borrowings, where 62% of our total facilities are fixed, with maturities up to 2031.

The Group has a conservative approach to capital allocation which has served us well, and leverage has remained well within our 1-2x target range, at 1.5x at the year end. Subject to shareholder approval, the Board has proposed a final dividend of 16.5p per share (2022: 15.0p) to be paid on 29 September 2023 to shareholders on the register as at close of business on 1 September 2023, bringing the total dividend to 24.0p (2022: 21.0p), a 14.3% increase on the prior year.

During the year we extended the share buyback programme announced in March 2022 from the initial £30m to £60m. This programme was completed in December 2022 having acquired 16.9m shares equating to 7% of ordinary share capital, a risk-free enhancement of shareholder returns.

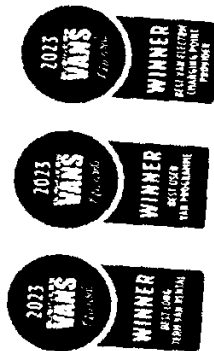
Presently, we are seeing many opportunities to grow value for the long term, although we continue to view buybacks as a useful element within our capital allocation framework, alongside a progressive dividend, and this will be kept under review.

Outlook

We continue to enjoy robust demand as we start FY2024 and our recent signing of a further multi-service outsourcing contract for Redde reflects our healthy new business pipeline. With exciting opportunities across the platform, we expect to continue to make strategic progress, together with good momentum in the business we are confident and are well-placed to continue to create long-term value for shareholders.

Martin Ward
Chief Executive Officer

Notable awards won in the year



Domestic Installer of the Year
Winter 2022



Growing our technical talent pool

There is a shortage of skilled vehicle technicians in the automotive repair and maintenance sector. They are in high demand with growing competition in the employment market for their services. To address the challenge of skill shortages we have invested heavily in advancing our technical capability and capacity, across the Group.

171

current apprentices
on programme

157

apprentice mentors
now trained

25

existing colleagues enrolled onto
apprenticeship programmes

This includes strengthening our technical talent value proposition to ensure we recruit and retain the best in the industry. We strongly believe that high quality and rewarding apprenticeships and trainee experiences will reduce the number of internal vacancies and secure a pipeline of talent to support our ambitious business growth plans.

An Apprenticeship Hub, located on our internal learning platform provides a wealth of information on how an apprenticeship can help boost our people's skills to grow their career with us.

- **Mentoring apprentices:** to support the transition of young people into the workplace and in passing on skills and experience

- **Knowledge and skills rewards:** creating an environment where they are encouraged to learn and become more confident vehicle engineers
- **Technician forums:** to allow sharing of experience and suggesting opportunities for improvement

Watch our
Apprentices video



Key performance indicators

Financial

Risk key

- 1 Economic environment
- 2 Market risk
- 3 Vehicle supply
- 4 The employee environment
- 5 Legal and compliance
- 6 IT systems
- 7 Recovery of contract assets
- 8 Access to capital

Our KPIs

We use our KPIs to assess and monitor the performance of the Group and to measure progress against how we execute our strategy.

Our core financial KPIs

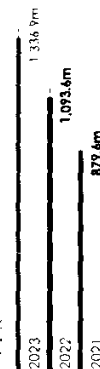
Our core financial KPIs measure progress of our strategic priorities in delivering profitability, revenue and returns.

Growth

Revenue (excluding vehicle sales)

£1,336.9m

+1.7% p.a.



How we calculate it

Underlying revenue includes hire of vehicles and claims and services revenue but does not include sale of vehicles at end of rental life.

Why it matters

Underlying revenue measures levels of Group activity across internal organic growth and acquisitions and excludes the distorting effect of revenues from vehicle disposals which can vary depending on timing of fleet replacement.

How we performed

Underlying revenue growth was supported by significant growth in fleet from existing and new multi-year insurance contracts, plus managed increases in hire rates across the rental businesses.

Risks

① ② ③ ④ ⑤ ⑥ ⑦ ⑧

Remuneration

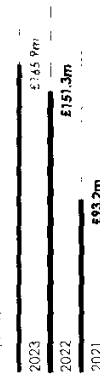
Our financial metrics form the majority of the elements within Executive Director and leadership team performance compensation: 75% of annual bonus is based on PBT targets and 25% from non-financial objectives, including both operational and environmental elements whose outcomes are seen within our non-financial KPIs. Long term incentives are focused equally on PBT and EPS targets. (Read more in the **Remuneration report** – pages 98 to 124.)

Profit

Underlying profit before tax

£165.9m

+1.9% p.a.



How we calculate it

Underlying PBT is stated excluding exceptional costs and other recurring amounts including amortisation on acquired intangibles and certain adjustments to depreciation.

Why it matters

Underlying PBT is our key measure of profitability and performance and identifies the success in delivering business growth, efficiencies and operating margins.

How we performed

Underlying PBT grew due to strong operational performance and volume growth, together with maintenance of rental margins, partially offset by higher interest costs.

Risks

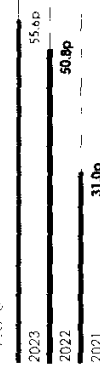
① ② ③ ④ ⑤ ⑥ ⑦

Returns

Underlying earnings per share

55.6p

+9.5% p.a.



How we calculate it

Underlying EPS is calculated as underlying profit after tax, divided by the weighted average number of ordinary shares excluding shares held in treasury and employee trusts.

Why it matters

Underlying EPS is a key measure of value creation and helps the Board consider how to allocate capital including returns to shareholders.

How we performed

Growth in underlying EPS came through growth in net profit together with the positive impact of the share buyback programme completed in the year.

Risks

① ② ③ ④ ⑤ ⑥ ⑦

Capital allocation

ROCE

14.1%

+0.2ppt



How we calculate it

ROCE is calculated as underlying operating profit divided by average capital employed.

Why it matters

In a capital intensive business ROCE measures how efficiently the Group allocates capital; it also provides a comparable metric across the Group's divisions.

Performance

The improvement in ROCE reflected our focus on maintaining strong cost control and a disciplined capital allocation approach.

Risks

① ② ③ ④ ⑤ ⑥ ⑦

Key performance indicators continued

Non-financial

Core non-financial KPIs

Our non-financial KPIs have been enhanced this year and we have been developing a broader set which consider both operational performance and managing sustainable growth.

Risk key	
1. Economic environment	Legal and compliance
2. Market risk	IT systems
3. Vehicle supply	Recovery of contract assets
4. The employee environment	Access to capital

Operational			Customer		People		Environment	
Fleet size ('000)	Utilisation	Trustpilot ¹	Recommend our service ¹	Employee engagement	Attrition	Fleet emissions ¹	Intensity ratio	
130.7 +3%	92% -2%	4.4	86%	74% -0p*	25% -50p*	134g/CO ₂	20 -8%	
What we are measuring The growth in our fleet across both rental and accident management segments, while rental utilisation looks at the average percentage of the Group's rental fleets on hire in the year. Why it matters Fleet growth is a key indicator of achieving growth, while rental utilisation reflects operational and asset efficiency. How we performed Fleet growth of 4% reflects challenges of LCV supply, particularly in the UK, with growth in Spain and Redde fleets. Maintaining rental utilisation above 90% is a key operational target, with 92% close to optimal level.								
What we are measuring We look at a range of customer feedback channels including Trustpilot and other surveys to provide an aggregated picture of how customers find our service provision. Why it matters High levels of customer service are key to ensuring customer and contract retention, and feedback helps us to identify areas where we can do better. How we performed Feedback remains strong despite the challenges of limited vehicle supply. We have identified areas for improvement which we are addressing through our HIRE programme.								
What we are measuring How our people perceive the support, recognition and reward they receive for their efforts and in turn, the impact this has on their desire to remain with Redde Northgate to remain with us and build a rewarding career. Why it matters If we engage well with our people and they feel valued, they are more likely to remain with us, which has wide-ranging benefits for skills, retention and customer service. How we performed Overall employee satisfaction was consistent with the previous year and we saw an increase in positive scores for culture, teamwork and customer service. The impact of this was reflected in a significant reduction in our rolling annual voluntary attrition rate.								
What we are measuring The emission intensity of our operations relative to turnover and the average fuel economy of our total fleet. Why it matters Year on year increases in the provision of more fuel-efficient and low emission vehicles will enhance the environmental sustainability of our operations and reduce our carbon footprint. How we performed This is the first year of measuring fleet emission averages, therefore no trend is presented. Our revenue, excluding vehicle sales grew by 22% whilst our Scope 1 and Scope 2 emissions grew by 12%. The resulting impact to emission intensity is a decrease of 8%.								

Risks
① ② ③

Strategy

Our strategic priorities (read more in the **Remuneration report – pages 98 to 124**) are centred around operational efficiency, business growth and expansion into new areas and technologies; we have quantifiable metrics against these, both in terms of financial performance and returns, and non-financial KPIs which underpin different aspects of our strategic progress – these form part of regular executive and Board review.

1. The Group has implemented a range of non-financial KPIs that were not previously being measured. As such no movement from the prior year is presented.

Delivering consistent growth



Group revenue and EBIT

Year ended 30 April	2023 £m	2022 £m	Change £m	Change %
Revenue – Vehicle hire	610.5	563.3	47.2	8.4%
Revenue – Vehicle sales	152.9	149.9	3.0	2.0%
Revenue – Claims and services	726.3	530.3	196.0	37.0%
Total revenue	1,489.7	1,243.6	246.1	19.8%
Rental profit	102.3	91.7	10.6	11.6%
Disposal profit	51.5	50.1	1.4	2.7%
Claims and services profit	44.5	31.8	12.7	40.1%
Corporate costs	(11.6)	(9.6)	(2.0)	21.4%
Underlying operating profit	186.7	164.0	22.7	13.8%
Income from associates	2.5	3.9	(1.4)	(34.8%)
Underlying EBIT	189.2	167.9	21.3	12.7%
Underlying EBIT margin ¹	14.2%	15.4%		(1.2ppt)
Statutory EBIT	202.0	150.8	51.2	34.0%

¹ Calculated as underlying EBIT divided by revenue (excluding vehicle sales)

Revenue

Total Group revenue, including vehicle sales, of £1,489.7m was 19.8% higher than prior year while revenue excluding vehicle sales of £1,336.9m (2022: £1,093.6m), was 22.2% higher than the prior year.

Hire revenues increased 8.4% mainly due to higher VOH and pricing actions to address cost inflation; Group VOH was 1.8% higher than the prior year, with continued supply challenges constraining Northgate UK&I, while Northgate Spain was able to grow, reflecting greater availability of new vehicles. Claims and services revenue growth of 37.0% reflected higher activity including increased volumes from new business wins which have launched in the past 12 months, and an industry-wide rise in chargeable costs reflecting inflation across the supply chain.

Group vehicle sales revenue increased by 2.0% due to a 9.6% increase in the number of vehicles sold being partially offset by a change in mix of vehicles sold and softening residual values in the UK. The total fleet increased 3.4% in the year, up over 4,000 vehicles, including those acquired through leasing, with outright fleet purchases of 23,100 (2022: 23,400).

EBIT

Statutory EBIT was up 34.0%, while underlying EBIT of £189.2m grew 12.7% compared to the prior year, reflecting strong rental performance and higher volumes in Redde. The statutory EBIT includes a £46.5m credit (2022: £nil) for adjustments to depreciation rates, amortisation on acquired intangible assets of £20.2m (2022: £19.8m) and other exceptional items of £13.5m (2022: £2.7m credits including £0.4m credit for gain on bargain purchase).

Rental profit increased £10.6m to £102.3m (2022: £91.7m) with a £2.5m increase in Northgate UK&I and an £8.1m increase in Northgate Spain. Redde saw volume growth across its product offerings, resulting in an £11.4m increase in underlying EBIT, including income from associates, to £47.0m (2022: £35.6m).

Total disposal profits for the year of £51.5m were 2.7% higher than the prior year with 18,200 vehicles sold (2022: 16,600) with residual values remaining higher than historical pre-COVID-19 levels.

Financial review continued

Northgate UK&I

PROFIT & LOSS (underlying)	Year ended 30 April		Change %
	2023	2022	
	£m	£m	
Revenue – Vehicle hire ²	367.7	346.6	6.1%
Revenue – Vehicle sales	104.9	111.8	(6.1%)
Total revenue	472.6	458.4	3.1%
Rental profit	55.6	53.1	4.7%
Rental margin %	15.1%	15.3%	(0.2ppt)
Disposal profit	37.8	44.8	(15.8%)
Underlying EBIT	93.4	98.0	(4.7%)
EBIT margin % ³	25.4%	28.3%	(2.9ppt)
ROCE %	16.3%	17.5%	(1.2ppt)

² Including intersegment revenue of £9.9m (2022: £3.9m)

³ Calculated as underlying EBIT divided by revenue (excluding vehicle sales)

Highlights

Rental revenue grew 6.1% in the year and was achieved through optimised utilisation and active management of available fleet with a continued focus on selected market segments and key clients; this was also supported by carefully targeted and communicated rate increases to address cost inflation. This enabled average revenue per vehicle to increase 9% on the prior year and maintain rental margin above the long-term target rate of 15%.

Managed ageing of the fleet also allowed greater support for strong customer demand throughout the year when vehicles remained in short supply and average VOH of 48,900 was 2.6% lower than the prior year. This was echoed across the industry, with UK LCV registrations being over 20% lower than FY2022, and touching levels last seen in 2014. This lack of supply continues to support residual values however, which although softening in the year, are likely to remain above pre-COVID-19 levels in the medium-term.

The business continues to increase income from its range of value-added services. During the year vehicles under fleet and accident management increased by over 150% and our telematics offering increased by 10%, exceeding 10,000 chargeable units for the first time. We have succeeded in expanding cross platform products and services across the customer base and have also expanded our range of services in Ireland.

We have grown our EVs on hire by 36%, and supported customers embarking on their transition to electric vehicles through a range of services. These include consultancy on EV suitability for specific purposes and routes using sophisticated modeling, driver training services, installation of charging points and a series of EV Open Days around the country inviting customers to drive a range of electric vans and to consult with our experts on how to manage the transition.

Our ChargedEV business installed over 6,700 charging points in the year and was impacted by the slowdown in the delivery of electric vehicles to customers seeking charging solutions. This situation is now easing. The business has won a number of new referral partners and supply contracts, as well as moving to broaden its propositions and reach, including supporting a Northgate bundled EV and charging solution. This includes moving into commercial installations and preparing to add solar installations for consumers and commercial clients to its product range.

KPI	Year ended 30 April		Change %
	2023	2022	
	('000)	('000)	
Average VOH	48.9	50.2	(2.6%)
Closing VOH	46.5	49.2	(5.5%)
Average utilisation %	93%	92%	1ppt

Our specialist traffic management vehicle provider, Blakedale has been successfully integrated into the Group. We have increased fleet volumes by over 30% since acquisition in July 2022 and secured additional chassis supply and production capability to take advantage of the strong vehicle demand.

EBIT

Northgate UK&I underlying EBIT of £93.4m was 4.7% lower than the prior year (2022: £98.0m). Rental profit increased £2.5m to £55.6m. Disposal profits decreased £7.0m to £37.8m reflecting a 2.6% reduction in the number of vehicle sales.

ROCE was 16.3% (2022: 17.5%) reflecting the decrease in EBIT mainly as a result of lower disposals.

Rental

Compared to the prior year, hire revenue in Northgate UK&I increased 6.1% to £367.7m (2022: £346.6m), with the reduction in average VOH being offset by an 9.0% increase in average revenue per vehicle. Rate increases were applied across our full range of rental products.

Closing VOH of 46,500 was 2,700 lower than the prior year (2022: 49,200) with the shortage in supply of new vehicles holding back growth in the year.

Northgate UK&I's minimum term proposition accounted for 37% of average VOH (2022: 36%). The average term of these contracts is approximately three years, providing both improved visibility of future rental revenue and earnings, as well as lower transactional costs.

Rental margin for the year was 15.1% compared to 15.3% in the prior year. This is in line with medium term guidance and was supported by pricing increases, partially offset by cost-inflation and investment to grow ChargedEV.

The overall impact of the reduction in VOH and greater rental revenue per vehicle was a 4.7% increase in rental profits to £55.6m (2022: £53.1m).

Management of fleet and vehicle sales

The closing Northgate UK&I rental fleet was 50,800 compared to 54,300 at 30 April 2022. During the year, 4,800 vehicles were purchased (2022: 10,000) and 8,600 vehicles were defeeted (2022: 10,400). The leased fleet increased by 400 vehicles.

The average age of the fleet was 36 months at the end of the year which was six months higher than at 30 April 2022. This was due to managing the fleet to mitigate impacts of the restricted market supply reducing both purchases and vehicles sold.

A total of 10,200 vehicles were sold in Northgate UK&I during the year, 2.6% lower than the prior year (2022: 10,400 vehicles). Disposal profits of £37.8m (2022: £44.8m) decreased 15.8% versus the prior year, reflecting the reduction in the number of vehicles sold and softening residual values. Average profit per unit (PPU) on disposals decreased 13.6% to £3,700 (2022: £4,300).

Northgate Spain

	Year ended 30 April		
	2023	2022	Change
	£m	£m	%
PROFIT & LOSS (underlying)			
Revenue – Vehicle hire	252.7	220.6	14.6%
Revenue – Vehicle sales	47.3	38.1	24.0%
Total revenue	300.0	258.7	16.0%
Rental profit	46.7	38.6	20.9%
Rental margin %	18.5%	17.5%	1.0ppt
Disposal profit	13.7	5.3	160.7%
Underlying EBIT	60.4	43.9	37.7%
EBIT margin %	23.9%	19.9%	4.0ppt
ROCE %	12.9%	10.0%	2.9ppt

4. Calculated as underlying EBIT divided by revenue (excluding vehicle sales)

Highlights

Rental revenue rose 14.6% (11.9% in constant currency), achieved through both a significant increase in VOH, up 6.2% to 53,600, together with pricing actions implemented for flexible and term rental products. With continued positive Spanish GDP growth, demand remained strong throughout the year and the main priority was sourcing vehicles to satisfy customers orders, notably within fast growing sectors including infrastructure and support services.

Northgate expanded its portfolio of vehicle suppliers alongside strong relationships with existing suppliers, helping gain access to more new vehicles than in the prior year. Defleets were carefully managed, to allow necessary fleet renewal, but also to support VOH growth to satisfy demand.

The rental margin of 18.5% was supported by the early implementation of price increases, partially offset by inflation driven costs building through the year and especially in the second half. Expectations remain that the margin will over time trend towards our medium-term guidance of c.15% as the fleet is renewed but will continue to be supported through strong demand.

Northgate increasingly offered workshop-based repair services to third parties, utilising spare capacity, and achieved 60% revenue growth. These revenues were supported by new repair contracts signed with insurance companies and large fleet owners, including a referral from a major UK insurance customer, and these workshop-based repair services have the potential to become a meaningful multi-year revenue stream. A new agreement was signed with the utility group, Iberdrola, to support a joint EV and charging initiative, to help fleet and retail customers migrate to lower emission vehicles.

Vehicles were predominantly sold through our e-Auction platform, which provided the most efficient disposal route. Given the shortfalls in vehicle supply and solid Spanish economic growth, demand for used vehicles remained strong throughout the entire year and was reflected in PPUs being double the prior year. Disposal profits increased to £13.7m (2022: £5.3m), through both higher PPUs and increased disposal volumes (up 30%) as the business took advantage of better sourcing to refresh portions of the fleet.

KPI	Year ended 30 April		
	2023	2022	Change
	('000)	('000)	%
Average VOH	53.6	50.4	6.2%
Closing VOH	54.7	52.2	4.9%
Average utilisation %	92%	92%	-

Alongside investment in the fleet and workshop capability, the business completed a second phase of solar panels installation, with over 1.5 MW total generating capacity now installed to date and delivering over an estimated 20% of annual energy consumption.

EBIT

Northgate Spain's strong year resulted in underlying EBIT increasing £16.5m, a 37.7% increase compared to the prior year driven by VOH growth of 6.2% and strong rental margins of 18.5% compared to 17.5% in the prior year.

The ROCE in Northgate Spain was 12.9% (2022: 10.0%) reflecting the increase in rental margin, disposal profits and an older fleet.

Rental business

Hire revenue in Northgate Spain increased 14.6% to £252.7m (2022: £220.6m), driven by the increase in average VOH. Closing VOH increased 4.9% to 54,700.

Northgate Spain's minimum term proposition accounted for around 35% (2022: 35%) of average VOH. The average term of these contracts is approximately three years, providing visibility of future rental revenue and earnings.

The rental margin was 1.0ppt higher than the prior year at 18.5% from pricing increases with some cost inflation offsetting this.

The impact of increase in hire revenue and rental margin was a 20.9% increase in rental profits to £46.7m (2022: £38.6m).

Management of fleet and vehicle sales

The closing Northgate Spain rental fleet was 61,400 compared to 57,600 vehicles at 30 April 2022. During the year 13,200 vehicles were purchased (2022: 10,900) and 9,400 vehicles were de-fleeted (2022: 5,100 vehicles). The average age of the fleet at the end of the year was 33 months, two months older than at the same time last year. This was due to managing the fleet to mitigate impacts of the restricted market supply reducing purchases.

A total of 7,900 vehicles were sold in Northgate Spain during the year, 30% higher than the prior year reflecting the sale of aged fleet following an increase in new fleet purchases.

Disposal profits of £13.7m (2022: £5.3m) increased 160.7% due to the increased number of vehicles sold and continued strength in sales values, resulting in an increase in average profit per unit (PPU) on disposals to £1,700 (2022: £900).

Financial review continued

Redde

PROFIT & LOSS (underlying)	Year ended 30 April		Change %
	2023	2022	
	£m	£m	
Revenue – Claims and services ⁵	738.9	543.7	35.9%
Revenue – Vehicle sales ⁶	31.0	–	n/a
Total revenue	769.8	543.7	41.6%
Gross profit	151.5	127.7	18.7%
Gross margin %	20.5%	23.5%	(3ppt)
Operating profit	44.5	31.8	40.1%
Income from associates	2.5	3.9	(34.8%)
Underlying EBIT	47.0	35.6	32.0%
EBIT margin %	6.4%	6.6%	(0.2ppt)
ROCE %	15.9%	16.6%	(0.7ppt)

⁵ Including intersegment revenue of £12.5m (2022: £13.4m)

⁶ Including intersegment revenue of £30.3m (2022: £nil)

⁷ Gross profit margin calculated as underlying gross profit divided by total revenue. EBIT margin calculated as underlying EBIT divided by total revenue excluding vehicle sales.

Highlights

Claims and services revenues for the Redde businesses rose 35.9% in the year, and total revenues grew 41.6% when vehicle sales are included. This was due to increased volumes and claims activity, through a near-full return to pre-pandemic traffic volumes, and from a number of new insurer contracts which went live in the year. Vehicles sales volumes this year reflected the replacement of fleet that was deferred last year due to allocating all purchases for growth.

The multi-year insurer contracts announced in FY2022 all went live during the first half of the year and will therefore deliver a full annual contribution next year. The significant resource and investment in systems, vehicles, people and technology required to scale these multi-year contracts have also helped deliver a differentiated integrated claims proposition, covering the lifecycle of an accident claim within the Redde businesses.

The recent live contracts represented a mix of direct hire and credit hire and repair: each have different margin profiles, delivering significant volume growth for the business.

Redde offers an attractive proposition to insurers and fleets who are considering partial or full outsource of their accident or claims management, offering a unique blend of centres of excellence for claims and a network of physical assets in terms of mobility and vehicle repair. The increasing scale offers more potential for operational and system efficiencies to help mitigate inflationary increases in operational overheads, which were partially shared in the year with customers and partners through charges such as energy levies.

Our FMG RS owned repair sites are now an integral part of our overall market proposition, working alongside our existing independent network. This integrated approach in the UK provides insurers with a comprehensive, UK wide solution.

There is a strong focus on growing repair and workshop technician capacity through our industry-leading apprentice scheme and internal skills and development programmes alongside other investments in the business and its network.

EBIT

Revenue for the year (excluding vehicle sales) increased 35.9% to £738.9m (2022: £543.7m) reflecting the increase in traffic volumes seen in the prior year and a continuing extension in hire length during the year due to the impact of macro challenges in supply chains for parts and labour.

Gross margin of 20.5% decreased 3ppt (2022: 23.5%) due to volume mix within the business.

During the year underlying EBIT has increased by 32.0% over the prior year to £47.0m, with the growth in volumes seen last year continuing throughout the year. The EBIT margin of 6.4% was 0.2ppt lower than the prior year, and principally reflects the change in product mix and new contract investment.

Management of fleet

The total fleet in Redde was 18,500 vehicles at the end of the year, compared to 14,500 at 30 April 2022 with the fleet growth supporting the increase in the volume of credit hires.

The average fleet age was 15 months (2022: 11 months) reflecting the lower fleet holding period than in the Northgate businesses due to the different usage of vehicles and the optimal holding period of this vehicle mix.

Group PBT and EPS

Year ended 30 April	2023 £m	2022 £m	Change £m	Change %
Underlying EBIT	189.2	167.9	21.3	12.7%
Net underlying finance costs	(23.3)	(16.6)	(6.7)	40.4%
Underlying profit before taxation	165.9	151.3	14.6	9.7%
Statutory profit before taxation	178.7	132.7	46.0	34.7%
Underlying effective tax rate	22.6%	17.4%		5.2ppt
Underlying EPS (p)	55.6	50.8	4.8	9.5%
Statutory EPS (p)	60.3	41.3	19.0	46.2%

Profit before taxation

Underlying PBT was 9.7% higher than prior year reflecting the higher EBIT across the Group. Statutory PBT was 34.7% higher including a £46.5m credit relating to adjustments to depreciation rates on the older fleet as explained last year and further below.

Exceptional items

Exceptional costs of £13.5m (2022: £2.7m credits including £0.4m credit for gain on bargain purchase) were incurred in the year, with a £13.5m charge arising from the impairment of goodwill, and other intangibles of Newlaw following a strategic review of the Group.

Further detail on exceptional items is included in the notes to the financial statements.

Amortisation of acquired intangibles is not an exceptional item as it is recurring. However, it is excluded from underlying results in order to provide a better comparison of performance of the Group. The total charge for the year was £20.2m (2022: £19.8m). Total credits of £46.5m (2022: £nil) have been excluded from underlying results in relation to depreciation rate adjustments on vehicles purchased before FY2021 in order to better compare results over time as explained further below.

Depreciation rate changes

When a vehicle is acquired, it is recognised as a fixed asset at its cost net of any discount or rebate received. The cost is then depreciated evenly over its rental life, matching its pattern of usage down to the expected future residual value at the point at which the vehicle is expected to be sold net of directly attributable selling costs.

Accounting standards require a review of residual values during a vehicle's useful economic life at least annually, with changes to depreciation rates being required if the expectation of future values changes significantly.

Matching of future market values of vehicles to net book value (NBV) on the estimated disposal date requires significant judgement for the following reasons:

- Used vehicle prices are subject to short term volatility which makes it challenging to estimate future residual values;

- The exact disposal age is not known at the point at which rates are set and therefore the book value at disposal date is not certain; and
- Mileage and condition are the key factors in influencing the market value of a vehicle. These can vary significantly through a vehicle's life depending upon how the vehicle is used.

Due to the above uncertainties, a difference normally arises between the NBV of a vehicle and its actual market value at the date of disposal. Where these differences are within an acceptable range they are adjusted against the depreciation charge in the income statement. Where these differences are outside of the acceptable range, changes must be made to depreciation rate estimates to better reflect market conditions and the usage of vehicles.

Residual values have increased significantly over the previous two financial years due to the disruption of new vehicle supply that has increased demand for used vehicles. Up to this point, no changes have been made to depreciation rates on existing fleet vehicles as the extent and longevity of this buoyancy in residual values has been uncertain. However, it has continued for longer than anticipated and uncertainty remains over how long it will take for supply of new and used vehicles to return to a more normal level.

For this reason, there are a number of vehicles on our fleet where the depreciated book value is below or very close to the expected residual value at disposal. In line with the requirements of accounting standards and as previously disclosed, a decision was made to reduce depreciation rates from 1 May 2022 on certain vehicles remaining on the fleet which were purchased before FY2021.

The actual phasing of the adjustment will change if these vehicles are held for a longer or shorter period than anticipated. The depreciation rate change is expected to impact the statutory income statement over the remaining holding period of those vehicles as follows:

£m	FY2023	FY2024	FY2025	FY2026	FY2027	Total
Reduced depreciation	55.1	46.7	22.3	5.4	0.1	129.6
Reduced disposal profits	(8.6)	(34.0)	(50.6)	(31.8)	(4.6)	(129.6)
Updated expected impact on statutory EBIT	46.5	12.7	(28.3)	(26.4)	(4.5)	-
Previously expected impact on statutory EBIT	46.8	(9.4)	(29.8)	(6.7)	(0.9)	-

No further depreciation rate changes have been made on the existing fleet since the impact on EBIT was outlined last year. The updated phasing of the adjustment relates entirely to an updated expectation to hold the older vehicles in the fleet for longer than originally envisaged.

The impact of the changing depreciation rates on this component of the fleet will re-phase statutory EBIT over this five-year period but will have no impact on underlying results, no overall impact on statutory profit over the life of the fleet and does not impact cash.

The disposal profits of vehicles purchased since FY2021 are expected to be broadly in line with original expectations. Depreciation rates on vehicles purchased in FY2024 will be set based on management's best estimates of future residual values when those vehicles are sold, with holding periods ranging from 12 to 60 months.

Interest

Net underlying finance charges increased to £23.3m (2022: £16.6m) due to higher average debt and the increase in floating interest rates over the year. The increase in interest rates was largely sheltered due to holding 62% of borrowing as fixed rate debt.

Taxation

The Group's underlying tax charge was £37.6m (2022: £26.3m) and the underlying effective tax rate was 22.6% (2022: 17.4%). The statutory effective tax rate was 22.1% (2022: 23.5%).

Earnings per share

Underlying EPS of 55.6p was 4.8p higher than prior year, reflecting increased profits in the year and a 2.7p impact of the share buyback programme.

Statutory EPS of 60.3p was 19.0p higher, reflecting the movement in underlying EPS and the impact of exceptional items and adjustments to depreciation rates which are not included within the underlying results.

Business combinations

In July 2022 the Group acquired 100% of the equity capital of Blakedale Limited for provisional consideration of £10.1m. The provisional fair value of net assets acquired was £6.1m resulting in the recognition of £4.0m of goodwill.

Share buyback programme

The Group completed its share buyback programme in December 2022. The Group purchased, and holds in treasury, 16,877,571 ordinary shares (2022: 1,825,991) for a total consideration of £60.5m including £7.5m acquired in the prior year. The shares held in treasury are of par value 50p each, representing 7% of the Company's issued ordinary share capital.

Group balance sheet

Net assets at 30 April 2023 were £994.6m (2022: £946.8m), equivalent to net assets per share of 434p (2022: 388p). Net tangible assets at 30 April 2023 were £752.9m (2022: £680.5m), equivalent to a net tangible asset value of 328p per share (2022: 279p per share).

The calculations above are based on the number of shares in issue at 30 April 2023 of 246,091,423 (2022: 246,091,423) less treasury shares of 16,877,571 (2022: 1,825,991).

Gearing at 30 April 2023 was 92.2% (2022: 85.6%) and ROCE was 14.1% (2022: 13.9%).

Group cash flow

Steady state cash generation and free cash flow

Year ended 30 April	2023 £m	2022 £m	Change £m
Underlying EBIT	189.2	167.9	21.3
Depreciation and amortisation ⁸	223.0	198.8	24.2
Underlying EBITDA	412.2	366.7	45.5
Net replacement capex ⁹	(155.6)	(106.7)	(48.9)
Lease principal payments ¹⁰	(65.1)	(43.7)	(21.4)
Steady state cash generation	191.5	216.4	(24.9)
Exceptional costs (excluding non-cash items)	–	(0.7)	0.7
Working capital and non-cash items	(0.3)	(33.5)	33.2
Growth capex ⁹	(122.6)	(108.6)	(14.0)
Taxation	(36.6)	(27.4)	(9.2)
Net operating cash	32.0	46.2	(14.2)
Distributions from associates	3.1	4.1	(1.0)
Interest and other financing	(20.6)	(30.0)	9.4
Acquisition of business	(10.0)	(0.5)	(9.5)
Free cash flow	4.5	19.8	(15.3)
Dividends paid	(52.2)	(43.9)	(8.3)
Payments to acquire treasury shares	(53.0)	(7.5)	(45.5)
Lease principal payments ¹¹	65.1	43.7	21.4
Net cash (consumed) generated	(35.6)	12.0	(47.6)

8 Depreciation and amortisation excludes £46.5m (2022: £nil) of depreciation adjustment credits and £20.2m (2022: £19.8m) of amortisation of acquired intangibles both excluded from underlying results

9 Net replacement capex is total capex less growth capex. Growth capex represents the cash consumed in order to grow the fleet or the cash that is generated if the fleet size is reduced in periods of contraction (excluding leased fleet)

10 Lease principal payments are included so that steady state cash generation includes all maintenance capex irrespective of funding method

11 Lease principal payments are added back to reflect the movement on net debt

Steady state cash generation

Steady state cash generation remained strong at £191.5m (2022: £216.4m), driven by underlying EBIT performance, offset by an increase in net replacement capex.

Net capital expenditure

Net capital expenditure increased by £62.9m to £278.2m (2022: £215.3m) due to a £48.9m increase in net replacement capex¹ and a £14.0m increase in growth capex².

Net replacement capex was £155.6m (2022: £106.7m), £48.9m higher than the prior year with an increase in the average replacement cost due to a change in mix of vehicles replaced and a higher replacement cost due to price inflation.

The net replacement capex outflow was £21.8m higher in Spain, £11.8m higher in Redde and £15.3m higher in UK&I.

Lease principal payments of £65.1m (2022: £43.7m) increased £21.4m due to a larger leased fleet size and final payments on legacy hire purchase contracts.

Free cash flow

Free cash flow decreased by £15.3m to £4.5m (2022: £19.8m) driven by an increase in net capex as explained above and also £10.0m cash consideration for the Blakedale acquisition.

Removing the impact of growth capex in the year, the underlying free cash flow of the Group was £127.1m compared to £128.4m in the previous year.

Net cash generation

Net cash consumed of £35.6m (2022: £12.0m generated) includes £52.2m of dividends paid (2022: £43.9m) and £53.0m (2022: £7.5m) for treasury shares purchased as part of the previously announced buyback programme.

Net debt

Net debt reconciles as follows:

As at 30 April	2023 £m	2022 £m
Opening net debt	582.5	530.3
Net cash consumed (generated)	35.6	(12.0)
Other non-cash items	57.8	76.8
Exchange differences	18.5	(12.6)
Closing net debt	694.4	582.5

Closing net debt increased by £111.9m in the year driven by net cash consumed, non-cash items and exchange differences. Other non-cash items consist of £56.8m of new leases acquired and £1.0m of other items. Foreign exchange movements increased net debt by £18.5m.

Borrowing facilities

As at 30 April 2023 the Group had headroom on facilities of £290m, with £544m drawn (net of available cash balances) against total facilities of £834m as detailed below:

	Facility £m	Drawn £m	Headroom £m	Maturity	Borrowing cost
UK bank facilities	490	202	288	Nov 26	6.0%
Loan notes	330	330	-	Nov 27-Nov 31	1.3%
Other loans	14	12	2	Nov 23	2.8%
	834	544	290		3.1%

The other loans drawn consist of £11m of local borrowings in Spain which were renewed for a further year in November 2022 and £0.5m of preference shares.

The above drawn amounts reconcile to net debt as follows:

	Drawn £m
Borrowing facilities	544
Unamortised finance fees	(7)
Leases	157
Net debt	694

The overall cost of borrowings at 30 April 2023 is 3.1% (2022: 1.9%).

The margin charged on bank debt is dependent upon the Group's net debt to EBITDA ratio, ranging from a minimum of 1.45% to a maximum of 3.25%. The net debt to EBITDA ratio at 30 April 2023 corresponded to a margin of 1.95% (2022: 1.95%).

The split of net debt by currency was as follows:

	2023 £m	2022 £m
As at 30 April		
Euro	388.0	373.6
Sterling	313.2	216.8
Borrowings and lease obligations before unamortised arrangement fees	701.2	590.4
Unamortised finance fees	(6.8)	(7.9)
Net debt	694.4	582.5

There are three financial covenants under the Group's facilities as follows:

As at 30 April	Threshold	2023	Headroom	2022
Interest cover	3x	10.6x	£133m (EBIT)	14.4x
Loan to value	70%	42%	£371m (Net debt)	41%
Debt leverage	3x	1.5x	£186m (EBITDA)	1.4x

Financial review continued

The covenant calculations have been prepared in accordance with the requirements of the facilities to which they relate.

Dividend and capital allocation

Subject to approval, the final dividend proposed of 16.5p per share (2022: 15.0p) will be paid on 29 September 2023 to shareholders on the register as at close of business on 1 September 2023.

Including the interim dividend paid of 7.5p (2022: 6.0p), the total dividend relating to the year would be 24.0p (2022: 21.0p). The dividend is covered 2.3x by underlying earnings.

The Group's objective is to employ a disciplined approach to investment, returns and capital efficiency to deliver sustainable compounding growth. Capital will be allocated within the business in accordance with the framework outlined below:

- Funding organic growth
- Sustainable and growing dividend
- Inorganic growth
- Returning excess cash to shareholders

The Group plans to maintain a balance sheet within a target leverage range of 1.0x to 2.0x net debt to EBITDA, and during periods of significant growth net debt would be expected to be towards the higher end of this range. This is consistent with the Group's objective of maintaining a balance sheet that is efficient in terms of providing long term returns to shareholders and safeguards the Group's financial position through economic cycles.

Treasury

The function of the Group's treasury operations is to mitigate financial risk, to ensure sufficient liquidity is available to meet foreseeable requirements, to secure finance at minimum cost and to invest cash assets securely and profitably. Treasury operations manage the Group's funding, liquidity and exposure to interest rate risks within a framework of policies and guidelines authorised by the Board of Directors.

The Group uses derivative financial instruments for risk management purposes only. Consistent with Group policy, Group Treasury does not engage in speculative activity and it is Group policy to avoid using more complex financial instruments.

Credit risk

The policy followed in managing credit risk permits only minimal exposures with banks and other institutions meeting required standards as assessed normally by reference to major credit agencies. Group credit exposure for material deposits is limited to banks which maintain an A rating. Individual aggregate credit exposures are also limited accordingly.

Liquidity and funding

The Group has sufficient funding facilities to meet its normal funding requirements in the medium term as outlined in the borrowing facilities section above. Covenants attached to those facilities as outlined above are not restrictive to the Group's operations.

Capital management

The Group's objective is to maintain a balance sheet structure that is efficient in terms of providing long term returns to shareholders and safeguards the Group's financial position through economic cycles.

Operating subsidiaries are financed by a combination of retained earnings and borrowings.

The Group can choose to adjust its capital structure by varying the amount of dividends paid to shareholders, by issuing new shares or by adjusting the level of capital expenditure.

Interest rate management

The Group's bank facilities, other loan agreements and lease obligations incorporate variable interest rates. The Group seeks to ensure that the exposure to future changes in interest rates is managed to an acceptable level by having in place an appropriate balance of fixed rate and floating rate financial instruments at any time. The proportion of gross borrowings (including leases arising under HP obligations) held in fixed rates was 62% at 30 April 2023 (2022: 76%).

Foreign exchange risk

The Group's reporting currency is Sterling and 78% of its revenue was generated in Sterling during the year (2022: 77%). The Group's principal currency translation exposure is to the Euro, as the results of operations, assets and liabilities of its Spanish and Irish businesses are translated into Sterling to produce the Group's consolidated financial statements.

The average and year end exchange rates used to translate the Group's overseas operations were as follows:

	2023 £.€	2022 £.€
Average	1.15	1.18
Year end	1.14	1.19

Going concern

Having considered the Group's current trading, cash flow generation and debt maturity, including severe but plausible stress testing scenarios (as detailed further in the notes to the financial statements) the Directors have concluded that it is appropriate to prepare the Group financial statements on a going concern basis.

Philip Vincent
Chief Financial Officer

GAAP reconciliation

Consolidated income statement reconciliation

Year ended 30 April	Footnote below	Statutory 2023 £m	Adjustments 2023 £m	Underlying 2023 £m	Statutory 2022 £m	Adjustments 2022 £m	Underlying 2022 £m
Revenue	(a)	1,489.7	(152.8)	1,336.9	1,243.6	(149.9)	1,093.6
Cost of sales	(b)	(1,054.1)	106.3	(947.8)	(897.3)	149.9	(747.4)
Gross profit		435.6	(46.5)	389.1	346.2	-	346.2
Administrative expenses	(c)	(236.1)	33.7	(202.4)	(199.7)	17.5	(182.2)
Operating profit		199.5	(12.8)	186.7	146.5	17.5	164.0
Income from associates		2.5	-	2.5	3.9	-	3.9
Gain on bargain purchase	(d)	-	-	-	0.4	(0.4)	-
EBIT		202.0	(12.8)	189.2	150.8	17.1	167.9
Finance income		0.1	-	0.1	-	-	-
Finance costs	(e)	(23.4)	-	(23.4)	(18.1)	1.5	(16.6)
Profit before taxation		178.7	(12.8)	165.9	132.7	18.6	151.3
Taxation	(f)	(39.5)	1.9	(37.6)	(31.1)	4.9	(26.3)
Profit for the year		139.2	(10.9)	128.3	101.5	23.5	125.0
Shares for EPS calculation (Note 11)		230.8m		230.8m	246.0m		246.0m
Basic EPS		60.3p		55.6p	41.3p		50.8p

Footnotes

Adjustments comprise:

Revenue: sale of vehicles	(a)	(152.8)	(149.9)
Cost of sales: revenue sale of vehicles net down	(a)	152.8	149.9
Depreciation adjustment (Note 28)		(46.5)	-
Cost of sales	(b)	106.3	149.9
Gross profit	(a)+(b)	(46.5)	-
Exceptional items (Note 28)		13.5	(2.3)
Amortisation of acquired intangible assets (Note 28)		20.2	19.8
Administrative expenses	(c)	33.7	17.5
Gain on bargain purchase	(d)	-	(0.4)
Adjustments to EBIT		(12.8)	17.1
Exceptional finance costs (Note 28)	(e)	-	1.5
Adjustments to PBT		(12.8)	18.6
Tax on exceptional items (Note 28)		(2.1)	0.2
Other tax adjustments		4.0	4.7
Tax adjustments	(f)	1.9	4.9
Adjustments to profit		(10.9)	23.5

GAAP reconciliation continued

Cash Flow Reconciliation

Year ended 30 April	2023 £m	2022 £m
Underlying EBIT		
Add back:		
Depreciation of property, plant and equipment	189.2	167.9
Depreciation adjustment not included in underlying EBIT	175.1	197.2
Loss on disposal of assets	46.5	–
Intangible amortisation included in underlying operating profit (Note 28)	0.2	0.6
	1.2	1.0
Underlying EBITDA		
Net replacement capex	412.2	366.7
Lease principal payments	(155.6)	(106.7)
	(65.1)	(43.7)
Steady state cash generation		
	191.5	216.4
Exceptional items (excluding non-cash items)	–	(0.7)
Working capital and non-cash items	(0.3)	(33.5)
Growth capex	(122.6)	(108.6)
Taxation	(36.6)	(27.4)
Net operating cash		
Distributions from associates	32.0	46.2
Interest and other financing costs	3.1	4.1
Acquisition of business net of cash acquired	(20.6)	(30.0)
	(10.0)	(0.5)
Free cash flow		
Dividends paid	4.5	19.8
Purchase of treasury shares for share buyback program	(52.2)	(43.9)
Lease principal payments ²	(53.0)	(7.5)
	65.1	43.7
Net cash (consumed) generated		
	(35.6)	12.0

Reconciliation to cash flow statement:

Net (decrease) increase in cash and cash equivalents

Add back:

Receipt of bank loans and other borrowings

Repayments of bank loans and other borrowings

Principal element of lease payments

Net cash (consumed) generated

Cash Flow Reconciliation

Year ended 30 April	2023 £m	2022 £m
Reconciliation of capital expenditure		
Purchases of vehicles for hire	398.2	292.9
Proceeds from disposals of vehicles for hire	(128.4)	(128.8)
Proceeds from disposal of other property, plant and equipment	(0.7)	(2.7)
Purchases of other property, plant and equipment	7.4	52.4
Purchases of intangible assets	1.8	1.4
Net capital expenditure		
	278.2	215.2
Net replacement capex ³	155.6	106.7
Growth capex ⁴	122.6	108.6
Net capital expenditure		
	278.2	215.2

3. Net replacement capex is total capex less growth capex.

4. Growth capex represents the cash consumed in order to grow the fleet or the cash that is generated if the fleet size is reduced in periods of contraction (excluding leased fleet).

Underlying operating profit⁵

Exclude:

Vehicle disposal profits

Rental profit

Divided by: Revenue: hire of vehicles⁶

Rental margin

5. See Note 5 of the financial statements for reconciliation of segment underlying operating profit to Group underlying operating profit.

6. Revenue: hire of vehicles including intersegment revenue (see Note 5 of the financial statements)

Managing risks to support our strategy and stakeholders

Our risk management strategy supports our ability to respond to the changing needs of our stakeholders and the dynamics of the markets we operate in. The purpose of our risk management strategy is to identify risks which could affect us achieving our strategic objectives and mitigate these to an acceptable level.

Risk focus

The risks facing the Group continue to be wide ranging, with both external and internal factors providing a high level of uncertainty across the year.

During the year, changes in the economic environment, including pressures from inflation and interest rates, challenged the business model and increased the focus on risk management in those areas and how the Group responds to those issues whilst protecting the interests of all stakeholders. Challenges persisted around the availability of new vehicles which constrains our growth ambitions and requires us to be more agile in how we manage fleet, operate with older vehicles and maintain high levels of customer service.

The Group Risk Committee meets formally on a quarterly basis, with the risk management process embedded across the Group and the Board overseeing the work of that committee. This enables risks to be identified on a 'top down and bottom up' basis with appropriate management throughout the Group. A description of principal Board decisions made during the year is included within the Section 172 statement on pages 72 to 76.

Identifying and managing risks

The Board and Executive Directors recognise the importance of identifying and actively monitoring the impact of strategic, operational and financial risks.

The Board has overall responsibility for risk management with a focus on determining the nature and extent of exposure to the principal and emerging risks the business is willing to take in achieving its strategic objectives. This includes reviewing the risk appetite in each area of risk. The risk appetite is assessed in the context of our business model and the external environment in which we operate.

The Board and Executive Directors oversee the ongoing process for identifying, evaluating and managing the significant risks the Group faces. The Board is also responsible for ensuring the appropriate risk management process is in place and that it accords with risk management guidance including a three lines of defence approach. The Board has performed a robust assessment of the principal and emerging risks facing the Group during the year.

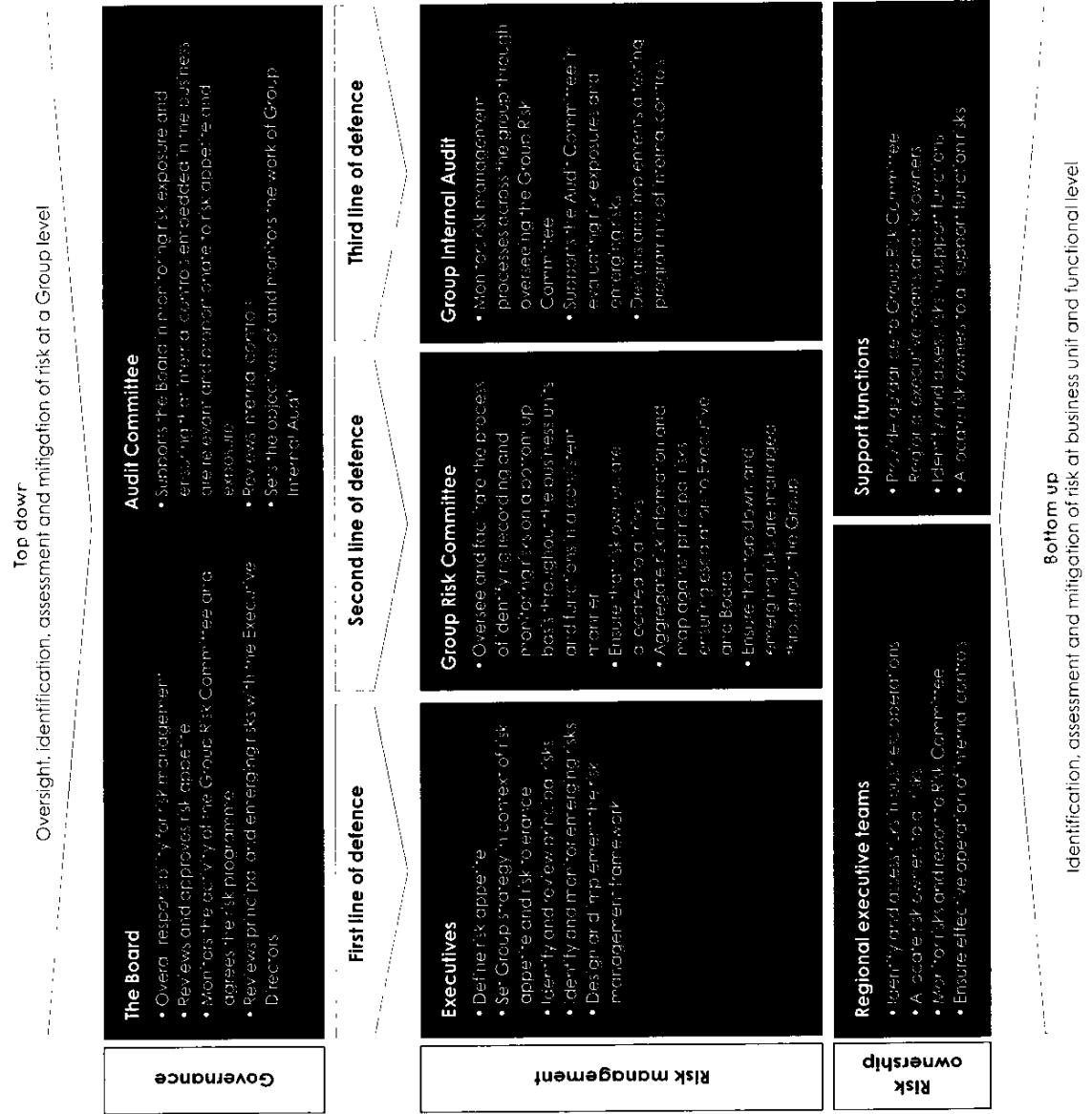
The Group Risk Committee is executive-led, is facilitated by the Group Head of Internal Audit and includes senior management from across the Group. It is responsible for facilitating the identification of risks including emerging risks and overseeing management of those principal risks throughout the Group in order to achieve our performance goals within the context of risk appetite.

The Audit Committee on behalf of the Board takes responsibility for overseeing the effectiveness of internal control systems which are embedded into our risk management systems.

Ultimate responsibility for oversight of risk management rests with the Board. The Executive Directors assess top down risk exposures against the context of the Group's strategy and the effective day to day management of risk is embedded within our operational business units and forms an integral part of how we work. This bottom up approach allows potential risks to be identified at an early stage and escalated as appropriate, with mitigations put in place to manage such risks. Each business unit maintains a comprehensive risk register. Changes to the register are reviewed quarterly by the Group Risk Committee, with significant and emerging risks escalated to the Board.

Risk management framework

There is a formal governance structure underpinning our approach to risk management. The Group ensures that there are robust processes in place in order to achieve effective risk management. This involves the identification, evaluation, control and continuous monitoring of risk posed to the business. These processes ensure that we have appropriate measures to manage our exposure to risk in order to operate within the Group's risk appetite.



Risk appetite

The Board is responsible for overseeing the risk appetite of the Group. Executive Directors set the risk appetite of the Group based on the level of risk that the Group is willing to take in order to deliver against strategic, operational and financial objectives.

The risk appetite processes ensure that risks are consistently managed across the Group with decisions being made accepting the right level of risk, and that the appropriate resources and controls are put in place at each level of risk. It also ensures that risks are escalated appropriately and proportionately in line with overall appetite.

The risk appetite process is explained as follows:

1. Describe potential impacts

Risk appetite is assessed for potential impacts across different impact categories:

- Financial risk
- Operational disruption
- Legal and regulatory compliance
- Health and safety
- Environment
- Reputational risks: considered separately across each identified stakeholder group

2. Set acceptable risk level

Potential impacts are assessed against a combination of likelihood and risk impact with the overall outcome being categorised as risk averse, neutral or risk aware.

An example of an area of risk averse tolerance would be our approach towards seeking to comply with all relevant laws and regulations.

An example of where the Group has an open or positive tolerance to risk would be in seeking strategic growth opportunities including acquisitions which may require accepting a higher level of risk in order to achieve returns against our strategic objectives.

3. Compare risk assessment

Risk appetite will vary across different types of risk, and therefore appetite is further analysed between underlying, operational and strategic risks where tolerance for accepting risk will vary.

4. Determine action

Principal risks including inherent and mitigated risk are measured against the risk appetite framework to ensure that they are within tolerance of overall risk appetite. If principal risks are outside or towards the top end of risk appetite tolerance, actions will be taken including taking mitigating actions or increasing oversight or controls. If risks are below the risk appetite tolerance level then action should be taken to consider being more open towards risk in order to facilitate achievement of our strategic objectives including higher returns or growth.

Risk appetite category	Averse	Minimal	Open	Positive
Financial		Operational		Strategic
Operational disruption		Operational		Strategic
Legal & regulatory	Underlying			
Health & safety	Underlying			
Environment	Underlying			
Reputation		Operational		Strategic
Risk appetite category	Averse	Minimal	Cautious	High
Risk tolerance	Very low	Low	Medium	High
Explanation	Activities undertaken will only be those considered to carry very low or virtually no residual risk.	Activities will only be undertaken where they have a low degree of residual risk.	Preference for very safe business delivery with the potential for benefit or higher return not a key driver.	Activities undertaken may carry a high degree of inherent risk that is deemed controllable to a large extent so that the residual risk is medium.
			Willing to tolerate a degree of risk in selecting which activities to undertake to achieve key deliverables or initiatives, where we have identified scope to achieve significant benefit or realise an opportunity.	Activities themselves may potentially carry, or contribute to, a high degree of residual risk.
			Willing to consider wider range of options and choose one most likely to result in successful delivery while providing an acceptable level of benefit. Seek to achieve a balance between a high likelihood of successful delivery and a high degree of benefit and value for money.	Willing to be innovative and to consider opportunities offering higher business rewards despite elevated levels of inherent risk even if those activities carry a very high residual risk.
				Very high
				Positive

Identifying and managing risks

Identifying and managing risks

The Board maintains a focus on effective risk management, which flows all the way through the organisation. The risk appetite is set at different tolerances depending on the impact categories as mentioned previously. The culture of the organisation is consistent with risk appetite and ensures all activities, from day to day operations to high level strategic decisions, are performed in line with this approach.

The assessment of principal risks is based on the perceived impact on the Group's ability to achieve its strategic objectives and the likelihood of their occurrence taking into account controls that have been put into place to mitigate any impact.

Principal risks

Recognising that all business activity involves elements of risk, the Group maintains a policy of continuously identifying and reviewing risks that represent a threat to the business, or that may cause future financial results to differ materially from expected results. Our approach is not intended to eliminate risk entirely, but to manage our risk exposures across the business, whilst at the same time making the most of our opportunities.

The Directors have carried out a robust assessment of the principal and emerging risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. For each risk we state what it means for us and what we are doing to manage it. The change in risk

is assessed using the aggregation of bottom up risks which have been mapped against principal risks and also the top level and emerging risks. The risk level change represents the assessed risk exposure as at 30 April 2023 compared to the same point in the previous year.

The Board is dedicated to ensuring the Group operates in a responsible and sustainable manner, and throughout the year we have developed and approved our ESG strategy, formed a separate ESG Committee and our maiden Sustainability Report was published during the year. Further information on our ESG strategy can be found on pages 52 to 70. While we view climate change as a significant risk for the business, we believe it is more

appropriately addressed not as an individual principal risk, but within a number of our underlying risk categories for any near-term impacts; and then separately through our TCFD risk assessment for its longer-term implications, as set out on pages 64 to 70. This better reflects both risks and opportunities which will arise, including the energy transition in our sector over the longer-term.

The risks specified are not intended to represent an exhaustive list of all potential risks and uncertainties. The risk factors outlined should be considered in conjunction with the Group's system for managing risk, described on pages 40 to 41 and in the Corporate Governance Report on pages 77 to 129.

Emerging risks

In addition to the principal risks, the Board also considers what emerging risks may also impact the Group. The Group considers an emerging risk to be one that is not currently having a material impact on the business but has the potential to impact future strategy or operations. The Group's approach to managing emerging risk exposure is to:

- identify potential emerging risks, using horizon scanning techniques; published external research and peer or competitor review;

- assess these risks taking into account our industry sector and market position, and our strategy, to determine relevance;
- consider the potential impact of each risk on the Group's strategy, finances, operations and reputation, taking into account the likelihood of the risk occurring and the speed with which it may manifest; and
- regularly monitor these risks and develop actions to address them where appropriate.

The Board considers climate-related matters, including the recommendations from the TCFD as emerging risks. Our assessment around this area has developed significantly during the year but it is still considered to be an emerging risk to the Group and will be continually monitored. As those risks become prevalent, they will be integrated into the assessment of principal risks and the overall risk management framework of the Group.

Our risk assessment

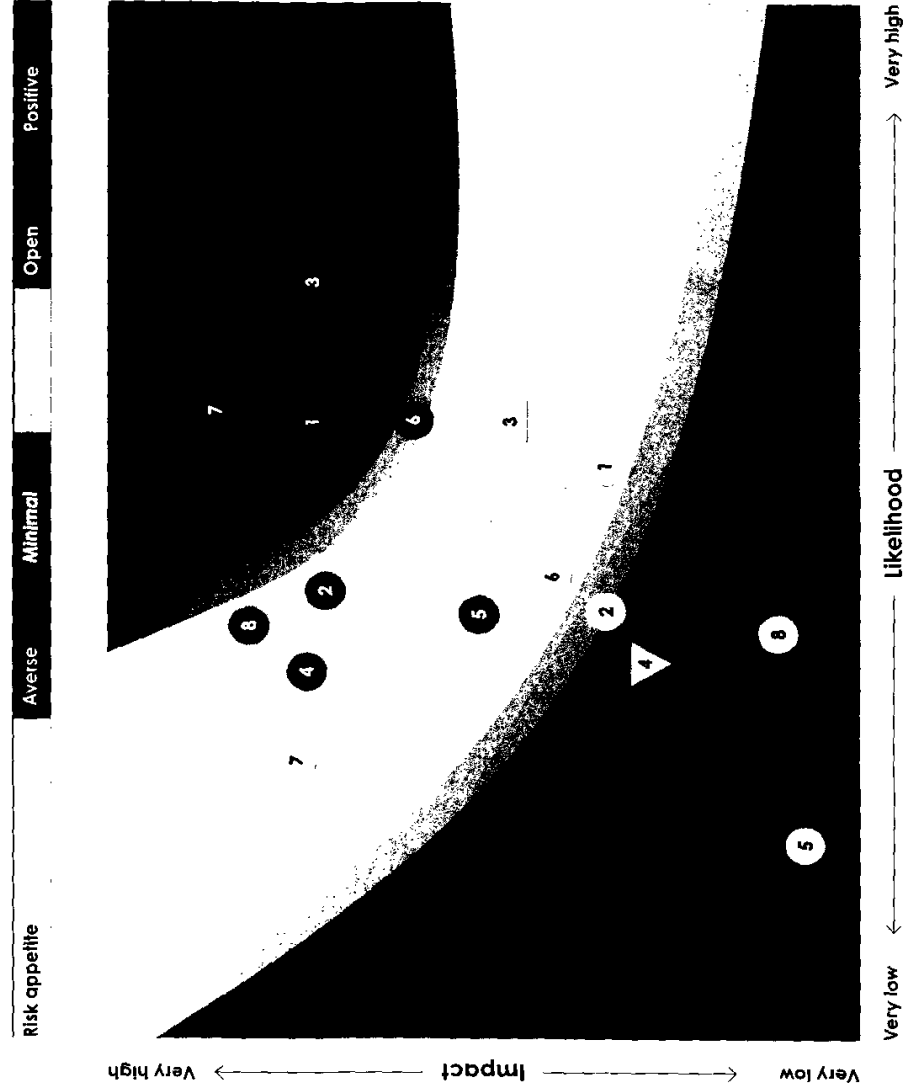
The Group risk register records 30 risks in total which have been allocated against the six risk appetite categories (see page 42) and mapped to eight individual principal risks which are categorised into strategic, financial and operational risks although most risks have an impact across all three categories.

Risks

- 1 Economic environment
- 2 Market risk
- 3 Vehicle supply
- 4 The employee environment
- 5 Legal and compliance
- 6 IT systems
- 7 Recovery of contract assets
- 8 Access to capital

Key

- Inherent risk
- Residual risk (unchanged from prior year)
- Residual risk (risk scoring increased from prior year)
- Residual risk (risk scoring reduced from prior year)



Risk trend

Risk trend

Mitigated risk

✓ within appetite tolerance

✗ outside of appetite tolerance

Risk trend

Evaluation is defined as management's assessment of whether the risk factor has:

Increased

Decreased

Not changed

↑

↓

=

Type of risk	Risk	Appetite tolerance	Mitigated risk	Risk trend	Change explanation
Strategic risks	1 Economic environment	Cautious to open	✓	=	- Demand for our rental services remains high, above the level of new vehicle supply - Volumes have continued to grow in Redde following recovery from COVID-19 period - Inflationary pressures have been experienced during the year but have been managed against the cost base and through pricing
	2 Market risk	Minimal to open	✓	=	- No major customer losses and the customer base continues to be diversified across sectors with no reliance on individual customers of size - The opportunities and services created through further of our integrated mobilities platform improves the attractiveness of our offering and the retention of customers - We continue to build a platform and relationships that will facilitate the transition away from non-ICE vehicles for the Group and its customers
Operational risks	3 Vehicle supply	Minimal to Open	✓	↑	- The flexibility in our fleet model has enabled us to age out the fleet during a period of low availability of supply. However, the older age is now reducing the ability to significantly further age the fleet without impacting operational performance or customer service, and may restrict growth opportunities - Supply issues also put pressure on new vehicle inflation but there are indications that the global supply of vehicles will improve going forward - We expect residual values to reduce from the high levels experienced since COVID-19
	4 The employee environment	Averse to Open	✓	↓	- Improved employee engagement scoring reflects the measures taken to improve communication, training and development of our people. - Widening of benefits including free shares, employee allowances and cost-of-living support has reduced attrition risk - Improved routes to employee markets through further developing in-house recruitment and vacancy filler platform used across the Group
Financial risks	5 Legal and compliance	Averse	✓	=	- No material changes to laws and regulations - No material changes to contractual obligations - Horizon scanning and planning for future changes to laws and regulations
	6 IT systems	Minimal to Open	✓	=	Continued investment in and integration of IT platforms as the group grows organically and inorganically
	7 Recovery of contract assets	Cautious to Open	✓	=	- Cash collection has improved with statutory debtor days in Redde reducing - Insurance environment remains stable in order to facilitate collection of claims
	8 Access to capital	Cautious to Open	✓	=	- Debt facilities remain adequate for funding Group strategic objectives - One year extension of bank facilities in the year has maintained the maturing profile of debt

Strategic risks

1 Economic environment



Risk
trend

Risk description

A change in economic activity in the countries that the Group operates or are linked through the supply chain could affect the demand for our products and services, increase risk of customer failure, interrupt supply chains or increase the cost base of the business.

Influencing factors

- Changes in economic conditions including economic growth forecasts and inflationary pressures
- Influences of conflicts between countries on global supply chains
- Changes to driving patterns and vehicle usage could influence demand for insurance related services

Controls and mitigating activities

- Flexibility over asset management means that in the event of a downturn the Group can generate cash and reduce debt by reducing vehicle purchases or accelerating disposals
- The business model supports high levels of utilisation and vehicles returned from customers are redeployed within the fleet
- The cost base related to management of insurance claims and services is flexible and can be scaled back in response to a downturn in revenue
- The Group maintains close relationships with key suppliers to ensure continuity of supply, such as negotiations considering the global restriction of vehicle availability, and has diversified supplier base in order to further mitigate this. In the event of short term supply interruption, the fleet can be aged
- Pricing structures remain under review in context of cost inflation in order to protect margins
- Credit risk of new and existing customers is continually assessed and actions taken where necessary. The Group has a diversified customer base without overreliance on an individual or group of customers across any sector
- Transactional foreign exchange exposure is minimised through sourcing supplies in the same currency as the revenue is generated

2 Market risk



Risk
trend

Risk description

The loss of a major customer or key insurance referral partner could adversely impact the Group's revenues. Without any adjustment to pricing, service or cost base, this will result in lower returns. There is a risk that demand for the Group's products could materially diminish if it fails to respond to behavioural, structural, legal or technological changes in the markets in which it operates.

Influencing factors

- Level of competition across vehicle rental and leasing sectors is broad with low barriers to entry
- Price competition could impact the Group's ability to attract and retain customers at appropriate rates of return
- Increases in insurance referral rates or inability to pass on cost increases through claims could impact viability of returns
- Loss of a major customer or insurance referral partner could diminish returns if the cost base is not managed appropriately
- Changes to usage of fleet such as regulations around operation of ICE vehicles and low emission zones will change the demand for existing products and services
- Structural changes to the rental and insurance and legal services markets such as consolidation, digitalisation or vertical integration could impact on the viability of the business model

Controls and mitigating activities

- Comprehensive suite of products and services improves retention of existing customers and attractiveness to new customers by differentiating our offer from other providers
- Minimising the concentration of business customers
- Maintaining contracts and long term relationships with insurance partners
- Continual benchmarking of pricing and service offer compared to competitors and other market participants
- Pricing controls over target levels of returns and discount authorities
- Continued evolution of the fleet towards non-ICE vehicles with development of supplier relationships and investments in supporting infrastructure
- Pricing structures remain under review in context of cost inflation in order to protect margins
- Credit risk of new and existing customers is continually assessed and actions taken where necessary. The Group has a diversified customer base without overreliance on an individual or group of customers across any sector
- Transactional foreign exchange exposure is minimised through sourcing supplies in the same currency as the revenue is generated

Operational risks

3 Vehicle supply



Risk
trend

Risk description

Failure to secure sufficient access to new vehicles at appropriate pricing would impact on ability to grow, operational and customer service delivery, and overall returns.

An increase in holding costs either through higher new vehicle pricing or lower residual values, if not recovered through hire rate increases or operational efficiencies, would adversely affect returns.

Influencing factors

- Challenges around global vehicle supply as a result of COVID-19 and global conflict in Ukraine have impacted new vehicle supply and put pressure on new vehicle pricing
- Residual values remain uncertain during this period of vehicle supply and are also influenced by economic conditions

Controls and mitigating activities

- Flexibility over asset management means that in the event of a downturn the Group can generate cash and reduce debt by reducing vehicle purchases or accelerating disposals
- The business model supports high levels of utilisation and vehicles returned from customers are redeployed within the fleet
- The Group maintains close relationships with key suppliers to ensure continuity of supply, such as negotiations considering the global restriction of vehicle availability, and has diversified the supplier base in order to further mitigate this. In the event of short term supply interruption, the fleet can be aged
- Pricing structures remain under review in context of cost inflation in order to protect margins
- Transactional foreign exchange exposure is minimised through sourcing supplies in the same currency as the revenue is generated

4 The employee environment



Risk
trend

Risk description

Failure to attract, retain, develop and motivate the right talent will impede the successful operation of the business model and delivery of the Group's strategic objectives.

Failure to keep employees safe through health and safety risk management will impact trust with our employees and reputation across all stakeholders.

Influencing factors

- External pressures in the labour market creates issues in attracting and retaining talent and therefore delivery of the operating model and commercial proposition
- The diverse operations of a Group growing organically and inorganically across a wide geographical area increases the challenge of fostering a shared culture in line with strategic objectives
- Not safeguarding employees' health and welfare and failure to invest in our workforce will lead to high levels of staff turnover, which will affect customer service, operational efficiency and overall delivery of the Group's strategy

Controls and mitigating activities

- Employee engagement with Group manager[†] through the Employee Engagement Forum and employee surveys
- Internal communications establish vision and values which are aligned to Group strategy and we undertake regular communication of the strategic progress through various platforms
- Ongoing benchmarking of reward and benefits against the comparable market
- Regular performance reviews including personal development and tailored training
- Regular engagement with employees and access to health and wellbeing initiatives
- Widening of rewards and benefits including share ownership, cost-of-living support and improved annual and family leave
- Group health and safety team develops policy and processes to ensure safe working practices and monitors compliance with those policies
- Continual development of Group health and safety initiatives to promote an ongoing safe working environment

Operational risks

5 Legal and compliance



Risk description

Certain activities and arrangements within the Group are regulated, therefore ongoing compliance with regulations is required to ensure continuity of business.

Legal cases relating to the provision of credit hire and insurance related services have provided a precedent framework which has remained stable for several years. Legal challenges or changes in legislation could undermine this framework with consequences for the markets in which the Group operates.

Influencing factors

- Changes to the legislation underlying one or more of the Group's core markets could impact revenue and profitability, particularly within the credit hire, insurance and legal services businesses
- Inadequate operation of systems to monitor and ensure compliance with regulation could expose the Group to fines and penalties or operating licences could be suspended and also adversely impact our reputation across all stakeholder groups

Controls and mitigating activities

- In-house legal and compliance team continuously monitoring regulatory and legal compliance
- Horizon scanning and monitoring of legal and regulatory developments
- Policies and procedures and compliance monitoring programmes
- Training in relation to relevant legislation, regulatory responsibilities and Company policies and procedures
- External advisors are retained where necessary

6 IT systems



Risk description

Failure of existing systems, lack of development in new systems or poor integration of new systems, could result in a loss of commercial agility and/or harm the efficiency and continuity of our operations.

Incorrectly handling data, or unsuccessfully defending against data theft or cyber-attacks, could cause significant reputational harm across all stakeholders.

Influencing factors

- The Group's business is dependent on the safe and efficient processing of a large number of complex transactions and stakeholder interactions. The effective performance and availability of core systems is central to the operation of the business
- Inadequate IT systems can be at risk from failed processes, systems or infrastructure and from error, fraud or cyber-crime
- Growth through inorganic acquisitions increases the complexity and diversity of operations; IT systems and infrastructure

Controls and mitigating activities

- Investments in key IT platforms and systems to ensure continued operational performance and delivery
- Ongoing monitoring of the continuity of IT systems with access to support where required
- Back-up and recovery procedures for key systems including disaster recovery plans
- Operation of information security and data protection protocols to ensure that data is held securely, and is adequately protected from cyber-attacks or other unauthorised access
- Changes to key IT systems are considered as part of wider Group change programmes and are implemented in phases where possible with appropriate governance structures put in place to oversee progress against project objectives

Financial risks

7 Recovery of contract assets



Risk
trend

Risk description

Our credit hire and repair business involves the provision of goods and services on credit. The Group receives payment for the goods and services it has provided after a claim has been pursued against the party at fault (and the relevant third party insurer). This can mean that the Group can endure a long period before some payments are received.

Influencing factors

- Recovery of insurance claims requires the orderly running of insurance markets with claims being settled on commonly agreed terms
- Due to the relative strength of insurance companies, they could influence the speed of settlement of claims in order to secure better terms
- Settlement of claims is normally reached through mutual agreement. Settlement through court arbitrations can be lengthy and relies on efficient operation of the court process

Controls and mitigating activities

- Services are only provided to customers after a full risk assessment process to ensure that the claim will be legally recoverable from a third party
- The Group manages collection risk by standardising terms with third party insurers (protocol agreements) where possible, ensuring that in addition, any payment delays are monitored and appropriate action taken to facilitate prompt settlement

8 Access to capital



Risk
trend

Risk description

The Group needs access to sufficient capital to maintain and grow the fleet and fund short term working capital requirements.

Investors increasingly require businesses to demonstrate that they act in a responsible and sustainable manner prior to granting access to financing facilities.

Influencing factors

- Debt markets can be volatile in terms of liquidity and pricing
- Failure to maintain or extend access to credit and fleet finance facilities or non-compliance with debt covenants could affect the Group's ability to achieve its strategic objectives or continue as a going concern

Controls and mitigating activities

- Debt facilities are diversified across a range of lenders and close relationships are maintained with key funders of the Group to ensure continuity of funding
- Debt facilities have been put in place to provide adequate headroom and maturities in order to support the strategy of the Group
- The Group continually monitors cash flow forecasts to ensure adequate headroom on facilities and ongoing compliance with debt covenants
- The Group maintains leverage within stated policy and the business model allows cash to be generated through economic cycles
- The impact of access to capital on the Group's viability is considered in the viability statement on pages 50 to 51

Effectively leveraging integrated mobility capabilities with significant new business wins and service diversification aligned to our ESG framework strongly positions the Group for future growth.

The assessment process and key assumptions

The Group's prospects are assessed through its strategic planning process. This process includes an annual review of the ongoing strategic plan, led by the CEO, together with the involvement of business functions in all territories. The Board engages closely with executive management throughout this process and challenges delivery of the strategic plan during regular Board meetings. Part of the Board's role is to challenge the plan to ensure it is robust and makes due consideration of the appropriate external environment.

Assessment of prospects

Our business model and strategy are central to understanding the prospects of the Group, details of which can be found on pages 8 to 19. The Group's current overall strategy has been in place for several years, subject to the ongoing monitoring and development described below. The Group is well established within the markets it operates in, details of which can be found on pages 12 to 15, and has proven resilience through difficult economic conditions in recent years and strong momentum has continued throughout the year ended 30 April 2023.

The Board continues to take a measured approach to strategic risk: the Group has matured through the Focus, Drive and Broaden elements of its strategy, building platform for the next phase of our strategy. It has achieved significant contract wins through an enhanced commercial offering, and diversified service, such as through the acquisition of Blakedale, whilst exploring further market and geographic growth opportunities intended to add long term value to the Group. The Board continually assesses the changes in the risk profile and emerging risks to the Group, further details of which can be found on pages 40 to 49. The Group pursues only those activities which are acceptable in the context of the risk appetite of the Group as a whole.

The plan makes certain assumptions about the normal level of capital recycling likely to occur and therefore considers whether additional financing will be required.

The first year of the financial forecast forms the Group's operating budget. Subsequent years are forecast from this year, based on historical experience and expected measures within the overall strategic plan.

Based upon this assessment, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to 30 April 2026.

Assessment of viability

To assess the Group's viability, the three year strategic plan was stress tested against various scenarios and other sensitivities.

Sensitivity analysis of our strategy

A detailed three year strategic review was conducted which considers the Group's cash flows, dividend cover assuming operation of stated policy, and headroom against borrowing facilities and financial covenants under the Group's existing facilities. These metrics were subjected to sensitivity analysis to assess the Group's ability to deliver its strategic objectives.

Financial position

The maturity of the Group's £475m principal banking facility was extended during the year and has a maturity date of November 2026. Private placement loan notes of £375m give a longer profile of maturities spread across 6, 8 and 10 years. Headroom against the Group's existing banking facilities at 30 April 2023 was £290m as detailed on page 36. This compares with headroom of £382m investment in fleet for growth. Given the financial strength of the Group, we do not

anticipate any material deterioration in the credit status of the Group or access to credit markets that would contradict this assumption.

Taking this into account, the Group's facilities provide sufficient headroom to fund the capital expenditure and working capital requirements during the planned period.

The Directors have further considered the resilience of the Group, considering its current position and the principal risks facing the business. The plan was stress tested for severe but plausible scenarios over the planned period as follows:

- No further growth in vehicles on hire with rental customers
- A 2% reduction in pricing of rental hire rates
- A 2% increase above plan assumptions in the purchase cost of vehicles and other operating expenses not passed on to customers
- A 5% reduction to assumptions in the plan for the residual value of used vehicles
- A 10% volume reduction in insurance claims and services revenue in aggregate, either through lower demand or through ending the commercial relationship with a group of key insurance partners
- A 1% increase in floating interest rates above what was included within the plan
- An increase of 50 days in the time taken to settle outstanding claims with insurers

Revenues from insurance claims and services are closely linked to the volume and density of traffic on the roads which in recent years was impacted by COVID-19 lockdowns. Volumes have now recovered to a normalised level. Over the COVID-19 period overall profitability and cash generation of the Group increased due to the resilience of the business model. The strategic plan therefore does not assume further lockdowns will occur. The resilience of the Group shown

Viability statement continued

through previous lockdowns gives us confidence that we would be well prepared should this eventuality occur again.

The above scenarios took into account the effectiveness of mitigating actions that would be reasonably taken, such as reducing variable costs that are directly related to revenue, but did not take into account further management actions that would likely be taken, such as a change to the indirect cost base of the Group or a reduction in capital expenditure and ageing out of the vehicle fleet, both of which would generate cash and reduce debt.

Conclusions relating to viability and going concern

After considering the above sensitivities and reasonable mitigating actions, sufficient headroom remained against available debt facilities and the covenants attached to those facilities. The Directors have a reasonable expectation that the Group will continue to be able to meet its obligations as they fall due and continue to be viable over the period to 30 April 2026. The Directors also considered it appropriate to prepare the financial statements on the going concern basis, as explained in the Basis of preparation paragraph in Note 2 of the Financial Statements.



Sustainable mobility solutions, delivered responsibly

Our sustainability approach

Over the past year we have significantly enhanced our capabilities and understanding of ESG matters and our environmental footprint.

Over the following pages we set out some of the key elements of this work, which will be complemented by the publication of our second Sustainability Report to be published shortly after this report.

Key actions undertaken in FY2023 have included:

- Transition to Sustainability, Compliance and Workforce, People & Safety (WSPS) as of 1 April 2023
- Set up of a new 3rd party ESG assurance firm
- First year of Scope 3 emissions measurement
- External TCFD reporting on climate physical risk assessment
- Public CDIP recognition
- External employee benefits and reward

CEO and management responsibility

The CEO has ultimate responsibility for climate change considerations and mitigating actions, with day to day management delegated to the Group Management Boards, comprising business and function heads. The CFO is responsible for the TCFD programme and development of relevant KPIs and net zero strategy.

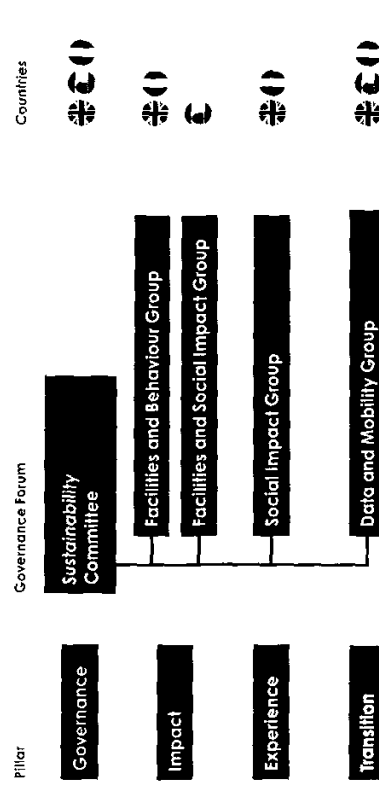
Executive functions with oversight and responsibility for other ESG matters include the Head of ESG, the Head of Group Safety and Environment in the UK and the Director of Development and Sustainability in Spain.

Sustainability Committee

We formed our first Sustainability Committee this year which is chaired by the CFO and supported by our new Head of ESG. The Committee is made up of senior representatives from across the organisation.

The Chair of the Committee acts as a direct link between the Committee and the Board in the delivery of the sustainability programme. The expectation is that the Committee will:

- Evaluate the material issues that impact on our ability to create economic, environmental and social value

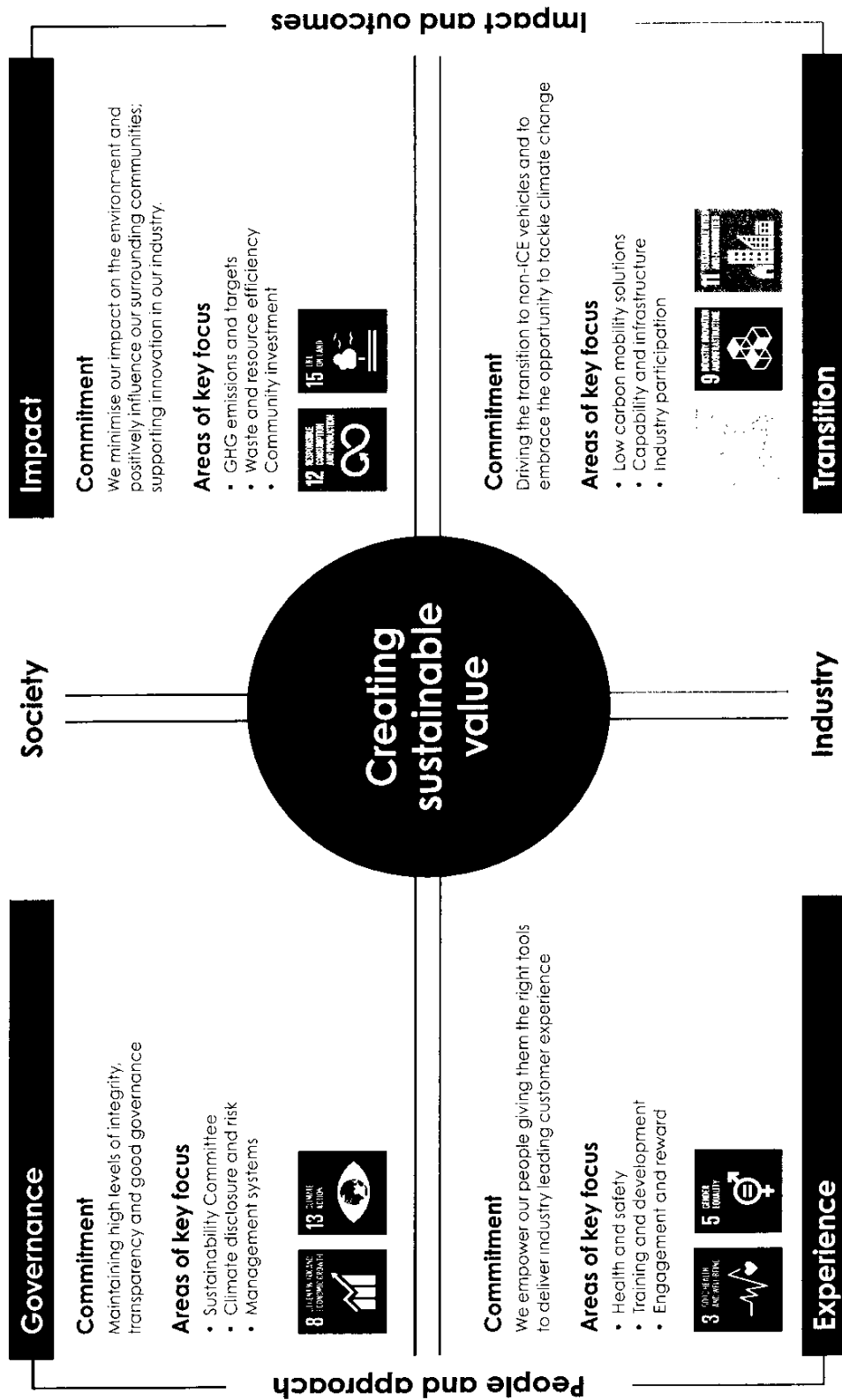


- Review the approaches adopted to systematically address material risks and opportunities and propose alternative programmes of activity, to improve social and environmental performance
- Evaluate the degree of progress being made to achieve stated commitments, targets and positive sustainability outcomes.

To support the Committee, we have established four sub-groups to address material social and environmental sustainability issues. The activities of the sub-groups encompass all territories and business operations.

The membership of these groups has been taken from functional teams and operational representatives, all of whom are tasked with proposing to the Committee the most appropriate actions we should be taking to deliver against our targets.

Our focus areas



Governance

Ethics, anti-corruption and compliance

We have policies in place covering financial and corporate governance. Our Code of Business Conduct, applicable to all employees of Reddie Northgate, sets out our ethical standards and guidance on behaving responsibly. This code and our statement of compliance with the Modern Slavery Act 2015 are contained on our website. Compliance training is conducted and tracked through our e-learning platform. The Group has a formal whistleblowing policy and procedures ensuring every employee can have a voice and a means to raise concerns to the Group. The Chairman of the Audit Committee holds ultimate responsibility for managing any complaints; in FY2023, no matters were identified as sufficiently material to be escalated for their attention.

Supply chain management

We have a significant number of suppliers and partners across the Group who are an integral part of our business and value chain. We seek to treat all of our suppliers responsibly and ensure fair engagement practices and payment terms. We actively engage with suppliers to ensure compliance with our code

of conduct, which includes provisions on human rights and environmental standards. Our procurement capabilities and expertise are being enhanced at Group level, working closely with each of the businesses to standardise practices and policies; including the onboarding of new suppliers who must sign and comply with our ethical trading statement, covering modern slavery, bribery and corruption.

Cybersecurity and data privacy

All employees must complete information security training, and we set a number of rules and procedures in our contact centres to mitigate particular risks. Our IT function works closely with the business change teams across the Group to assess the proposed and developing projects and ensure best practice is adhered to. We conduct vulnerability scanning, have rolling penetration testing scheduled across all the businesses in the Group for external facing systems, and conduct penetration testing for any new external system developments before they go live. Our information security management system identifies the security and policy controls and ensures the necessary audits are undertaken to evidence our compliance.

Workforce composition

The composition of our workforce and senior management as at 30 April 2023 is set out below. A review of our Board composition and diversity is contained in the Corporate Governance report set out on pages 80 to 85.

	2023		2022	
	Male	Female	Male	Female
UK and Ireland	4,055	2,068	3,717	1,808
Spain	846	411	808	397
Total	4,901	2,479	4,525	2,205
	7,380		6,730	

The gender split at senior manager level

	2023		2022	
	Male	Female	Male	Female
Directors	5	3	6	1
Senior Managers	32	15	17	5
	47		22	

The Group has expanded the definition of senior management level in FY2023, the 2022 headcounts have not been adjusted to reflect this new categorisation.

Sustainability continued

Materiality assessment

Double materiality assessment

Last year we engaged with our stakeholders to inform them of the development of our first materiality assessment. We used this enhanced understanding of stakeholder interest, coupled with an evaluation of financial impact to formulate a double materiality assessment. This approach considers what is material to us and what is material to society and/or the planet.



Impact on operations and financial performance		Material issues		Impact on the environment and society	
High	Low			Low	High
Environment					
Investment into EV infrastructure and solutions	●	Climate change and action		●	Driving emission reductions across the value chain
Low carbon mobility market growth	●	Low to zero carbon mobility		●	Providing low carbon mobility for all
Exposure to rising material and parts costs	●	Materials and parts		●	Reducing material yield variance and increasing green part usage
Exposure to landfill tax and hazardous waste costs	●	Waste, spent oils and packaging		●	Reprocessing spent oil and diverting waste from landfill
Exposure to rising electricity and water costs	●	Electricity and water usage		●	Reducing consumption through efficiency measures
Exposure to rising gas and fuel costs and taxes	●	Gas and fuel consumption		●	Increasing electrification of heat and transport
Social					
The financial and reputational impact of accidents	●	Health and Safety		●	Protecting the safety of our people and customers
Improving mental health and enhancing resilience	●	Wellbeing		●	Caring for and supporting our people
Recruitment pool and skill shortages	●	Social mobility and diversity		●	Reducing inequality and barriers to opportunity
Productivity loss and customer dissatisfaction	●	Technical skills and knowledge		●	Increasing technical skills and carbon literacy to enhance customer value proposition
Employee turnover and replacement costs	●	Development, recognition and reward		●	Increasing employee motivation and satisfaction
Forging alliances with local groups and attracting talent	●	Community and local enterprise mobility		●	Building trust and supporting SMEs
Governance					
Customer satisfaction and sales volumes	●	Customer experience and support		●	Enhancing quality and service to customers
Informing government policy and regulation	●	Industry participation		●	Driving forward industry collaboration and innovation
Non-compliance risks and ethical breaches	●	Ethics and compliance		●	Responsible business practices
Efficient and effective end to end logistics	●	Vehicle procurement and supply chain		●	Working with OEMs to drive sustainable outcomes
Exposure to legal and regulatory risks	●	Corporate governance and remuneration		●	Linking ESG performance to executive remuneration

Experience

Safe, secure and healthy

We provide a secure and safe working environment for our people and stakeholders. We monitor our accident frequency rate (AFR) and other performance metrics in health and safety very closely. This year our AFR was 1.8 which is a slight increase on the prior year AFR of 1.7.

An increase in the volume of activity across our workshop and body shops, which are more hazardous in nature than our administration centres, is likely to have contributed to this increase. Nevertheless, we have undertaken an analysis of incidents during this period.

We care about the physical and mental health of our people and have a preventative system-wide approach to health and wellbeing where we all take collective responsibility for wellness. In support of this approach, we launched our Wellbeing Strategy which sets out how we hope to keep everyone in our business physically, mentally, and financially well. The deployment of this strategy was underpinned by a broad programme of wellbeing events, training and support tools.

Employee assistance programme

We have invested in support tools, initiatives, and benefits to empower our people to take control of their own needs and to access the support they want. We've funded an

Employee Assistance Programme (EAP) which offers free third-party support to specialists who can help manage our people's health and wellbeing, and that of their families. The EAP also provides access to remote GPs, mental health, physiotherapy, money and wellbeing support.

Investing in the development of our people

We want all our people to feel they can give their best, using their unique skills and talents to deliver our strategic aims. We have invested in our Group Learning and Development (L&D) function so the team now has far greater capacity to map out training needs and deliver targeted training programmes to all parts of the business.

Promoting the industry to young people

The longer term future growth plans of Redde Northgate will require a strong pipeline of young people wanting to pursue careers in the vehicle automotive industry. We have developed an early careers strategy to shine a light on the vehicle automotive career opportunities available to young people at schools and colleges. The strategy has focused workstreams:

- Apprenticeship services partnerships
- Professional services partnerships and event attendance
- Digital events
- Award sponsorship

Group-wide training

We've completed a Group-wide training needs analysis that enabled us to define development pathways for some of 18 proposed development objectives.

These will have special focus on two Group business objectives: ramp up to sustained sales in FY2023 and sustained L&D effectiveness.

28

short courses provided following introduction of eight new courses this year

30

new Learning Academy course developed, adding the total to 109 available training courses

6,458

learning hours of training facilitated in total via all delivered

39,259

e-learning courses completed

77%

average Net Promoter Score for courses completed

72%

of respondents to our employee engagement survey believe their manager encourages and supports their development and aspiration, this was up 23ppts from the prior year



Digital Early Careers Event

We hosted a Digital Early Careers Event, in partnership with Spark, enabling us to broadcast an engaging and relatable early careers story to 1,600 schools and 4,000 students. Four of our current apprentices were featured with a video of their work experiences. Spark Careers is an app that connects students and young people, through their schools and colleges, with businesses, giving them direct access to some of the UK's major employers.

Building a future talent pipeline

We are investing in the next generation of vehicle maintenance and repair technicians. This includes strengthening our technical talent value proposition to ensure we recruit, develop and retain the best people in the industry.

We strongly believe that high quality and rewarding apprenticeships and trainee experiences will secure a pipeline of talent to support our ambitious business growth plans. c.£500,000 has been invested from the Digital Apprenticeship Account, up over 55% on last year. This has not only helped fund our apprenticeship scheme but also enabled us to invest in training across the business.

Connecting, listening and learning

The opinions of our people count so we are always looking to engage with them to create a more positive working environment and employment experience. The established Employee Engagement Forum provides valuable input into the development of our rewards and benefits provisions.

Flexible benefits and support

A suite of benefits was made available to all our people to help in many areas from new family-friendly policies to support those on maternity, and paternity leave; the introduction of an enhanced annual leave policy to an extensive flexible benefits scheme.

A popular flexible benefit was the Techscheme where 354 colleagues took advantage of this benefit. Launching in December the scheme gives our people a discount off the cost of the tech, with no upfront cost and repayment spread over 12 months.

The additional support provided to our people, throughout the year was well received, with a 6% increase in the employee survey question related to pay and an 8% increase in the question related to benefits.

Employee engagement survey

The opinions of our people count so we are always looking to engage with them to create a more positive working environment and employment experience. Over 5,700 of our people completed an engagement survey giving the business a 74% overall satisfaction rating. The survey results highlighted the measurable progress we are making. We intend to build on this progress in the next financial year by delivering a Group-wide recognition scheme and continuing to improve the communication of our business strategy.

Culture

67%

listening and introducing 'new things' like more management training to drive better conversations between colleagues and managers saw this response grow by 14ppt from last year

Feeling valued

68%

the suite of benefits we made available to our people helped to increase this score by 8% from last year

Teamwork and Trust

91%

of our people feel that they work for a great team and are trusted to do your job, improving a further 2ppt from last year

Customer service

85%

of our teams feel proud of the service they provide to our customers, a 1ppt rise on last year

Impact

Managing environmental impact

Waste control and reduction is a central part of our ISO 14001 accredited environmental management system which is regularly audited to ensure we are continually improving practice across our workshops, repair centres and offices. We aim to promote more effective waste segregation to increase reuse, recycling and to reduce the volume of waste that is sent to landfill.

We had a 4% increase in overall waste volume collected; this was mostly driven by an increase in metal being collected across the estate. We carried out an optimisation project reviewing schedules and collection configurations.

This helped reduce unnecessary general waste provisions, whilst instigating a number of other initiatives including the provision of vehicle bumper racks and headlight bins at 41 of our sites. This resulted in a 25% reduction in general waste being sent to landfill and an overall 3% increase in on-site recycling compared to the previous 12 months. The target we have set to achieve by FY2025 is to achieve zero waste to landfill; overall, 99% of the waste collected by our UK contractor was diverted from landfill.

59,000 tyres were collected and reprocessed as fuel for use in the cement industry.

Last year we consolidated all our water management contracts under one provider to improve oversight of our water use in England, Scotland and Northern Ireland. This year we have established a Facilities and Behaviour Working Group which reports to the Sustainability Committee. The purpose of this group is to identify and evaluate opportunities

to reduce the environmental impact of our estate, instigating projects to reduce waste, energy and water consumption.

Material and resource efficiency

We have worked closely with organisations to increase the use of green parts. Green parts are recovered from damaged vehicles and their use provides a more sustainable solution, not only in helping to reduce carbon emissions but also helping us mitigate against the current supply challenges.

Insurance companies have set themselves ambitious environmental targets and are engaging with their supply chains to get their support in achieving targets, e.g. waste reduction. In favour of this we have commenced a plastic welding trial at two of our vehicle repairs sites.

Plastic welding is used to repair bumpers, rather than replace them which reduces waste and material consumption. Following a successful completion of the trial we are implementing a wider rollout programme which not only includes purchasing more of the welding equipment but also working with the manufacturer to carry out training for our operatives.

We have also improved our internal reporting processes to better measure the benefits and reduced environmental impact of the equipment's use.

↑ 99%

of waste diverted from landfill

New paint scheme

We have introduced a new paint scheme in our repair workshops, with significant operational and environmental benefits. The faster curing time of the new paint results in a predicted saving of 40% in carbon emissions, compared to our previous paint scheme.

Going forward, we plan to measure in-use energy/carbon reduction of the new paint scheme, working closely with the supplier to maximise the operational and environmental benefits it should bring.



↑ 40%

predicted saving in carbon emissions compared to our previous scheme

Energy saving

We are developing further programmes to reduce our energy consumption, such as greater use of LED lighting with now over 65% of Redde Northgate sites having full LED lighting, as do all main office buildings.

The Energy Savings Opportunity Scheme (ESOS) is UK energy legislation for meeting the EU Energy Efficiency Directive. ESOS compliance requires an energy audit of all our operational energy consumption, by December 2023.

To meet this requirement, we are planning to undertake on-site energy assessments throughout the UK and Spain. The expectation is that these assessments will help to inform the development of our net zero transition plan by providing a list of opportunities of energy efficient improvements, across the estate.

Community investment

We are committed to giving back to the communities where we operate and support businesses local to our operations. We have provided ongoing support throughout the year to St. Teresa's Hospice, who provide palliative and end-of-life care and support in South Durham & North Yorkshire. This includes providing the free use of two vans.



Blakedale became a member of Greener Highways last year whose aims are to aid with education and the implementation of sustainable initiatives, products, services and operations across the highways sector. As an active member, Blakedale sponsored a stretch of a busy local road where they carry out regular litter picking duties.

Community award winners

Redde Northgate is proud to be a board member of Darlington Carers, a local initiative dedicated to improving the community. Our commitment to this initiative was honoured in November when we won the Darlington Carers Business Contribution to the Community award.



Planting 2,000 trees

To commemorate the International Day of Forests, celebrated every March, we joined Bosquia Nature to plant more than 1,000 native trees, including ash, birch, laurel, oak and walnut trees in key areas of Gijón and Bilbao. In total, Northgate Spain have planted 2,000 trees in four forests.



At Northgate we seek to minimise the environmental impact of our activity, and Northgate forests allow us to contribute to this with a direct benefit for the environment."

Aurora Asensio,
Marketing Manager of
Northgate Spain

Energy and carbon reporting

This section incorporates the requirements for reporting of greenhouse gas emissions, energy consumption and energy efficiency actions included in the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2018 (the Regulations).

	Greenhouse gas (CO ₂ e) emission source		
	Current reporting period May 22 - Apr 23	Previous reporting period May 21 - Apr 22	Baseline reporting period May 21 - Apr 22
Scope 1 – Combustion of fuel and operation of facilities	22,829	19,773	19,773
Scope 2 – Electricity, heat, steam and cooling	4,165	4,284	4,284
Revenue (£m)	1,337	1,094	1,094
Intensity ratio: Tonnes of CO ₂ e per £m of revenue	20.2	22.0	22.0
Global emissions – Scope 1	5,041	3,187	3,187
Global emissions – Scope 2	1,011	939	939
UK emissions – Scope 1	17,788	16,586	16,586
UK emissions – Scope 2	3,154	3,345	3,345
Energy consumption	2023 (kWh)	2022 (kWh)	2022 (kWh)
Scope 1 – Combustion of fuel and operation of facilities	100,186,831	90,844,288	90,844,288
Scope 2 – Electricity, heat, steam and cooling	20,799,832	20,390,430	20,390,430
Global consumption	25,604,336	18,323,458	18,323,458
UK consumption	95,382,328	92,911,260	92,911,260

Reporting and baseline year

We have aligned our reporting and fiscal years, so the information presented covers the FY2023 period from 1 May 2022 to 30 April 2023. Following the introduction of FMG RS emissions data in FY2021, FY2022 was considered a suitable year to establish as our baseline year and we have subsequently used FY2022 as the starting point for our emission reduction targets.

Analysis

Our absolute Scope 1 emissions grew by 13%, which is due to an increase in our fleet size and a larger number of vehicles be repaired in our workshops, which use gas for heating and operations. Our Scope 2 emissions reduced by 3%. The on-going LED lights roll-out programmes along with the increasing proportion of renewable energy available in the electricity networks accounted for the reduction in Scope 2 emissions. In the reporting year our revenue excluding vehicle sales grew by 22% whilst our emission intensity dropped by 8%.

Considerable work has been undertaken this year to evaluate the contributory elements of our total GHG footprint for all three emission scopes. This work produced a more complete picture of our value stream emissions (Scope 3) and enabled the setting of absolute carbon reduction targets for Scope 1 and Scope 2 emissions (read more on page 61).

The new Sustainability Committee and series of subgroups will be focusing their efforts in the next few months on developing and deploying a comprehensive transition plan to achieve our carbon reduction targets and help progress our carbon net zero journey.

Consolidation approach and organisational boundary

We have derived the emissions data presented using the operational control approach, required under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. We have included each facility under operational control within the figures. The Group has used the principles of the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), ISO 14064-1.

Methodology

We have used Delta's current conversion factors in arriving at the information supplied. The GHG data has been verified by an independent, UKAS-accredited, third party assessor.

Measuring the carbon footprint of our value chain

Working closely with environmental consultants we have taken a "whole lifecycle" approach to determining the carbon emissions of our value chain. The purpose of this assessment was to better understand our GHG footprint across all three emission scopes.

The enhanced understanding of our value chain emissions has enabled us to develop reduction plans and develop plans to improve our GHG reporting capability. FY2022 was used as the baseline; the scope of the emissions measured covered all territories and operations, across the Group.

The analysis identified that Scope 1 and Scope 2 emissions make up just under 1% of our total value chain emissions with the balance resting in Scope 3, both upstream and downstream. Further breaking down the Scope 3 emissions, c.14% related to embodied carbon of the vehicles we purchased, c.43% is from vehicles that are sold by us and c.40% is derived from the vehicles whilst they are on hire to customers.

We intend to use this data as a starting point to evolve our knowledge and understanding of Scope 3 emissions to a point where we can then identify related upstream and downstream emission reduction opportunities to complement our Scope 1 and Scope 2 targets.

Decoupling emissions from business growth

The analysis of GHG emissions, along with the modelling of expected business growth has enabled us to set two interrelated targets, with the approach used informed by a science-based target methodology. In addition, we undertook an assessment of over 15 peer group companies to evaluate the range of emission reduction targets being set in our industry.

From the starting point of our FY2022 baseline, we are committed to using 100% renewable electricity and to an absolute Scope 1 and Scope 2 emission reduction target of 10% by 2027.

The absolute GHG emission reduction target is ambitious when considered in the context of our growth plans, along with the limited availability of EV and hybrid commercial vehicles.

From targets to action

A detailed transition plan is being developed which sets out what mitigation actions we will take to achieve the 10% absolute reduction target by 2027. The Sustainability Committee and the supporting subgroups will play a pivotal role in mapping out the reduction trajectory and managing the emission reduction activities.

We are finalising work on a GHG management plan which will prescribe the processes and systems we will use to accurately capture and report on fuel, energy, and emissions data.

2022 to 2027 targets for Scope 1 and Scope 2		
	100%	Renewable electricity target
	10%	Absolute reduction in emissions



Transition

Since 2016 transport has become the UK's largest emitting sector of GHG emissions. In the EU, road transport is the biggest emitter in the EU's transport sector and accounts for nearly three-quarters of transport-related GHG emissions. Given this context, moving away from ICE to EVs or other mobility solutions is vital in the transition towards becoming a low carbon society.

We are playing our part, enabling a smooth transition towards lower carbon mobility solutions. With our end to end support, in-house expertise and capabilities we are providing a broad array of support services to our customers, many of whom have themselves set ambitious net zero targets and are looking for expert support to make meaningful progress.

We therefore see significant commercial opportunities for the business in enabling the energy transition for customers, which we have brought together under our Drive to Zero programme.

The services we are providing extend well beyond the provision of lower carbon vehicles, encompassing an integrated offering (read more on pages 10 to 11) and we are working to build our internal technical knowhow and seeking out innovation to help accelerate this key contributor to reducing climate change.

Vehicle charging infrastructure



Our ChargedEV business in the UK specialises in the supply and installation of electric vehicle charging equipment right across the UK into both homes and workplaces. They manage the whole process offering a full turnkey solution consisting of supply, installation, groundworks, maintenance, and aftercare. In FY2023 they installed 7,172 domestic 7kW chargers and 267 commercial 22kW sockets. Since FY2022 ChargedEV have installed 219 charging points at most of our operating locations and offices in the UK.

Working in Partnership with Iberdrola

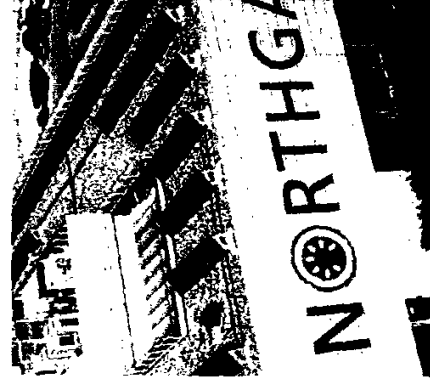
We have formed a partnership with Iberdrola, Spain's largest utility company. This partnership is aimed at promoting green mobility and helping Northgate in its decarbonisation process. This partnership has started to deliver:

- Bundling our EVs and Iberdrola's electric chargers with public charging services already in place
- Promoting our EVs to Iberdrola employees and customers
- Managing the second phase of installing solar panels in our branches
- Providing a renewable energy contract for the energy we use at our facilities
- Undertaking energy efficiency benchmarking and action planning for our estate and operations

Renewable energy

51kWp installed at our Getafe HQ site in January 2023

In FY2023, working in partnership with Iberdrola, solar arrays have been installed at nine of our Spanish sites. This is in addition to seven sites that already had solar PV arrays installed in FY2022 and amounts to 473kWp of incremental renewable solar energy that we are now able to generate.



Sustainable Mobility Plan in Spain

44

new charging points installed in Getafe in March 2023

Within the framework of its Sustainable Mobility Plan, Northgate Spain has opened a hub with 44 charging points at its offices in Getafe. The plan is to install more than 140 charging points across our Spanish operating locations in FY2023 and FY2024, to promote sustainable mobility and facilitate the adoption of EVs.

Through our representatives, a great increase in the number of public charging points in the region under the new charging points are available to any Northgate vehicle user, as well as to the company's own customers and employees.

"At Northgate we wanted to be pioneers by sharing our network of chargers, to facilitate electrification for any user with this hub of 44 charging points, especially relevant in an area with a large business fabric."

Teresa Romo,
Director of Development and
Sustainability at Northgate Spain

Technical excellence

Building capacity and capability

Technical training at Redde Northgate and FMGRS

Technicians trained Training programme

240 IMI Level 3 award in electric & hybrid vehicle system repair and replacement

114 Fundamental electrics

74 Advanced braking

26 High voltage safe working

Vehicle technology is advancing at a rapid pace. We have moved towards increased electrification of drive trains and a greater proliferation of advanced driver assistance systems (ADAS). There is growing competition in the employment market for skilled technicians who are in high demand in the automotive repair and maintenance sector.

To address the challenge of automotive technical advancement and skill shortages we have invested heavily in advancing our technical

capability and capacity, across the Group.

This investment culminated in Milton Keynes (Northgate) getting IMI approved training status, adding to the approved status of the Goole facility (FMG RS). This has enabled us to design, develop and deliver accredited IMI technical training which will play a pivotal role in upskilling our motor vehicle technicians in electric/hybrid vehicle system repair and replacement.



“

Achieving the IMI Approved Training Centre Status means we're able to meet the future needs of the motor industry more effectively by having the ability to provide IMI accredited technical training.”

Steve Coble

Northgate UK Head of Workshops

Optimising vehicle use and fleet management

Northgate Spain launched an updated telemetry solution which allows customers to optimise vehicle use and fleet management. With the new update, a large number of measurements and information of the driver or the vehicle can be accessed from the platform in an easy and intuitive way, such as route optimisation. The updated platform now better supports EVs by providing updates to fleet teams on charging

status along with help locating the nearest charging points.

Industry engagement

We have board level representation on UK and Spanish industry bodies, BVRLA and AEDIVE. Working alongside these bodies we are engaging with Government departments, providing insight into the most effective methods to drive decarbonisation, through focus areas, legislation, and taxation mechanisms.

TCFD report

Statement of consistency

This report was prepared in line with the Taskforce for Climate-related Financial Disclosures (TCFD) All Sector Guidance and associated annexes; as Redde Northgate is not a financial or appropriate sector specific company, no additional guidance was incorporated. Reasonable assurance is obtained over Scope 1 and Scope 2 emissions.

Introduction

This is Redde Northgate's second TCFD report, having undertaken voluntary disclosure last year. This now mandatory report expands on our previous work and includes progress in quantifying the impact of climate-related opportunities for our business. Through our disclosures, we seek to improve transparency and facilitate discussions with stakeholders on this key issue. This report details an enhanced understanding of our emissions footprint and impacts; together with the measures necessary to respond to and manage climate-related risks and to harness opportunities in what is an uncertain global emissions future.

Governance

Our Board of Directors has ultimate responsibility for the Group's ESG strategy and activities, including ensuring best practices, emerging trends and key issues related to ESG strategy, governance and risk management are properly considered. Our sustainability strategy is taken into account in our financial planning, including through active Board oversight. Both the CEO and CFO report at Board meetings on a regular basis regarding progress on this strategy, including key activities, implementation and progress against emissions reduction targets. Key transition-related activities, risks and opportunities have been considered both at executive management and Board level (see Section 1/2 report on pages 72 to 76).

To advance our strategy and decarbonise across the business, climate-related incentives are contained within remuneration packages to support year on year progress and drive our performance towards our emissions targets and long term net zero ambitions. To determine the Executive Directors' annual bonus, 25% is based on non-financial strategic KPIs (see KPIs on pages 28 to 29), and these align with the responsibilities that drive the Group's focus and development in sustainability, such as progressing the low carbon transition within the business's vehicle fleets and support for fleet customer EV transition.

Redde Northgate's Sustainability Committee oversees our strategic development across sustainability issues, including the development of a systematic and collaborative approach to climate action with our stakeholders and will report to the Board quarterly.

The Committee is chaired by the CFO and supported by our Head of ESG, who sets the agenda in relation to low-carbon transition programmes and operational actions. The transition to non-ICE vehicles is principally managed as part of the Group's overarching corporate strategy, as it is central to our core business activities.

Possessing significant industry and commercial experience, the Board is well-placed to assess climate-related risks and ensure appropriate mitigating strategies are in place. We build on this expertise at both Board and executive level to enhance our climate-related capabilities and understanding across our governance functions through regular training, engagement on ESG topics with both internal and external stakeholders, together with our focus on ESG disclosures, including climate-related and TCFD exercises.

In FY2023, the Board received climate-related training by expert consultants, covering emissions accounting and disclosure considerations to support the setting of Redde Northgate's operational emission reduction targets. The Board will be reviewing and discussing the implications of incoming regulations, data quality challenges covering carbon accounting and approve our next-phase operational emission reduction targets. The Board also reviewed both fleet transition strategy and lobbying efforts as part of the UK industry BVRLA Van Plan. Within the business, there are a variety of education initiatives, including training presentations and town hall events to broaden understanding and engagement, and these sessions will continue to be developed and tailored to meet specific business units needs.

Strategy

Redde Northgate's long term climate commitment is to be net zero by 2050; and we view the transition to low carbon mobility solutions as fundamental to our business strategy. Our support for customers' transportation decarbonisation actions is set out on pages 10 to 11, and include both consulting and the provision of EV vehicles and related charging infrastructure and green energy. We are also active within our supply chain with collaborations and supporting policy initiatives to help accelerate the transition for what is a hard-to-abate sector.

For our second TCFD report, we built on our 2021 scenario analysis to incorporate site-level physical risk exposure analysis, to further explore potential risks to the business over short, medium and long term time horizons. Our physical risk analysis was complemented by an exploration of transition risks on a qualitative level. Our analysis covered key timeframes (as defined in the Time horizons table on page 65), which link to our fleet renewal cycles, key regulations and policies for our sector and our net zero commitment. We assigned timeframes to each risk and opportunity based on expected material impact, and quantified the impact where possible. A material climate impact is defined as a percentage of the risk materiality point (RMP) value of £4m, as defined by our Enterprise Risk Management (ERM) framework; medium to high financial impact is greater than 12.5% of RMP.

At present, we operate from 175 sites, including workshops, body shops and branches, along with offices and call centres across the UK, Ireland and Spain. This geographical spread presents a range of different climate and environmental conditions, as well as moderate variances in climate-related maturity across market, technology, policy and legal aspects. This diverse geographic spread means we have flexibility and resiliency within our operations, and we can share learnings between our business segments and across locations.

Physical risk exposure was assessed under two future states of the world using the latest Intergovernmental Panel on Climate Change (IPCC) scenarios specified in their sixth assessment report. The IPCC Shared Socio-economic Pathways (SSPs) are a natural choice as these scenarios are widely recognised, based on credible scientific databases and are used to inform our global climate policy.

SSP 5-8.5 (fossil fuel development): this is where current CO₂ emissions levels approximately double by 2050, and the global economy grows, fuelled by exploiting fossil fuels and energy-intensive lifestyles, with average temperatures 4.4°C higher in 2100.

SSP 2-4.5 (middle of the road): this is where progress toward sustainability is slow, with development and income growing unevenly. In this scenario, average temperatures rise 2.7°C.

For physical risks¹, the following hazards were assessed: wildfires, inland flooding, heatwaves, sea level rise, water stress and cyclones. As expected, Redde Northgate has minimal exposure to most of these hazards due to the operational profile of our business. We expect physical risks to materialise around 2030/2040 when scenario pathways diverge. Further detail on material impacts and mitigation activities can be found in the Physical risks table on page 66.

Transition risks were explored by applying IEA Global Energy and Climate (GEC) model scenarios² and National Grid Future Energy Scenarios³, which align with Redde Northgate's long-term net zero commitment.

The IEA scenarios applied assess three states of global change:

- Net zero emissions by 2050 sets out a pathway to achieve net zero emissions within the electricity sector.
- Announced pledges shows what would happen if current commitments stayed on track and were met on time.
- Stated policies looks at the current commitments and associated policies underpinning them.

1 <https://www.ipcc.ch/assessment-report/ar6/>
 2 Acute risks are defined as extreme weather events such as water stress, flooding and storms, and chronic risks as those changes in average climate conditions. These include rising sea levels and coastal flooding.
 3 <https://www.iea.org/reports/global-energy-and-climate-model/understanding-gec-model-scenarios>
 4 <https://www.nationalgrid.co.uk/future-energy-scenarios/documents>

The National Grid set out four different future states of the world and credible ways that the UK can achieve net zero by 2050, and decarbonise its electricity system by 2035:

- Felling short – a low level of societal change and a slow speed of decarbonisation;
- System transformation – a moderate rate of decarbonisation relying on hydrogen and energy efficiency as opposed to behavioural change;
- Consumer transformation – a moderate rate of decarbonisation with a high rate of energy efficiency and demand side flexibility;
- Leading the way – both a fast rate of decarbonisation, backed by an ambitious energy strategy with a high level of societal and lifestyle change

The IEA and National Grid scenarios were selected due to the sectoral specific analysis and industry dependencies. The National Grid scenarios also apply specifically to the UK market, and therefore provide tailored insights into the potential future changes to our UK strategy and feed into our wider organisational strategy.

A list of risks and opportunities were identified and are set out below.

Time horizons

Short term:	0-3 years (up to 2025)	• Redde Northgate operates a three year fleet renewal cycle
Medium term:	3-8 years (up to 2030)	• UK ICE sale ban by the 2030s and subsequent EU legislation transitioning to zero emission cars and vans by 2035 • 40% renewables share of gross final consumption by 2030 proposed under EU Renewable Energy Directive
Long term:	8+ years (up to 2050)	• Internationally recognised target year for achieving global net zero emissions per the Paris Agreement

Physical risks

Hazard	Likelihood			Sample hazard exposure	Severity	Resilience	Scale
	Short	Medium	Long				
Sea level rise	1	2	3	High (>15%)	Critical	No resilience measures	5
Heatwave	1	2	3		High	Mostly unmitigated	4
Flooding	1	2	3	Moderate (10-15%)	Moderate-high	Partially mitigated	
Cyclones	1	2	3		Moderate	Mostly mitigated	
Water stress	1	2	3	Low <10%	Low	Fully mitigated	
Wildfire	1	2	3		None	Mitigation not required	0

Water Stress

Under a worst case scenario Redde Northgate identified exposure to water stress across all seven sites assessed, with the most significant impacts in Spain. Similar outcomes were seen under a middle of the road scenario with less reduced impact across some UK based sites.

Significant physical risks

Redde Northgate found no material exposure to its physical operations from the chronic risks associated with climate change.

Heatwaves

- Develop heatwave response plans
- Incorporating shading and insulation measures; using energy-efficient cooling systems
- Providing education and training

Flooding

- Ensuring emergency response plans are comprehensive and regularly updated with a focus on high value assets/critical sites
- Engaging with insurance providers

Water stress

- Conduct water risk assessments, to understand complete risk exposure and inform the development of risk management strategies
- Implement water management practices to document resilience measures and develop plans to reduce water use/increase water efficiency
- Promote sustainable water practices

The Physical risks table shows the transition risks identified and we anticipate greater quantification of risks in future iterations of our TCFD reporting.

General risks include legal action, fines and/or reputational issues, resulting in increased compliance costs, reduced customer demand and a potential impact on the cost of capital. We identified that policy and legal risks, such as incoming mandatory reporting obligations, could result in requirements for more resources to remain compliant, and heightened expectations from stakeholders. To mitigate the impact of these risks we continue to monitor the legislative environment to identify regulatory changes well in advance, and through the BVRLA and AEDIVE engage with relevant governments on upcoming policy, we therefore consider policy and legal risks to be adequately monitored and mitigated.

At present, we are transitioning to an EV fleet, with an objective aligned with national and EU regulations, to have a non-ICE fleet in the UK and Ireland by the mid-2030s, and all countries by the mid-2040s. This will enable us to significantly reduce our carbon emissions throughout our value chain, and our investment, skills training and commercial strategy plans are aligned with this transition, and reflected in our Drive to Zero strategy and actions. Therefore Redde Northgate expects its business to be positively impacted by the transition to a 1.5-degree world.

TCFD report continued

Transition risks

Risk	Potential outcomes	Likelihood			Severity		Resilience
		Short	Medium	Long	Short	Long	
1 Policy and legal							
a Increased pricing of greenhouse emissions	Reduced profits and higher operational costs	4	4	5	4	5	4
b Increased acquisition costs due to policy changes in fuel subsidies driving increased demand	Increased capex	4	4	4	4	4	4
c Litigation regarding greenwashing	Reputational damage, reduced customer demand and legal pay-outs	4	4	4	4	4	4
2 Technology							
a Insufficient charging infrastructure	Lower demand for EVs	4	4	4	4	4	4
b Limited supply of zero emissions vehicles	Decline in revenues	5	5	5	5	5	5
3 Market							
a Increased competition within the mobility industry	Reduced market share and revenues	4	4	5	4	5	4
4 Reputation							
a Failure to meet stakeholder expectations, missed commitments or targets	Decreased access to financial and human capital resulting in lower employment attraction and retention and higher costs of capital.	4	4	4	4	4	4

Mitigation measures

Policy and legal

Advocating for climate action: support policies to reduce greenhouse gas emissions, promoting the use of renewable energy sources, and encouraging sustainable business practices

Technology

Continual investment in research and development projects. Continue to monitor demand for new technologies and financial incentives

Market

Supply chain engagement, with long-term contacts to secure high-demand resources and extending our products and services to stay ahead of changing mobility needs.

Reputation

Detailed transition plan and public disclosure (follow the Transition Plan Taskforce progress and framework development)

Likelihood	Severity	Resilience	Scale
Virtually certain	Critical	No resilience measures	5
Likely	High	Mostly unmitigated	4
More likely than not	Moderate-high	Partially mitigated	
About as likely as not	Moderate	Mostly mitigated	
Unlikely	Low	Fully mitigated	
Very unlikely	None	Mitigation not required	0

Transition opportunities

Opportunity	Company progress	Short	Medium	Long	Impact contribution
Products and services					
a. Provision of turnkey ZEV and charging solution to simplify the transition for customers	We have designed our Drive to Zero offering that helps our customers conduct suitability assessments of their fleet to transition to ZEVs where possible. In addition to helping source the vehicle and identify an EV charging point, we offer an aftermarket support and management service, making the move to ZEV as streamlined as possible. We are also starting to offer bundled charging points and solar PV packages to customers.	3	3	5	4
b. Faster access to ZEVs	The Group has invested time researching new OEMs in order to gain access to non-ICE vehicles. Customers that have established more aggressive net zero plans may be willing to pay a premium to convert their fleet faster, enhancing market share and revenues.	3	4	5	4
Resource efficiency					
c. Increased energy efficiency across our operating sites	We continue to invest in LED lights, which have a positive impact on energy usage to reduce operating costs. Across our work and paint shops, we are implementing behavioural training programmes to raise energy usage awareness and better operating practices. This will reduce operating costs	4	4	4	
d. Increasing renewable energy supply across our operations	Investing in solar projects across our portfolio in Northgate Spain to reduce operating costs and our carbon footprint.	4	4	4	

Opportunities impact:

- Within our analysis we expect that it is likely our larger fleet customers will in the first instance rent rather than own any electric LCVs.
- Depending on the availability of charging infrastructure we could see our UK rental revenues rising by 2-4% over the medium term through incremental revenues from such fleet growth. This is based on the assumption that electric LCVs will grow to between 2-4% of the rented fleet in line with the UK car parc, and will be at a higher rental value due to their higher lifetime holding cost. UK revenue from vehicle hire in FY2023 was £367.7m, with growth of 2-4% implying £7m-£15m of incremental revenue.
- We seek to improve the quantification of identified opportunities year on year in line with the quality of our climate-related reporting.

Likelihood	Impact contribution	Scale
Virtually certain	Significant	5
Likely	High	4
More likely than not	Moderate-high	3
About as likely as not	Moderate	
Unlikely	Low	
Very unlikely	None	

Risk management

Redde Northgate has embedded risk management process across the business and reports this process regularly to the Board. Climate transition issues are considered both fundamental to our commercial success and such risks and opportunities are assessed both against relevant financial planning horizons and aligned with our customer strategy and demand requirements.

Our risk identification, assessment, methodology and appetite are described on pages 40 to 49 and are reviewed at a minimum on a quarterly basis. Where climate risks extend outside the timeframe of our Enterprise Risk Management process horizons, they are assessed using the same methodology, but are considered within the longer term context of our sustainability strategy and targets and under the scrutiny of the Sustainability Committee, which also reports to the Board.

Redde Northgate's mitigation and resiliency measures, as set out in the Physical risks table on page 66, appropriately manage the risks identified within our scenario analysis. Our risk management process captures climate-related matters, and in turn, these form part of our Group Risk Register, which is reviewed by the Board.

The Board has responsibility for the Group's overall approach to risk management and internal control, which includes ensuring the design and implementation of appropriate risk management and internal control systems. This comprises assessing the effectiveness of these systems, which includes regular reviews to ensure that the Group is identifying, considering and, as far as practicable, mitigating the risks for the business.

With regards to physical risks, the following recovery plans have been developed:

- Loss of electrical power
- Failure of critical IT applications;
- Short term denial of access to facilities with all services intact (e.g. road traffic incident preventing employees from getting to work);
- Long term denial of access to facilities and all services.
- Pandemic.

Transition risks have mitigation measures in place and these are informed by our existing governance and risk management processes. With the majority of these risks relating to transition to non-ICE vehicles for customers, they are also a core focus of our commercial teams in both day to day actions and long term strategic planning.

Metrics and targets

Redde Northgate seeks to enhance its disclosures through improved year on year reporting; in the past year this has included quantification of Scope 3 emissions for FY2022 and the setting of operational emission reduction targets as an interim measure towards our net zero by 2050 ambitions.

Our emissions accounting follows the GHG protocol standard and, where possible, prioritises supplier or product-specific activity to improve inventory quality. We recognise the role of effective emissions data inventory management and prioritisation of improving data quality. We have planned workstream: to enhance the accuracy of our emissions accounting and have a site-level reporting system in place. A summary of our FY2023 GHG emissions is set out in our SEC reporting on page 60.

There has been a significant focus in the year on setting Group-wide operational emission reduction targets (see page 61), and the related KPIs to monitor progress. The FY2023 Sustainability Report sets out our emissions mitigation activities in support of our transition plan, encompassing emissions energy reduction, inclusive of our waste and water management and renewable energy options (including installation in FY2023 of ~73 kilowatt peak (kWp) of incremental renewable solar energy that we are now able to generate in Spain). This plan will be set out in more detail in FY2024.

Redde Northgate's targets

- A 100% renewable electricity target for direct operations by FY2027;
- A 10% reduction in Scope 1 and Scope 2 (market-based) emissions by FY2027 from a FY2022 base year.

Looking forward

TCFD element	2023 Actions	Status	2024 Next steps
Governance	A Sustainability Committee has been formed with the first session being held in April	●	The Sustainability Committee's focus for the first half of the year will be agreeing the mitigation actions necessary to deliver the carbon reduction targets
	ESG training, including climate change was delivered by an external provider to the Board.	●	Update ESG policies, including the policy on climate change, to reflect the new carbon reduction targets that have been set
Strategy	A Head of ESG was appointed to lead on sustainability and climate change. Further work will be undertaken to develop a new ESG approach.	●	Continue to refine our approach to ESG and climate change action, including a broader spread of non-financial targets and metrics
	Undertaken a double materiality exercise to link financial and environmental impact. Company wide training required on climate change.	●	Develop a carbon literacy training programme to improve the decarbonisation knowledge and skill of our people
Risk management	Sustainability sub-groups have been formed to develop the climate change mitigation strategy and approach	●	Develop, with the support of the sub-groups, a carbon net zero transition plan.
	Physical risks were assessed for operating locations throughout UK and Spain.	●	Undertake site energy assessment to inform the transition plan and meet our obligations under the Energy Saving Opportunity Scheme (ESOS)
Metrics and targets	Transition risks were explored by applying IEA's Net Zero by 2050 scenario and National Grid decarbonisation scenarios. More work required on supporting ESG metrics	●	Assess the continuing suitability of business continuity plans to address issue such as heatwave and floods
	Absolute emission reduction targets set for Scope 1 and Scope 2.	●	Develop, with the support of the sub-groups, a suite of ESG metrics to measure and report on transition risks
	Upstream and downstream Scope 3 GHG emissions mapped and reported. Work continuing on refining data collection processes.	●	Communicate and operationalise the targets throughout the Group.
		●	Continue evaluation of Scope 3 data to work towards the setting of a Scope 3 reduction target within the next two to three years
			Finalise the GHG Management Plan to prescribe the process and systems for effective GHG emission data gathering

Non-financial information statement

Requirement	Policies and standards which govern our approach	Risk management and additional information
Environment	- Environmental statement - Health and safety policy - Waste minimisation and recycling policy	Impact pages 58 to 61 Transition page 62
Employees	- The Respect Training eLearning package - Responsible business policy - Code of business conduct - Whistleblowing policy - Health and safety policy	Experience pages 56 to 57 Employee numbers by gender page 54 Diversity pages 80 and 87 Safe, secure and healthy page 56 CEO's remuneration compared to employees pages 117 to 118 Gender pay gap report published on qualifying entities' websites
Human rights	- Modern slavery statement - Code of business conduct - Whistleblowing policy	How the Board monitors culture page 86
Anti-corruption and anti-bribery	- Code of business conduct - Whistleblowing policy	Governance page 54 Ethics, anti-corruption and compliance page 54 Governance page 54 Ethics, anti-corruption and compliance page 54
Social matters		Our communities pages 56 to 57
Policy embedding, due diligence and outcomes		Governance framework and structure pages 81 to 83 Board activity during the year pages 72 to 76 Report of the Audit Committee pages 93 to 97
Principal risks and impact on business activity		Identifying and managing risks pages 40 to 43 Principal risks and uncertainties pages 44 to 49
Description of business model		Our business model pages 8 to 9 Our strategy pages 17 to 19
Non-financial key performance indicators		Operational highlights page 1 Key performance indicators pages 28 to 29

Section 172 statement

Promoting the success of the Company for the benefit of all

In accordance with Section 172 of the Companies Act 2006 (Section 172), the Group and its Directors act in the way that they consider in good faith would most likely promote the success of the Company for the benefit of its members as a whole. Throughout the Annual Report and Accounts, we provide examples of how the Group has taken into account the likely consequences of decisions in the long term, fosters and builds relationships with stakeholders, understands the importance of engaging with our employees and giving consideration to their interests, understands the impact of our operations on the communities in the regions where we operate and the environment we depend upon and attributes importance to behaving as a responsible business.

The Board appreciates the importance of effective stakeholder engagement and considers its stakeholders' views in its decision making and setting its strategy. The Board also understands the need to act fairly between the Group's members. Although the Board's decisions do not

always impact all of the Group's stakeholders to the same extent, by having a process in place for decision making, the Board ensures that it has due regard for the interests of its stakeholders, including employees, customers, suppliers, shareholders and regulators, when taking decisions.

More details on stakeholder engagement can be found throughout the Annual Report and Accounts and in particular on page 9 "Our stakeholders". The following principal decisions and activities provide specific examples of how the Board and its Directors have complied with Section 172 and have considered, individually and collectively, stakeholder interests and impacts in making different decisions that support the implementation of the Group's strategy and the delivery of the Group's objectives now and in the longer term. Details of how the Group's Board and Committees of the Board operate, their responsibilities, and the matters they considered during the year are contained in the Corporate Governance Report from pages 77 to 129.

The Group's strategic focus

The Group's successful delivery of substantial growth in financial performance through our business model and the execution of our integrated mobility platform strategy has been a central focus of Board decision making, at a time when the Group and its stakeholders have continued to experience sectoral challenges including in the supply chain challenges in the global automotive industry and in direct inflation costs. Our strategic focus reflects our consideration of the interests of our key stakeholder groups.

Strategic focus and actions supported by the Board

Customers:

- Our integrated proposition provides a broader customer offering across vehicle rental, vehicle data, accident management, vehicle repairs, fleet management service and maintenance, vehicle ancillary services and vehicles sales.
- The Board has supported this strategy because it affords our customers greater simplicity and efficiency benefits through outsourcing to us, and we have seen that this approach has been central to our success in winning large multi-year contracts with the customers who we have onboarded in the year and with an additional customer due to go live in the autumn.
- We regularly engage with our customers to understand their needs and enable them to receive the widest benefits of our proposition (whilst being mindful of supply chain and other economic challenges). As part of this, the Board has considered both the services customers look to receive, and the requirements that underpin demand for these services.

Suppliers:

- The Board has maintained careful oversight through the year on the performance of the Group's businesses in light of these economic conditions. The Board has taken care in reviewing current and future fleet supply in Northgate Spain, where vehicle supply has recovered faster, and in Northgate Vehicle Hire UK&I, the strength of demand for used vehicle sales (positively impacting residual values), as well as the impacts of supply chain challenges, repair times and hire lengths in the Redde businesses.
- The Board has also invested significant time and expertise in considering the Group's pipeline of vehicles, as the Group has focused on building and managing relationships with OEM providers of EV and ICE vehicles to broaden and enhance our fleet proposition and provide versatility and diversity for our customers. The Board has had specific briefings from senior management to discuss supplier partnership opportunities.
- The Group regularly reviews its supply chain and maintains appropriate supplier codes of conduct and high levels of corporate governance and compliance more generally.

Our people:

- In our 2023 Employee Engagement Survey, 83% of our people indicated their belief that Redde Northgate is in a strong position to succeed and grow over the next two years and 85% were proud of the services that they provide to our customers. Our people are highly motivated by the Group's successful communication and delivery of its strategy and its services, and this feeds through into better financial and customer performance.

Shareholders and other Stakeholders:

- The benefits that the Group's customers see in the Group's strategic proposition, including the benefits of strong partnerships with our suppliers and broader supply chain and the Group's commitment to foster business relationships and maintain high standards of business conduct are reflected in the Group's strong financial performance and reputation; and in this way benefit the Group's stakeholders generally, including its shareholders and employees.
- The Executive Directors regularly consult our shareholders on the Group's strategy and performance.

Looking ahead

As the Group continues its strong financial performance trajectory, through acquisitions and organic development, despite challenging macro events, the Board will continue to review the Group's performance and delivery of its strategy.

Section 172 statement continued

Decision	Our people
Strategic focus and actions supported by the Board:	The Board has made people at all levels in the organisation a focus of its decision making during the year: Our wider workforce: The Board has placed a significant focus on our people again this year, particularly given the unprecedented cost-of-living challenges they have faced, supporting significant pay and benefits decisions for our wider workforce, including cost-of-living payments made in December 2022 and April 2023, pay review increases (with significant pay increases for colleagues at lower salary levels with increases between 9% and 12%), the launch of our 2022 Save As You Earn Scheme (SAYE) and our Free Share (YourShare) programmes and other benefits. Learning, development and accessibility: The Board has supported our Group-wide rollout of apprenticeships, and broader learning and development opportunities. These include leadership and management training in our business divisions, our e-Learning Academy and an early careers strategy building brand awareness and relationships with schools and colleges (including office-based early careers apprenticeships in FMG and a Digital Early Careers event connecting to 1,600 schools and 4,000 students). This year we have also partnered with the Careers Enterprise Company to promote our Early Careers apprenticeship opportunities, signed the Youth Employment UK Charter (supporting young people into employment) and the Care Leavers Covenant (providing care and career access to care leavers aged 15 to 35). Executive remuneration: The Remuneration Committee has engaged with shareholders in relation to the introduction of its 2023 Remuneration Policy, as well as the vesting outcome for the 2020 LTIP and the benefits we have delivered to our wider workforce this year. John Pattullo, Remuneration Committee Chairman and Senior Independent Director, held 14 shareholder meetings and one meeting with a proxy agency, to ensure the Remuneration Committee's proposals and/or approach on these matters was supported by those stakeholders. The Remuneration Committee's consideration and approach to the outcome of these matters is more fully reported in the Directors' Remuneration Report on pages 98 to 124.
Stakeholder considerations and outcomes	Customers: Workforce recruitment, development and remuneration are essential to the continued success of the Group's businesses and strategy, enabling and incentivising our colleagues to deliver value and high levels of service to our customers. Suppliers: - The Group regularly reviews its supply chain and maintains appropriate supplier codes of conduct, including with respect to the national living wage, modern slavery and the welfare of the people who work for our suppliers, and high levels of corporate governance and compliance more generally. Our people: - Although the primary reason for our focus on wider workforce remuneration was to mitigate potential economic hardship, there is no doubt that the business is benefitting from these changes: retention has improved by a significant margin and in the recent employment opinion survey we saw a repeat of the high 74% engagement score seen in 2022, with 9% more colleagues participating (with 78.8% participating in aggregate). - Feedback from the employee engagement survey reflected the following key themes: the value that colleagues put to the significant benefits enhancements they had received in the year, leadership support and a positive culture, confidence in the Group, its business and its opportunity for growth, pride in the services that we offer our customers, and recognition of the significant improvements in communications across the Group. - The Employee Engagement Forum met quarterly during the year and discussed the significant progress the Group has made, including in reward, learning and development, our apprenticeship programmes and supporting the mental health and wellbeing of our workforce. Shareholders and other stakeholders: - Our shareholders and other stakeholders have been extremely supportive of the decision making the Group has made in respect of our people, given the long term benefits this has in business performance and shareholder returns. - During the year, this support was reflected in both: (i) the votes for the 2022 Remuneration Report and the introduction of the Company's new Share Incentive Plan and International SIP, 98.85% and 99.99% respectively from our shareholders at the 2022 AGM; and (ii) an extensive shareholder consultation exercise during Autumn 2022 and Spring 2023 (with 14 shareholder meetings, as well as engagement with proxy agencies) conducted by John Pattullo, Remuneration Committee Chairman, to understand their views on our proposed new Remuneration Policy.
Looking ahead	The Board continues to focus on our wider workforce and has approved salary increases for FY2024 on a similar basis to those in FY2023, with up to 7% increases for colleagues at lower salary levels and a capped 3% increase at mid to senior levels, and intends to launch 2023 SAYE and Free Share programmes during FY2024. The Board will propose the updated Remuneration Policy set out on pages 102 to 110 of the Directors' Remuneration Report for approval by shareholders at the Company's AGM on 26 September 2023.

Section 172 statement continued

Decision: Strategic focus and actions supported by the Board	Growth and acquisitions
Stakeholder considerations and outcomes	In addition to the Group's strong performance and growth in the year, the Board oversaw a number of acquisitions in the year, in addition to asset acquisitions of fleet businesses and vehicles, the Group acquired Blakedale (on 2 July 2022) and FridgeXpress (on 2 May 2023), following a process largely undertaken in FY2023). During the year the Board also reviewed the acquisition of ChargedEV and the Group's Drive to Zero programme, as well as the strategic benefits this acquisition brought through the introduction of EV expertise and EV market knowledge into the broader Group platform. Customers: • The Group's acquisition of Blakedale, a specialist in supplying traffic management vehicles to highways infrastructure build and maintenance operators, has provided the Group with a platform to expand its specialist service offerings to infrastructure firms and other customers. • The Group's acquisition of FridgeXpress, a leading provider of specialist temperature-controlled vehicles to a broad range of commercial customers in the UK broadens Northgate Vehicle Hire's range of specialist LCVs in the UK. Suppliers: • As part of acquisitions of this nature, the Group reviews its relationships with providers of finance and suppliers, in order to ensure that we continue to optimise our products and services in the most effective way for our customers. Our people: • As part of both the Blakedale and FridgeXpress acquisitions, the employees of the respective businesses transferred to the Group, forming part of our wider workforce, benefitting from our workforce development and reward programmes and becoming part of the team delivering services to our customers. Shareholders and other stakeholders: • The acquisitions of Blakedale and FridgeXpress have integrated well into the Group with the Group seeing encouraging growth, including a growing customer base and vehicle fleet since acquisition, and generating attractive returns for our shareholders. • The Group is careful to manage its acquisition strategy, maintaining discipline and, as in ChargedEV, reevaluating the transactions following their completion to review the subsequent business performance and allow us to build on learnings for future acquisitions. The Board will continue explore opportunities for growth and strategic development as they arise, whilst maintaining appropriate financial and commercial discipline in the consideration and execution of acquisitions.
Looking ahead	

Section 172 statement continued

Decision:	Capital allocation and financing
Strategic focus and actions supported by the Board	The Group has maintained a conservative approach to capital allocation which has served us well, and leverage has remained well within our 1-2x target range, being 1.5x at 30 April 2023. The Board has declared an final dividend of 16.5p per share (FY2022: 15.0p) to be paid on 29 September 2023 to shareholders on the register as at close of business on 1 September 2023 and including the interim dividend paid of 7.5p (2022: 6.0p) brings the total dividend for the year to 24.0p (2022: 21.0p), a 14.3% increase on the prior year. On 10 August 2022 the Board decided to extend its share buyback programme of the Company's ordinary shares by a further £30m, bringing the maximum aggregate consideration up to £60m. The Board has also taken advantage of the Group's strong fixed asset profile which is attractive to lenders. The Board approved the extension of our bank facility by an additional 12 months to 2026 in October, providing further flexibility and duration to the Group's borrowings, where 62% (£342m) of our total facilities are fixed and in durations out to 2031.
Stakeholder considerations and outcomes	Finance providers - The Group's financial profile allows us to maintain trusted relationships with the debt finance community, providing us with the financial flexibility to operate and grow our businesses and strategic proposition. Customers - Our firm financial management enables the Group to continue to provide both existing and new customers with a broader product offering, to explore inorganic opportunities to grow our services and product suite and to be agile and responsive in a challenging economic environment, particularly around fleet supply, benefiting the customers and communities in which we operate. Shareholders and other stakeholders: - In making these decisions, the Board took account of a number of shorter and long term considerations, including the interests of its shareholders. customers, the capital that the Company would need to fund organic growth, payment of dividends in line with the Company's dividend policy and acquisitions within the M&A pipeline, as well as the Company's substantial headroom under its facilities and target leverage of target leverage of 1-2x net debt to EBITDA. Looking ahead The Board will continue to consider the appropriate use of capital for the Group and its stakeholders, taking into account the long term interests of the Group and all of its stakeholders.

Section 172 statement continued

Decision:	Governance and sustainability
Strategic focus and actions supported by the Board	During the year the Board made significant progress in the development of the Group's sustainability strategy, putting ESG at the centre of the Group's governance programme. As part of this programme the Company issued its first Sustainability Report and formed an executive-led Sustainability Committee to oversee the Company's climate-related strategy and responsibilities and the development and setting of the Group's Scope 1 and Scope 2 targets. The Group has made significant progress this year highlighting the increasing prioritisation of this area by its stakeholders and the Group.
Stakeholder considerations and outcomes	All stakeholders: Further information relating to the work of the Sustainability Committee and climate related responsibilities, including TCFD, can be found in the sustainability section of this Annual Report on pages 52 to 70.
Looking ahead	The Board will continue to develop its focus on the sustainability of its operations, promoting sustainability in step with the growth and development of the Group as a whole

Further information

Further information on the Board's principal activities can be found in the governance section from page 77. In accordance with our duty to do so under Section 172(1) of the Companies Act 2006, the Board, individually and collectively, has acted in a way that it considers, in good faith, is most likely to promote the success of the Company for the benefit of its members as a whole.

The Strategic Report was approved by the Board on 5 July 2023 and signed on its behalf by:

Marlin Ward
Chief Executive Officer



Our Board is committed to the sustainable and responsible management of the Group's businesses."



Avril Palmer-Baunack
Chairman

2023 Governance activities

- The Board has overseen the Group's strong performance and strategic progress this year, including successful acquisitions in the vehicle rental space and the completion and extension of the Group's share buyback programme.
- Significant progress in the development of our Group-wide sustainability and ESG strategy including the implementation and development of the Group's Sustainability Committee.
- The appointment of Bindu Karia and Nicola Rabson as Non-Executive Directors increased female representation on the Board.
- The Group's proposed new Directors' Remuneration Policy will be put to shareholders for approval at the 2023 AGM, following extensive consultation with our shareholders.
- Significant support and benefits delivered to colleagues across the Group in a challenging economic climate, with a greater focus on employee engagement and the successful rollout of learning and development programmes for our people across all areas of the Group.

Dear stakeholder

On behalf of the Board, I am pleased to present our Corporate Governance Report for the year ended 30 April 2023. This section of the Annual Report and Accounts outlines the key areas of focus of the Board and its activities during the year and highlights the Company's broader corporate governance framework through which we build our business and form our decisions. Our Board is committed to the sustainable and responsible management of the Group's businesses as we continue to drive long term value creation for all our stakeholders.

Our strategy and performance

The Board has overseen the Group's strong performance and progress in delivering its integrated mobility platform strategy this year, despite ongoing supply chain challenges and direct inflation seen most notably in areas such as vehicle repairs. The Group's strategy has contributed to the Group's diverse and resilient customer and partner base with multi-year service contracts in place, providing a sustainable revenue stream and opportunity for growth. The Board approved a number of complementary acquisitions during the year including Blakedale, a traffic management specialist company, and Friggexpress, a leading provider of specialist

temperature-controlled vehicles to a broad range of commercial customers in the UK. The Board also approved the extension of the Group's share buyback programme, which was completed in December 2022, and the interim and final dividend.

Board changes

I am delighted to welcome Nicola Rabson to our Board as a Non-Executive Director, following Bindi Karia's appointment at the beginning of the year. Nicola and Bindi each bring significant breadth and diversity of experience to our Board, together with expertise that is highly relevant to the Group's strategy and corporate responsibilities. Nicola is a well-known figure in the employment law world, with particular focus on the social and governance aspects of public companies, and Bindi brings expert insight from the innovation, digital and technology space.

Following the appointment of Nicola and Bindi, the Board is now compliant with the recommendations of the Parker Review and has made significant progress towards its target of meeting the Board diversity targets as set out in Listing Rules LR 9.8.4R(9) and LR 14.3.33R(1), with women representing 37.5% (2022: 14.5%) of the Board including the Chairman. The 2022 FTSE Women Leaders Review also reflected the progress the Company made during the year with a significantly higher positioning in the FTSE 250 and in our sector (with women comprising 37.5% of the Board (2021: 14.3%) and 34.7% of senior management team and direct reports (2021: 33.3%)).

The Board understands the importance of diversity and inclusion. For further information relating to diversity and inclusion, please see the Nominations Committee Report.

Sustainability

We have made significant progress this year in the development of our Group-wide sustainability strategy, putting ESG at the centre of the Group's governance programme thus ensuring the Group's long term success. As part of this programme the Company issued its first Sustainability Report formed an executive-led Sustainability Committee to oversee the Company's climate-related strategy and responsibilities and the development and setting of the Group's Scope 1 and Scope 2 targets. Our Executive Board member, Philip Vincent, has responsibility for oversight of our climate change agenda and is Chairman of the Sustainability Committee. Further information relating to the work of the Sustainability Committee and climate-related responsibilities, including TCFD, can be found in the sustainability section of this Annual Report.

Our people

Employee engagement

We are proud of the support and benefits we have delivered to colleagues across the Group this year in what has been a challenging economic climate. This year, our third annual colleague survey "Have Your Say" demonstrated continued high levels of employee engagement across our workforce 74%, with a 9% increase in colleagues completing the survey. Key themes reflected the value that colleagues put to the significant benefits enhancements they had received in the year, leadership support and a positive culture, confidence in the Group, its businesses and its opportunity for growth, pride in the service that we offer our customers and significant improvements in communication across the Group.

For further information relating to the

Employee Engagement Forum and employee initiatives deployed by the Company see the Directors' Remuneration Report on pages 98 to 124.

Learning and Development

In FY2023, the Group created a central Learning and Development team to drive employee development and progression in its UK business with significant success. Key initiatives included:

- Extensive leadership training programmes for people at different levels across the Group;
- A focus on our apprenticeship programme to drive awareness and update of this important initiative;
- Responsibly promoting future careers with the Group to create awareness of the opportunities the Group offers, including to those in disadvantaged circumstances;
- Our Digital Early Careers event connecting and broadcasting an engaging and relatable early careers story to 1,600 schools reaching 4,000 students;
- Signature of "Youth Employment UK" Charter as a "Youth Friendly Employer";
- Signature of the Care Leavers Covenant and
- which provides support for care leavers aged 15 to 35, giving visibility of our early careers opportunities to young people who come from a care setting and a direct link to the Learning and Development talent team to discuss our opportunities.

Wider workforce pay and benefits

In FY2023, the Company made significant pay increases to colleagues at lower salary levels (with increases between 9% and 12%, and a capped 3% rise at mid to senior levels). For FY2024 the Board has approved a further 4.2% average pay rise across the Group, with higher increases for those colleagues at lower salary levels and, once again, a capped 3% rise at mid to senior levels.

Recognising the current cost-of-living and inflationary pressures on our employees, the Company made a one-off payment of c.£250 to over 4,500 employees (which represents 60% of total employees across the Group) in December 2022 with a further payment of £500 paid in April 2023 to 90% of our employees, as well as many other initiatives.

The Group also delivered on its commitment to help our employees invest in the Company and promote their alignment with and participation in the Group's strategy, with the launch of the Save As You Earn Scheme in 2022 and the Group's Free Shares programme under which all employees were provided with £500 of free shares in the Company's new share incentive plan in December 2022 following approval by shareholders at the 2022 AGM.

The Group also made significant progress with its broader benefits. Colleagues on zero hours contracts were offered permanent contracts with improved benefits. We have delivered improvements in other benefits including: health and travel benefits, maternity and paternity pay, bereavement leave, paid emergency dependent of annual leave and the Company car scheme (which provides a wider selection of cars, all of which are EV or hybrid).

Chairman's introduction to governance continued

We also introduced several Board-supported initiatives to support the wellbeing of our people from our UK employee assistance programme to the introduction of mental wellbeing apps to help with the prevention and management of mental health issues.

Stakeholder engagement

The Board's significant decisions during the year, and its considerations in making them, are set out on pages 72 to 76. They explain how the Board's decision making during the year has promoted the success of the Company having regard, amongst other things, to those matters set out in Section 172 of the Companies Act 2006.

During 2023, we conducted an extensive consultation exercise with our major shareholders to understand their views on our proposed new Remuneration Policy which we will seek shareholder approval for at our AGM in 2023 in line with the requirements of Section 439A of the Companies Act 2006.

As a result, an updated Remuneration Policy is being proposed to shareholders for approval (by way of a binding vote) at the 2023 AGM. The updated Remuneration Policy, which is proposed to apply for three years from the conclusion of the 2020 AGM, is set out on pages 102 to 110 of the Directors' Remuneration Report.

Compliance with the UK Corporate Governance Code 2018 (the Code)

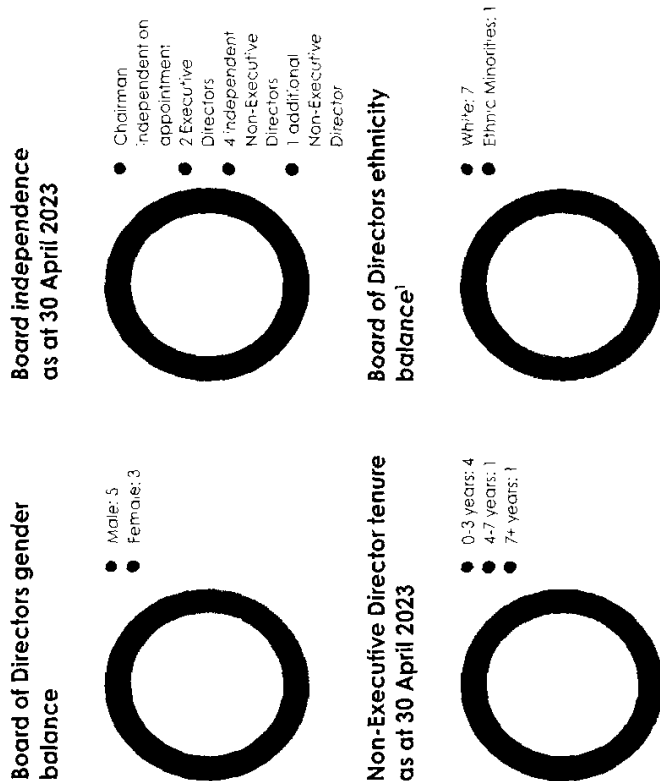
The Company has complied with the principles of the Code throughout the financial year ended 30 April 2023 and to the date of this report, and complied with all provisions of the Code.

Board effectiveness

As Chairman, I am responsible for ensuring that the effectiveness of the Board, its committees and each individual Director is evaluated annually. For 2023, an internal evaluation process was carried out. The outcome of the evaluation confirmed that the Board and Committees continue to operate effectively and that all of our Directors continue to demonstrate commitment to their role. Further information relating to the Board evaluation can be found on page 92 of the Nominations Committee.

Avril Palmer-Baunack
Chairman
5 July 2023





Applying UK Office for National Statistics ethnicity categories of: Asian; Black; Mixed/Multiple Ethnic Groups; Other Non-White Ethnic Group, in alignment with the UK listing Rules.

Governance structure and responsibilities

Governance structure

There is a clear and effective leadership structure in place at Redde Northgate. The Board has established three principal Board Committees to assist on the execution of its responsibilities. These are the Audit Committee, Remuneration Committee and Nominations Committee. Each committee operates under its own terms of reference which are approved by the Board. The terms of reference are reviewed annually and can be found on the Company's website www.reddenorthgate.com.

Board

The Board's role is to ensure the long term sustainable success of the Group by setting our strategy through which value can be created and preserved for the mutual benefit of our shareholders, customers, employees and the communities we serve. The Board provides rigorous challenge to management and ensures the Group maintains an effective risk management and internal control system with oversight of the Group's risk management processes and key risks.

Audit Committee

Provides independent assessment of the financial affairs of the Company, reviews and provides oversight of financial reporting controls. Responsible for reviewing the effectiveness of the internal and external audit processes. The Committee only comprises independent Non-Executive Directors.

Report of the Audit Committee on pages 93 to 97

Remuneration Committee

Responsible for determining and approving the Remuneration Policy and recommending to the Board its approval. Responsible for setting the remuneration of the Group's Executive Directors, the Chairman, and the Group Management Boards and Executive Directors. Having regard to pay across the workforce, ensuring that workforce policies and practices are aligned with the Company's purpose, values and long term strategy. The Committee comprises the Chairman and independent Non-Executive Directors.

Report of the Remuneration Committee on pages 98 to 124

Nominations Committee

Responsible for keeping under review the skills and experience of the Board and its committees; the recruitment of new Directors ensuring orderly succession plans for both the Board and the Group Management Boards; and overseeing the implementation of the Board Diversity & Inclusion Policy. The Committee comprises the Chairman and independent Non-Executive Directors.

Report of the Nominations Committee on pages 90 to 92

Key Executive-led committees

Sustainability Committee

The Sustainability Committee was established this year; its main area of responsibility is defining the Group's strategy relating to sustainability matters and is responsible for governance over its sustainability programme and for implementing the Group's sustainability strategy.

Group Risk Committee

The Group Risk Committee assists the Board in its oversight of the risk management framework and is designed to identify, manage and mitigate the risks that the Group faces in the operation of its businesses and the execution of its strategy.

The Group Management Boards

The Group Management Boards are responsible for the day-to-day running of the business, carrying out and overseeing operational management and implementing the strategies the Board has set.

Governance structure and responsibilities continued

Responsibilities of those charged with governance

As at the date of this report, our Board comprised a Non-Executive Chairman, four Independent Non-Executive Directors, one additional Non-Executive Director and two Executive Directors. There is a clear division between Executive and Non-Executive responsibilities, which ensures accountability and oversight. The roles of Chairman and Chief Executive are separately held, and their responsibilities are well-defined and set out below. The Chairman and the other Non-Executive Directors meet routinely without the Executive Directors, and individual Directors engage with senior management and other members of the Group's workforce, during and outside Board meetings, in order to gain first-hand experience of our operations. The Board is supported by the Company Secretary, to whom all Directors have access for advice. The table below summarises the key responsibilities of each of the director roles on the Board.

Individual	Role	Executive Directors	Key focus
Chairman	Oversees Board responsibilities	Responsibility: - Ensuring the Group strategy is executed effectively via the <i>Group Management Boards</i>; <i>Monitoring</i> Group performance; - Managing the Group's financial affairs; and - Implementing the system of internal control.	Delivery of the strategic plan - Achievement of integration and synergies; - Monitoring progress against strategic objectives.
CEO	Develops and executes the strategic plan and manages risk		
Senior Independent Director	Oversees governance procedures		
Committee Chairman	Oversees Committee responsibilities		
Non-Executive Director	Carries out Board responsibilities		
Company Secretary	Facilitates effective operation of the Board and Board Committees		
Board	Key focus	Group Management Boards	Key focus
Responsibility: - Monitoring progress against the strategy of the Group and ensuring long term success for the benefit of all stakeholders; - Ensuring that adequate resources are available so that strategic objectives may be achieved through the annual planning process and ongoing <i>monitoring</i>; - Ensuring that the Group's risk management and internal control systems (both financial and operational) are fit for purpose and operating as they should be; - Reporting to and maintaining relationships with stakeholders; - Compliance with laws and regulations and good corporate governance; <i>Dividend</i> policy; - Treasury policy; - Insurance policy; - Major capital expenditure; - Acquisitions and disposals; - Board structure; and - Remuneration policy.	- Ensuring continued optimal integration across the enlarged Group and achievement of synergies; - Embedding vision and values throughout the Group; - Ensuring execution of Group strategy by executive team; - Monitoring progress against strategic objectives; - Manage the Group's growth through strategic acquisitions; managing the transition process as the business embeds the Group's governance framework, financial reporting, risks, and internal controls; - Making recommendations to the Board regarding selling and approving the Group's risk appetite; - Review and approval of the Groups wide risk assessment process.	Responsibility: - Executing Group strategy and policies; - Considering operational business issues; - Reviewing risk reporting and taking necessary actions; and - Managing business performance.	Delivery of the strategic plan The Group Management Boards are focused on the operational delivery of the strategic plan, implementing the strategy and developing strategic opportunities to enhance the business.
Responsibility: - Monitoring the integrity of financial reporting on behalf of the Board, including reviewing the work of Group internal audit; - Overseeing the statutory audit process, monitoring quality of the audit process and resultant findings and evaluating <i>auditor effectiveness</i>; - Monitoring independence and objectivity, including monitoring auditor rotation and developing a policy on non-audit services provided; - Approving auditors' remuneration and terms of engagement and making a recommendation to the Board regarding the appointment/reappointment of the auditors on an annual basis; and - Overseeing the audit tender process.		Responsibility: - Monitoring the integrity of financial reporting on behalf of the Board, including reviewing the work of Group internal audit; - Overseeing the statutory audit process, monitoring quality of the audit process and resultant findings and evaluating <i>auditor effectiveness</i>; - Monitoring independence and objectivity, including monitoring auditor rotation and developing a policy on non-audit services provided; - Approving auditors' remuneration and terms of engagement and making a recommendation to the Board regarding the appointment/reappointment of the auditors on an annual basis; and - Overseeing the audit tender process.	Delivery of the strategic plan Supporting the Board as they grow the business through strategic acquisitions; managing how the business embeds the Group's governance framework, financial reporting, risks and internal controls.

Governance structure and responsibilities continued

Remuneration Committee	Key focus
Responsibility: - Assessing, reviewing and agreeing with the Board the Remuneration Policy for the Board and senior management excluding the Non-Executive Directors; - Assessing and reviewing the Remuneration Policy and benefit structure for Group employees; and - Monitoring the share incentive plans including participation and exceptional circumstances and amending the design of the plans in line with best practice.	Remuneration policy Setting appropriate targets for bonus and long term incentive schemes having regard to the long term value creation objectives of the Group.
Nominations Committee	Key focus
Responsibility: - Reviewing the structure, size, skills and experience of the Board and making recommendations regarding any changes; - Considering succession planning for Directors and other senior executives; and - Making recommendations to the Board for candidates to fill Board vacancies when they arise or to fulfil the need for additional Directors, normally using the services of professional consultants in the search.	- Reviewing the performance of the Chairman and the Executive Directors. - Implementing recommendations from the Board effectiveness review which was conducted in the previous financial year. - Reviewing succession plans to ensure the Board can operate effectively and add value to the Group.

The full terms of reference of the Audit, Remuneration and Nominations Committees can be found on the Group's corporate website: www.reddenorthgate.com



Avril Palmer-Raunack
Non-Executive Chairman
Nominations Committee Chairman

Joined Board August 2019

Key areas of expertise

Avril has more than 25 years' experience in leading businesses in the automotive industry in a number of senior executive and non-executive roles and was appointed as Non-Executive Chairman in August 2019.

Current external appointments

Currently Executive Chairman of Constellation Automotive Group.

Previous experience

Avril previously held roles as Non-Executive Chairman of Quarix plc, Non-Executive Chairman of Reddie plc, Executive Chairman of Stobart Group and Chief Executive Officer of Autologic Holdings plc and of Universal Salvage plc.



Martin Ward
Chief Executive Officer

Joined Board February 2020

Key areas of expertise

Martin was appointed to the Board as CEO in February 2020 as the former CEO of Reddie plc, having been on the Board of Reddie plc since 2009 after joining a subsidiary of the Group as Managing Director in 2005. Martin has over 25 years' insurance industry and vehicle sector experience.

Current external appointments

None.

Previous experience

Martin jointly founded the Rarrigini & Rosso Group in 1994, a leading independent wholesale motor fleet, property and risk management insurance business, which was later acquired by THB plc in 2003. Martin has an MBA from Durham University.



Philip Vincent
Chief Financial Officer

Joined Board July 2018

Key areas of expertise

Philip was appointed as CFO in July 2018. He has extensive experience in senior finance roles across a range of sectors worldwide.

Current external appointments

None.

Previous experience

Philip was previously Regional Finance Director Asia Pacific of SABMiller plc and before that he was the Group Director of finance and control. Prior to SABMiller, Philip held several senior positions at BBC worldwide, the largest commercial arm of the BBC, including three years as Group CFO and Board Director. Philip is a qualified Chartered Accountant, having trained with KPMG.



John Pattullo OBE
Senior Independent Director and
Remuneration Committee Chairman

Joined Board January 2019

Key areas of expertise

John was appointed to the Board as a Non-Executive Director in January 2019. Senior Independent Director in September 2019 and Chairman of the Remuneration Committee in May 2022 and has a wide range of experience in a number of executive roles in the consumer goods and logistics sectors and non-executive roles across a range of other industries.

Current external appointments

None.

Previous experience

John was Chairman of V Group until December 2020. Other previous non-executive roles include Senior Independent Director and Remuneration Committee Chairman of Electrocomponents plc, Chairman of NHS Blood & Transplant, Chairman of Marken Logistics and Chairman of In Kind Direct, a Prince's charity. Chief Executive Officer of Ceiva Logistics Ltd between 2007 and 2012. Before that, John worked for Exel plc/DHL where he led the EMEA logistics business and, prior to that, held a number of senior global supply chain appointments with Procter & Gamble.

The Directors of the Company who were members of the Board at the end of the financial year are highlighted in shaded boxes in this report.

- Key**
- Chairman of Committee
 - Member of Committee
 - Audit Committee
 - Remuneration Committee
 - Nominations Committee

Board of Directors continued



Mark Butcher
Non-Executive Director and
Audit Committee Chairman

Joined Board September 2019

Key areas of expertise

Mark was appointed to the Board as a Non-Executive Director and Chairman of the Remuneration Committee in September 2019, since the Merger he has chaired the Audit Committee. Mark has more than 20 years' public company experience including international accounting, corporate finance and banking transactions, as well as sitting on a number of public company boards.

Current external appointments

Currently a Non-Executive Director of National Milk Records plc and Zytronix plc.

Previous experience

Non-Executive Director of AssetCo plc from 24 October 2012 to 30 March 2023. Mark has more than 20 years' public company experience working predominantly for GPG (UK) Holdings plc, the UK investment arm of Guinness Peat Group plc, where he managed a significant proportion of group investments.



Bindi Karia
Non-Executive Director

Joined Board May 2022

Key areas of expertise

Bindi was appointed to the Board as a Non-Executive Director in May 2022. Bindi brings deep experience in technology and innovation having held senior board, investment and advisory roles across the technology ecosystem in Europe.

Current external appointments

Currently a Venture Partner at Molten Ventures Plc, a European Technology Venture Capital Fund. Bindi is also an advisory board member of Cognitix, Humanity Health and Wisk Ltd and a World Economic Forum member for the Digital Leaders of Europe. Bindi also serves on the University of East London Board of Governors, where she is also Chair of the Ethics Advisory Committee.

Previous experience

Bindi has previously held a variety of senior technology roles, including as a Digital Advisory Board member at The Very Group and Centrica, as well as senior roles at Silicon Valley Bank, Microsoft Ventures and PwC.



Mark McCafferty
Non-Executive Director

Joined Board February 2020

Key areas of expertise

Mark was appointed to the Board as a Non-Executive Director in February 2020. Mark had previously joined the Board of Redde plc as Non-Executive Director in March 2009, chairing the Remuneration Committee for a large part of his tenure. He brings extensive sector management and commercial experience, having spent six years as CEO of Avis Europe plc.

Current external appointments

Currently an adviser to CVC Capital Partners, Chair of Warwickshire CCC and Non-Executive Board Director of European Professional Club Rugby.

Previous experience

Prior to Avis, Mark was Group Managing Director of Thomas Cook's global travel and foreign exchange business and before that spent seven years with Midland Bank International in corporate finance and international operations. He was CEO of Premiership Rugby until July 2019. Mark previously held non-executive directorships with HMV Group plc, Umbro plc and Horseace Totalisator Board (Tote).



Nicola Rabson
Non-Executive Director

Joined Board November 2022

Key areas of expertise

Nicola was appointed to the Board as a Non-Executive Director in November 2022. Nicola is a well-known figure in the employment law world with significant experience advising public companies and other clients on people issues and governance, and on their strategic initiatives such as those relating to diversity and workplace culture.

Current external appointments

Nicola is a partner in the London office of Linklaters LLP, a Trustee of the Global Media Campaign to End FGM, a Governor of Royal Russell School and Non-Executive Director at Kent Football Association.

Previous experience

Nicola headed up the global employment and incentives practice of Linklaters LLP from 2014 until 2021 and has also sat on Linklaters LLP's Remuneration Committee and London Executive Committee. Nicola is qualified as a solicitor in England and Wales and is a CEDR accredited mediator.

UK premium listed companies are required by the FCA (the designated UK Listing Authority) to include a statement in their annual accounts on compliance with the principles of good corporate governance and code of best practice, being the UK Corporate Governance Code updated in July 2018. The provisions of the Code applicable to listed companies are divided into five parts, as set out below:

1. Board leadership and company purpose

The Board's ultimate objective is the long term sustainable success of the Group. The Board assesses the basis on which the Company generates and preserves value over the long term. Opportunities and risks to the future success of the business have been considered and addressed, contributing to the delivery of the Group's strategy. Information on this can be seen throughout this Corporate Governance Report, the Directors' Report, each of the Board Committee reports, the Directors' Remuneration Report and the Strategic Report.

Section 172

The Board is committed in its duties in relation to Section 172 of the Companies Act to promote the success of the Company. The Board seeks to understand the views of the Company's key stakeholders and how their interests and the matters set out in Section 172 are considered in Board discussions and decision making. A description on how the Board has evidenced this is included in the Section 172 statement on pages 72 to 76.

How the Board monitors culture

The Board recognises that delivering for all our stakeholders, in line with our purpose and vision to be the leading supplier in mobility solutions, is underpinned by our culture.

The Board regularly monitors the culture of the business in a number of ways:

- Through interaction with executives, members of the leadership team, and other colleagues in Board meetings.
- Through regular Board agenda items and supporting papers, covering culture indicators such as risk management, Group internal audit reports and follow-up actions, customer engagement, health and safety, whistleblowing, modern slavery and regulatory breaches.
- Through receipt of reports from executives on a range of indicators, including staff engagement, retention, absence, gender pay, diversity, and the results of employee surveys.

During the year, the Board was satisfied that the Company's workforce policies practices and behaviour were aligned with the Company's purpose, values, and strategy and that no correction was required by management. The Board reinforces our culture and values through its decisions, ensuring that decisions made are within the approved risk appetite of the Group and aligned with the Group's strategy.

Workforce engagement

The Employee Engagement Forum which is chaired by a senior member of the Group Management Boards, helps the Board and the Group Management Boards to understand the views of the workforce and to ensure feedback between the workforce and the Board on an ongoing basis. This provides the Board with in-depth insight into how culture is embedded across our Group, and any issues that need to be addressed. The views of employees are measured through an annual employee engagement survey 'Have your Say', which is designed to gauge how employees feel about the Group, how well they understand its direction, and their level of satisfaction and engagement with their work. An analysis of the results of the employee survey is presented to the Board. See page 101 for more information regarding workforce engagement.

Shareholder engagement

Shareholders play a valuable role in safeguarding the Group's governance through means such as annual re-election/ election of Directors, monitoring and compensating Director performance and constructive dialogue with the Board. Redde Northgate engages actively with analysts and investors and is open and transparent in its communications. The Board is updated regularly on the views of its shareholders through briefings and reports from those who have interacted with shareholders, including the Directors and the Company's brokers.

The Board and the Redde Northgate investor relations team engage directly with investors through a variety of communication channels to ensure prompt and effective communication:

- The AGM, which allows shareholders the opportunity to engage with the Directors and Chairmen of each of the Board Committees.
- Presentations and briefings given by the CEO and CFO, particularly at the time of announcing the Company's half year and full year results.
- One to one meetings with institutional shareholders on a regular basis by the Chairman and Senior Independent Director.
- CEO and CFO meet with shareholders following six monthly results announcements or in the intervening period if necessary.

- Direct shareholder consultations when considering matters of material impact to the Group, such as consultation on Remuneration report and policy, or indirect engagement such as engaging specialists to interview shareholders for the development of our sustainability strategy as outlined on pages 52 to 70.
- Annual and interim reports and results presentations which are available to all shareholders and also include the contact details for the Company Secretary.
- Our corporate website, which has a dedicated investor relations section and contact details.

The Group's results and other news releases are published via the London Stock Exchange's Regulatory News Service or another Regulatory Information Service. In addition, these news releases are published in the Investor Relations section of the Group's website at: www.reddenorthgate.com

Shareholders and other interested parties can subscribe to receive these news updates by email by registering online via the website.

2. Division of responsibilities

The business is managed by the Board of Directors. You can find more information about the members of the Board on pages 84 to 85. An overview of the leadership of the Group, including the responsibilities and activities of each component, is outlined on pages 80 to 83.

Information and communication

The Chairman ensures that all Directors are appropriately briefed so that they can discharge their duties effectively. Management accounts are prepared and submitted to the Board monthly. Before each Board meeting appropriate documentation on all items to be discussed is circulated. The Company Secretary is available to the Non-Executive Directors and can facilitate Board training events whenever required. The Non-Executive Directors meet without the Executive Directors present and the Senior Independent Director leads the evaluation of the Chairman.

Each reporting segment of the Group prepares monthly management accounts which include a comparison against their individual business plans and prior year performance. Management reviews any variance from targeted performance levels. These commentaries are consolidated and submitted to the Board. Year-to-date actuals are used to guide forecasts, which are updated regularly and communicated to the Board.

Independence

Pursuant to those provisions of the Companies Act 2006 relating to conflicts of interest and in accordance with the authority contained in the Company's Articles of Association, the Board has put in place procedures to deal with the notification, authorisation, recording and monitoring of Directors' conflicts of interest and these procedures have operated effectively throughout the year and to the date of signing of this Annual Report and Accounts.

Following the Merger, Mark McCafferty joined the Group Board. Prior to the Merger, he had completed 10 years' service on the Redde Board. As Mark has served on the Board for over nine years due to his previous appointment on the Redde plc board as set out in provision 10 of the Code this is a matter that is relevant to the Board's determination of independence. Upon assessment against this criteria, Mark McCafferty is not considered to be independent.

The Board remains of the opinion that despite Mark not being considered independent he was objective throughout the year despite his previous relationship with the Redde business and that he continued to make thoughtful and valuable contributions to the Board and continued to constructively challenge management and other members of the Board as appropriate.

3. Composition, succession and evaluation

The Nominations Committee report (pages 90 to 92) sets out its activities during the year, including information on succession planning, diversity, and inclusion. As previously noted, Bindu Karia and Nicola Rabson joined the Board during the year.

The Nominations Committee are confident that the Board is equipped with the right mix of skills and experience to deliver long term strategic objectives. The Directors have sufficient time to execute their duties. The Committee met twice in the year satisfying its terms of reference.

Diversity

Embracing diversity, in all its forms, enables individuals to share their own perspectives which promotes inclusivity and supports good decision making by the Board. The board recognises the many benefits of building a diverse leadership team. The FTSE Women Leaders Review, also reflected the progress the Company made during the year. As a Board we have made significant progress in terms of increasing representation of women on the Board which currently stands at 37.5%. Whilst the Board recognises that the representation of women on the Board does not currently meet the UK Listing Rules target of 40%, the Company notes the significant progress made this year through the appointment of Bindu Karia and Nicola Rabson. For further information on the Group's approach to Board diversity please see the Nominations Committee Report on pages 90 to 92.

Board evaluation

A Board effectiveness review is carried out annually in line with the Code, with a review being externally facilitated every three years. The last external Board effectiveness review was carried out in FY2021. This year the Board effectiveness review was conducted

internally, supported by the Company Secretary. The external Board effectiveness review was conducted based on a framework established by the external Board evaluation conducted by Korn Ferry in FY2021. Next year the Board will be required to conduct an external Board effectiveness review.

Key areas of focus from this year's internal Board effectiveness review are set out in the table below.

During the current year, the Directors have reviewed the effectiveness of the Board as a whole and its Committees and have considered the results of the prior year assessments. The Directors concluded that the Board and its Committees continue to operate in an effective and constructive way.

Areas of focus	Recommendations	Progress to date
Moving to "business as usual"	Increase Board focus on risk appetite and critical areas such as IT, and on medium and long term strategic debate.	The Board has assumed direct oversight of risk from the Audit Committee, and both broad/sectoral and specific risks are regularly reported on and discussed at the Board.
Board learning and development	Increased focus placed on learning and development across the Group including at leadership level.	The Board during the year had specific training on ESG focusing particularly on the changing regulatory and governance landscape as well as presentations on strategic matters. The Board also made a visit to the Company's operations in Spain.
Succession planning	The Board recognises the importance of succession planning and maintaining a continued focus on diversity and inclusion on the Board and more widely in the Group's businesses.	Significant progress has been made at Board and senior management level in meeting the diversity levels expected of a Group of our size and nature, not least with the two Board appointments conducted throughout the year.

Corporate governance continued

Attendance

Directors' attendance at Board and Committee meetings during the year is detailed as follows:

No. of meetings	Board	Audit	Remuneration	Nominations
Avril Palmer-Baunack*	10	4	6	2
Martin Ward**	10	4	***5	***2
Philip Vincent**	10	4	***5	***2
John Pattullo	10	4	6	2
Mark Butcher	10	4	6	2
Bindi Karia	10	4	6	2
Mark McCafferty**	10	4	***5	***2
Nicola Rabson***	5	2	***2	***2

* By invitation when attending Audit Committee.

** By invitation when attending Committees.

*** Only meetings to which invited.

**** Nicola Rabson was appointed to the Board and to the Audit, Nominations and Remuneration Committee on 9 November 2022.

The external auditors and the Group Head of Internal Audit attended all Audit Committee meetings.

4. Audit and internal control

The Audit Committee report on pages 93 to 97 describes the work of the Committee and how it discharges its roles and responsibilities.

The Board is accountable for the Group's success and dealing with the challenges it faces. The Board reviews the results, risks and opportunities facing the Group. The Audit Committee plays a key part in this work, monitoring and evaluating the Group's processes and internal controls and providing a layer of independent oversight over our key activities.

The Group's systems of risk management and internal control ensure that our businesses operate within risk appetite levels approved by the Board. These are set out in the Identifying and managing risk report from page 40.

Internal control

Although no system of internal controls can provide absolute assurance against material misstatement or loss, the Group's own system is designed to provide the Directors with reasonable assurance that, should any problems occur, these are identified on a timely basis and dealt with appropriately. Confirmation that the Board has performed an assessment of the risk management and internal control systems of the Group, as required by the Code, is contained in the Identifying and Managing Risk Report on pages 40 to 49.

5. Remuneration

The Directors' Remuneration Report on pages 98 to 124 describes the work of the Committee during the year. It sets out how executive remuneration is aligned to the Company's purpose, values and strategy. It also shows how workforce remuneration and related policies have been considered in its decision making regarding executive remuneration.

Compliance with the Code

The Company is subject to the principles and provisions of the UK Corporate Governance Code 2018 (the Code), a copy of which is available at www.ftc.org.uk.

Following the appointment of Bindi Karia on 6 May 2022, the Group was compliant with:

- Provision 11 of the Code, for at least half of the Board to be independent.
- Provision 17 for the Nominations Committee to be comprised of at least three independent Non-Executive Directors.
- Provision 24 for the Audit Committee to be comprised of at least three independent Non-Executive Directors.
- Provision 32 for the Remuneration Committee to be comprised of at least three independent Non-Executive Directors.

In addition, effective from 1 January 2023, Executive Directors' pensions were aligned to the wider workforce.

In April 2023, the Group consulted with the Employee Engagement Forum on the Group's approach to wider workforce remuneration and on how executive remuneration aligns with wider Group pay policy.

For the year ended 30 April 2023, the Board considers that it has applied the principles and compiled in full with the provisions of the Code.

James Kerton
Company Secretary
5 July 2023



Carol Rava, Chair

Committee membership

The members of the Committee are shown in profile below. Dates of their experience on the Board are shown on pages 84 to 86.

Committee membership	Number of meetings
Axel Palmer-Burns	2/2
Mark R. Kohn	2/2
Brian Karp	2/2
John Pappalardo	2/2
Nicola Rabson (joined the Committee on 9 November 2022)	2/2

“

I am delighted to welcome Nicola to the Board. Nicola is a well-known figure in the employment world and brings significant experience to the Board.”

Dear stakeholder,

I am pleased to present the Report of the Nominations Committee (the Committee) for the year ended 30 April 2023. As a committee our core responsibilities include promoting diversity and inclusion, reviewing the structure of the Board and its committees, recommending new Board appointments, and ensuring adherence to formal, rigorous selection, appointment and induction processes for new directors.

brought significant expertise and focus on technology and innovation. Nicola is a partner in the London office of Linklaters LLP and was global head of Linklaters LLP's employment and incentives group from 2014 to 2021. Nicola brings significant experience in advising public companies and other clients on people, governance and workplace culture. In addition, John Pappalardo, our Senior Independent Director, took on the responsibility of Chairman of the Remuneration Committee in addition to his existing role, and the Board has greatly benefited from his leadership in our activities in this area, including our extensive shareholder engagement on our proposed Remuneration Policy for 2023.

Committee purpose

The Committee assists the Board in reviewing the structure, size, skills and experience of the Board. It is also responsible for reviewing succession plans for the Group Directors, including the Chairman and the CEO and other senior executives. The Committee's role, authority, responsibilities and scope are set out on pages 81 to 83 and in detail in its terms of reference which are available on the governance section of our website.

The recruitment process involved in appointing a new Non-Executive Director, generally involves the Committee preparing a description of the role and the attributes required in the candidates, which will include a job specification and an estimate of the time commitment expected. The Committee then compiles a shortlist taking account of known candidates and candidates suggested by the Group's Board, advisers and/or appointed recruitment consultants. The appointment process takes account of the benefits of diversity of the Board, including gender diversity, and in identifying suitable candidates, the Committee considers candidates from a range of backgrounds.

Board recruitment

As reported in our 2022 Annual Report and Accounts, the Committee appointed Bindu Karia in May 2022. Nicola Rabson was appointed in November 2022. Bindu has

The Committee oversees succession planning for Directors and senior management, as well as broader consideration of the leadership needs of the business and senior management development.

Report of the Nominations Committee continued

Following the appointment of Nicola and Bindi, the Board is now compliant with the recommendations of the Parker Review and has made significant progress towards its target of meeting the Board Diversity Targets as set out in Listing Rules LR 9.8.6R(9) and LR 14.3.33R(1), with women (including myself as Chairman) representing 37.5% (2022: 14.5%) of the Board.

Induction

Given the strategic breadth and focus of the Group's activities, the Group carries out extensive inductions for its new Non-Executive Directors. Bindi Karia and Nicola Rabson received a tailored induction that focused on the Group's stakeholders, strategy, structure, operations and governance. Both directors met the Board collectively and on a one-to-one basis.

In addition, Bindi and Nicola attended a strategy briefing day at the Company's head offices in Darlington, where they received presentations from senior leaders from the business and had the opportunity to meet colleagues more widely. In addition, during the year, both new Directors have received appropriate briefings from the Group's advisers on the Group's regulatory and governance landscape and their legal and regulatory responsibilities. In addition, Bindi and Nicola held meetings with other Directors, the Company Secretary and members of the Group Management Boards and other senior leaders to discuss the Group's strategy (including with respect to sustainability, business operations and risks).

Independence of the Non-Executive Directors

During the year, the Committee considered the tenure and independence of existing Non-Executive Directors, and whether a Director's length of service had in any way impacted his or her ability to remain independent in character and judgement in performing his or her duties. The Board considers all the Non-Executive Directors except for Mark McCafferty and the Chairman whose independence was not assessed, but who was independent on appointment, to be independent of management and free from any business or other relationship which could materially interfere with their ability to exercise independent judgement.

In accordance with the results of the independence assessment, and in line with the requirements of the Code, all Directors will retire at this year's AGM and, submit themselves for re-appointment (appointment in respect of Nicola Rabson) by shareholders. Biographical details of the Directors, including their skills and experience, can be found on pages 84 to 85.

Board diversity

The Board considers that its composition should be designed to ensure it has the best experience and skills to advance the Group's strategy for the benefit of all its stakeholders, and that as part of this the benefits of all aspects of diversity should be considered, including, but not limited to, gender and ethnicity. The Group maintains an appropriate diversity and inclusion policy for all of its workforce, including our senior management and the Board. Accordingly, the Committee will consider candidates on merit against objective criteria, with regard to the benefits of diversity when identifying suitable candidates for appointment to the Board. The Board is also committed to operating in a way that supports diversity and inclusivity including ensuring appropriate consideration of diversity and inclusion in succession planning at senior management and Board level. When searches for an appointment to the Board are conducted by the Company with external search firms, these firms will identify and present a list of qualified potential candidates, including having regard to diversity.

As at 30 April 2023, one of the senior positions on the Board was held by a woman. The Board included one Director from an ethnic minority background and the representation of women on the Board was 37.5% (this remains the case as at the date of this Annual Report and Accounts). Whilst the Board recognises that the representation of women on the Board does not currently meet the UK Listing Rules target of 40%, the Company notes the significant progress made this year through the appointment of Bindi Karia and Nicola Rabson and the need to maintain a balance of experience and continuity on the Board. The Nominations Committee and the Board, whilst mindful of the targets set by the Listing Rules, will continue to make appointments based on merit having regard to diversity.

Report of the Nominations Committee continued

Gender representation for Board and senior management as at 30 April 2023

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chairman)	Number in executive management ¹	Percentage of executive management
Men	5	62.5	3	12	75
Women	3	37.5	1	4	25

Ethnic background of Board and executive management as at 30 April 2023

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chairman)	Number in executive management	Percentage of executive management
White British or other (including minority-white groups)	7	87.5	4	16	100
Asian/Asian British	1	12.5			

1 Executive management includes the Group Management Boards (most senior executive bodies below the Board) and the Company Secretary, excluding administrative and support staff, as defined by the UK Listing Rules.

Gender and ethnicity data relating to the Board, Group Management Boards and Company Secretary is collected on an annual basis applying a standardised process managed by the Company Secretary and the Group's HR functions. Each Board member, Group Management Board member and the Company Secretary is requested to confirm, on a strictly confidential and voluntary basis, their ethnicity and gender identity (or specifies they do not wish to report such data). The criteria of the standard form questionnaire are fully aligned to the definitions specified in the UK Listing Rules, with individuals requested to specify:

(1) Self-reported gender identity. Selection from (a) male; (b) female; (c) other category/please specify; (d) not specified (due to local data privacy laws); or prefer not to say.

2) Self-reported ethnic background (classifications as designated by the UK Office of National Statistics). Selection from: (a) White British or other white; (b) Mixed or multiple ethnic groups; (c) Asian or Asian British; (d) Black; (e) Other ethnic group/please specify (f) not specified (due to local data privacy laws); or prefer not to say.

The further enhancement of the Board's composition and balance of skills, experience and capabilities following the appointment of Bindi and Nicola was reflected very clearly in feedback.

In October the Board visited the Group's offices and operations in Madrid. This provided the Board with an opportunity to view first-hand the high calibre of the Group's operations in Spain, including innovative initiatives, and the breadth and quality of our commercial proposition in Spain. In addition, the Board were able to spend time meeting the Spanish leadership team and discussing the Group's strategy with them.

During the year, the Board has had an increasing focus on sustainability, as part of the development of the Group's sustainability strategy, and in the form of specific training from its external advisors. The Board has also received strategy presentations on a variety of the Group's current and future initiatives including those relating to the expected future transition of the fleet away from non-ICE vehicles.

Future priorities

In FY2024, the Committee intends to continue reviewing succession plans for the Board to make sure the Board continues to operate effectively and add value to the Group.

Avril Palmer-Baunack
Chairman
5 July 2023

Board and committee evaluation and continuing training

The Board also conducted its annual evaluation process, which demonstrated the significant and continuing effectiveness of the operation of the Board as well as its committees (including the Nominations Committee). The evaluation was conducted based on a framework established by the external Board evaluation conducted by Korn Ferry in FY2021 and reflect the Board's view that it is a strong and cohesive body, as a main Board and across its committees, with a clear view of its purpose and values.

Report of the Audit Committee



Chairman of Audit Committee

Committee membership

The members of the Audit Committee are shown below:

Committee membership	Number of meetings
Mark Burcher	4/4
Bindi Karia	4/4
John Partullo	4/4
Nicola Robson (joined the Committee on 9 November 2022)	2/4

The Code requires that at least one member of the Audit Committee (the Committee) should have recent and relevant financial experience. Currently, the Chairman of the Committee fulfils this requirement. All members of the Committee are expected to be and are financially literate. The Committee is composed of independent Non-Executive Directors with relevant experience and proficiency in line with the requirements of the Code and the Committee's terms of reference. Relevant information on the skills and experience of our Board members is outlined on pages 84 to 85.

Ensuring the integrity of the Group's financial reporting

Dear stakeholder,

On behalf of the Audit Committee (the Committee) and the Board, I am pleased to present the report of the Committee for the year ended 30 April 2023. The objective of this report is to provide an understanding of the work undertaken by the Committee during the year to ensure that the interests of the Company's stakeholders are protected through a robust system of internal controls, risk management and transparent financial reporting.

The report explains the role the Committee plays in the Group's governance framework by supporting the Board in the Board's assessment of the integrity of the Company's financial reporting and the adequacy and effectiveness of the Company's management of risk and internal controls.

The Board recognises the importance of risk management; therefore, the setting of risk appetite and the review of the risk register are carried out by the Board. The Committee continued to focus on its core areas of responsibility, namely protecting the interests of the Group, our shareholders and stakeholders through ensuring the integrity of the Group's financial information, audit quality and the effectiveness of internal controls throughout the year.

Role

The Committee's role, authority, responsibilities and scope are set out on pages 81 to 82 and in detail in its terms of reference which are available on the Governance section of our website: www.reddenorthgate.com

Meetings

The Committee is required to meet at least three times a year. Details of attendance at meetings held in the year ended 30 April 2023 are detailed in this report. Due to the cyclical nature of its agenda, which is linked to events in the Group's financial calendar, the Committee met four times during the year. The other Directors, together with the Group Head of Internal Audit and the external auditors, are commonly invited to attend all meetings.

Key focus

The Committee continues to support the risk management framework of the Group through regular review of internal controls and oversight of the work of internal audit.

The Committee reviewed management's assessment of the viability of the Group and the period over which viability should be assessed taking into consideration the impact of the economic environment, climate change and downside sensitivities, challenging those assumptions. The Committee is satisfied that the Group is viable, with further details provided within the viability statement found on pages 50 to 51.

Report of the Audit Committee continued

During the year, the Committee has given due consideration to the continuing uncertainties surrounding supply chain restrictions and the impact that these may have on residual values of used vehicles, the ageing of the fleet, and the cost of new vehicles. Such factors are important variables in the determination of appropriate depreciation rates for vehicles available for hire.

The Committee challenged and debated management's assessment of future residual values, and whilst acknowledging that this is a significant area of judgement, the Committee agreed with management's proposals with respect to the depreciation rates on the existing fleet and for new vehicle purchases.

As outlined in the prior year, depreciation rates have been reduced on a component of the fleet from May 2022 in response to the high residual values in the short to medium term period.

The approach towards assessing depreciation rates on new purchases has been consistently applied. This requires management to set depreciation rates based on their assessment of future residual anticipated at the point of disposal.

The Committee reviewed the judgements involved in management's assessments of potential indicators of impairment of assets and the recoverable amounts of each cash generating unit which contained indefinite lived assets. After due consideration, the Committee agreed with management's assessment of the recoverable amount of the NewLaw cash generating unit and agreed with the proposal to impair the value of certain assets of that business.

Following recent acquisitions, the Committee has reviewed management's assessments of the fair values of net assets acquired and also continues to support the embedding of

the Group's governance and internal control frameworks within those businesses.

During the year, the FRC reviewed the financial statements for the year ended 30 April 2022. The FRC's review is limited in scope with no detailed knowledge of our business and no reliance should be placed on the findings of their review. The review highlighted that the impairment of trade receivables should be disclosed as a separate line item on the income statement which has been adjusted in the accounts for year ended 30 April 2023, including a prior year adjustment.

The Committee reviewed and recommended the Board approve the Group's tax strategy and considers that this demonstrates the Group's commitment to tax transparency and its stated desire to pay the right amount of tax.

Activity

Since May 2022, the Committee has:

- reviewed the financial statements for the years ended 30 April 2022 and 2023 and the half yearly report issued in December 2022. As part of this review process, the Committee received reports from PwC; reviewed and agreed the scope of the audit work to be undertaken by PwC and agreed its fees;
- reviewed and confirmed endorsement of the Group's non-audit fee policy;
- reviewed the effectiveness of external audit and made a recommendation to the Board on the reappointment of PwC as the External Auditor;
- had discussions with the external audit partner in the absence of management;
- reviewed the effectiveness of the Group's system of internal controls;
- set the programme of internal audits;
- received regular reports from the Group Head of Internal Audit;

Significant matters considered in relation to the financial statements

During the year the Committee reviewed the significant matters set out in this report in relation to the Group's financial statements for the year ended 30 April 2023. We discussed these issues at various stages with management during the financial year and during the preparation and approval of the financial statements.

Following review and consideration of the presentations and reports presented by management, we are satisfied that the financial statements appropriately address the critical judgements and key estimates, in respect of both the amounts reported and the disclosures made. We also reviewed these issues with the auditors during the audit planning process, the interim review and at the conclusion of the year end audit. We are satisfied that our conclusions in relation to these issues are in line with those drawn by the auditors.

Risk management

The Committee is responsible for overseeing the adequacy of internal controls and the work of Group Internal Audit.

The Board determines the extent and nature of the risks it is prepared to take in order to achieve the Group's strategic objectives. Further information on the Group's risk management processes can be found on pages 40 to 49.

- reviewed and approved the Internal Audit Charter;
- reviewed the quality and effectiveness of Internal Audit;
- had discussions with the Group Head of Internal Audit in the absence of other management;

- reviewed the progress made by management in implementing the internal control improvements recommended by Group Internal Audit;
- reviewed the Group's corporate taxation arrangements and recommended that the Board approve the Group tax strategy;
- reviewed the Group's treasury arrangements and policies;

- reviewed the findings of the FRC's review of the Group's financial statements for the year ended 30 April 2022, and overseeing actions taken to address the recommendations proposed in that review;
- reviewed the Group's depreciation policy and depreciation rates adopted within this policy;

- reviewed a management paper considering classification of items as exceptional within the income statement;
- reviewed a management paper on the recoverability of contract assets within Reddie;
- reviewed a management paper on the accounting considerations of impairment of assets;
- reviewed a management paper on the accounting judgements made with respect to the fair value assessment of acquisitions;
- reviewed and approved the Group's "Fair, Balanced and Understandable" statement;
- reviewed management's assessment of going concern and viability; and
- reviewed and approved the Committee's terms of reference, prior to making a recommendation to the Board.

Report of the Audit Committee continued

Internal financial controls

On an ongoing basis, the Audit Committee reviews the adequacy and effectiveness of the Group's system of internal financial controls, which are described briefly in the table on this page.

The Committee received detailed reports on the operation and effectiveness of the internal financial controls from members of the senior management team. The outcome of the external audit at year end and the half year review are considered in respect to our internal controls. The Committee also receives updates on the policies and procedures in place and how these are being communicated to and complied with by our staff.

Overview of internal financial controls

Governance framework	Our governance framework supports effective internal control through an approved schedule of matters reserved for decision by the Board and the Group Management Boards, supported by defined responsibilities, levels of authority and supporting committees.
Financial review and internal procedures	Comprehensive systems of financial reporting and forecasting which are conducted frequently and include both sensitivity and variance analysis. A budgeting exercise and strategic review is conducted annually. Sensitivity analyses are included in both the strategic review and the rolling forecasts.
Tax and Treasury procedures	Taxation is a complex area and is subject to frequent external review. Regular oversight of tax governance is provided by the Committee, covering implementation of the Group's tax strategy, compliance, and all significant commercial transactions. We maintain an open relationship with HMRC and have a "low risk" tax status. The Treasury function ensures compliance with Group Treasury policies set by the Board and reviewed by the Committee which cover liquidity risk, credit risk, interest rate risk, foreign exchange risk and capital management. Liquidity policy includes continual monitoring of the Group's debt facilities to ensure sufficient access to capital. All complex or large transactions are discussed in advance with the Board.
Risk management	The Board regularly reviews the Group's risk register, the schedule of key controls and key risk indicators. The Board also assesses the impact of emerging risks to the Group. Our risk management procedures are robust and can be viewed on pages 40 to 49.
External verification	During the year, no significant deficiencies had been raised by PwC through the course of the annual audit nor through the work carried out by Group Internal Audit and overseen by the Committee.

Report of the Audit Committee continued

Significant financial judgements, key assumptions and estimates

Any key accounting issues or judgements made by management are monitored and discussed with the Committee throughout the year. The table below provides information on the key issues discussed with the Committee during the year and the judgements adopted.

Matter	Key consideration	Progress to date	Conclusion
Deferring appropriate depreciation rates for vehicles available for hire	Ensuring that depreciation rates are set appropriately.	The Committee reviewed trends of vehicle residual values on a regular basis. In addition, we reviewed papers prepared by management at each reporting date which included a quantitative and qualitative assessment of the current and forecast trends in the used vehicle market, management of group fleet and review of the Group's depreciation policy and accounting estimates against that backdrop.	We agreed with management's assessment of depreciation rates to be applied to the existing fleet and their proposal for depreciation rates on new vehicle purchases to be applied in FY2024.
Claims due from insurance companies and self-insuring organisations	Ensuring that the carrying value of insurance claims represents the best estimate of the net claim value to be recovered.	We challenged and debated the assumptions and judgements made and were content with management's assessment. At each reporting date the Committee reviewed papers prepared by management at each reporting date which included management's assessment of the expected net claim values at each reporting date.	We concluded that the judgements made in determining net claim values as at 30 April 2023 were appropriate.
Impairment of assets	Ensuring that the recoverable amount of assets held on the balance sheet are in excess of carrying values.	We challenged the underlying assumptions and significant areas of judgement and were satisfied with management's assessments. The Committee reviewed a paper prepared by management considering indicators of impairment of assets. The paper also outlined assumptions made in the calculation of the recoverable amount for each cash generating unit (CGU) which included indefinite lived assets.	We agreed with management's assessment that assets held on the balance sheet are not impaired, with the exception of the NewLaw CGU.
		We challenged the assumptions made and were satisfied with management's assessments.	We reviewed management's calculation of the recoverable amount of the NewLaw CGU and agreed with the accounting impairment included within the financial statements.
Financial statements and other information	Fair and balanced presentation of financial statements and other information including use of appropriate alternative performance measures.	The Committee considered the presentation of the financial statements, including the presentation of reported results between underlying and statutory performance, as well as evaluating how financial results and alternative performance measures were used as part of the Strategic report. The Committee reviewed papers prepared by management at each reporting date which outlined management's judgement in assessing whether any items should be classified as exceptional items or otherwise excluded from underlying results to ensure that the judgements made were reasonable and were in line with stated policy.	We concluded that the Annual Report and Accounts, taken as a whole, were fair, balanced and understandable, and that the usage of alternative performance measures was appropriate.

Report of the Audit Committee continued

External auditors

The Committee reviews and makes recommendations regarding the appointment of external auditors. In making this recommendation, we consider auditor effectiveness and independence including consideration of non-audit fees and length of tenure of audit firm and lead partner.

The Committee confirmed compliance with the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014, having last carried out a competitive tender and appointed PwC as Group auditors in 2015. Jonathan Greenaway had been the lead audit partner since the year ended 30 April 2022, following the rotation of the previous partner. The Company is required to have a mandatory audit tender after 10 years and, as the Audit Committee considers the relationship with the auditors to be working well and remains satisfied with their effectiveness and the quality of audit work, their geographical and professional capabilities, the Audit Committee does not currently anticipate that it will conduct an audit tender before it is required to do so in 2025. The Committee will continue to monitor this annually to ensure the timing for the audit re-tender remains appropriate, taking into account the effectiveness and independence of the auditors.

The Committee ensures that non-audit work may only be undertaken by the external auditor in limited circumstances. All non-audit services are subject to the Committee's prior approval. Non-audit services provided by our external auditors are subject to a cap equal to 70% of the average annual audit fee for the preceding three years.

Non-audit fees for services provided by PwC for the year amounted to £62,000 related to as reviewed by the interim financial statements as required by regulation. As this work was required by legislation there were no non-audit services conducted for the purposes of comparison to the 70% cap included in the FRC's guidance.

The Committee reviewed the effectiveness and independence of the external auditors, both in terms of the engagement team and the firm as a whole. In order to perform this assessment, the following criteria are considered:

- the auditor's safeguards to independence including the independence letter which annually confirms their independence and compliance with the FRC Ethical Standard;
- the operation, and compliance with, the Group's policy on non-audit work being performed by the auditors;
- how the auditors identified risks to audit quality and how these were addressed, including the controls the auditors relied upon;
- the quality of the audit plan including identification of key risks; materiality assessment and scope of Group audit;
- how the auditors demonstrated professional scepticism and challenged management's assumptions where necessary; and
- the outcome of the FRC's inspection of PwC's audit quality.

In assessing how the auditors demonstrated professional scepticism and challenged management's assumptions, the Committee considered the depth of discussions held with the auditor, particularly in respect to challenging the Group's approach to its significant judgements and estimates. The Committee is satisfied with the level of challenge raised by the audit partner and the team during the year.

The Committee concluded that the audit process was operating effectively. Consequently, the Committee has recommended the reappointment of PwC as the Group's external auditor at the AGM in September 2023.

Group Internal Audit

In fulfilling its duty to monitor the effectiveness of the internal Audit function, the Committee has:

- reviewed the adequacy of the resources of the Group Internal Audit department;
- ensured that the Group Head of Internal Audit has direct access to the Chairman of the Board and to all members of the Committee;
- conducted a one-to-one meeting with the Group Head of Internal Audit without management present; and
- approved the Group Internal Audit programme and reviewed quarterly reports by the Group Head of Internal Audit, ensuring the Committee was satisfied with the quality of these reports.

The Committee concluded that the Group internal audit process had been conducted effectively and that the quality of audit and reporting was rated highly.

Looking forward

In FY2024, the Committee will continue to support the Board as the business continues to grow organically and inorganically, embedding the Group's governance framework, financial reporting systems, risk management processes and internal controls.

Mark Butcher
Chairman of Audit Committee
5 July 2023



Chairman of the Remuneration Committee

Committee membership

Members of the Remuneration Committee (and how long)

Committee membership	Number of meetings
John Pugh (Chairman from 6 May 2022)	6/6
Maria Rucklert	6/6
Ash Patel and Raymond A. Bird King (Joined the Committee on 5 May 2022)	6/6
Nicola Rabson (Joined the Committee on 9 November 2022)	2/6
Julian Davies (Chairman of the Executive Governance from 6 May 2022)	N/A

"This has been a busy year with a focus on reviewing the Directors' Remuneration Policy and supporting our colleagues in the face of unprecedented cost-of-living challenges."

Dear stakeholder,

I am very pleased to introduce the Directors' Remuneration Report for the year ended 30 April 2023. This is my first full year chairing the Committee, and I am joined on the Committee by Mark Butcher, Bindu Karia, Nicola Rabson and our Chairman, Avril Palmer-Baunack.

The Group delivered strong trading and financial performance in the year to 30 April 2023, continuing the successful execution of our strategy to become a leading provider of integrated mobility solutions. This progress has been acknowledged by shareholders and Redde Northgate has significantly outperformed the FTSE 250 index since the acquisition of Redde by Northgate in February 2020.

Since the beginning of FY2023, we have generated significant shareholder value through successful acquisitions of specialist businesses in the vehicle rental space and by completing a £60m share buyback programme. The Group has also broadened our vehicle supply channels to ensure that we can continue to provide a sustainable and attractive offering to customers. In addition we have made material progress with our Group-wide sustainability and ESG strategy and governance. We have also made successful appointments to our Board, enhancing expertise, capabilities and diversity.

Most importantly, we have recognised that a significant number of our colleagues have faced unprecedented cost-of-living challenges and have prioritised the delivery of support and benefits to our wider workforce, including meaningful cost-of-living payments, pay increases, the launch of our 2022 Save As You Earn Scheme (SAYE) and Free Share (YourShare) programmes, and other benefits as well as enhanced learning and development opportunities. We are extremely thankful to our colleagues for their professionalism and hard work during the year.

During the year, the Committee reviewed the Directors' Remuneration Policy to ensure that it continues to support the execution of our strategy and remains appropriate for a listed company of our size. The Committee approved a revised Directors' Remuneration Policy which will be put to shareholders at our AGM in September 2023.

The Committee held extensive consultations with our shareholders on the Remuneration Policy itself, our approach to Executive Directors' pay, the vesting of LTIP awards granted to the Executive Directors in 2020 and the support that we have given to our wider workforce. I am extremely grateful to the shareholders we consulted for their level of engagement and for their support to the proposals outlined.

This report comprises this introduction, the Remuneration Policy (page 102) and the Annual Report on Remuneration (page 111).

Introduction to Remuneration report continued

Wider workforce pay and benefits

In FY2023, the Company made significant pay awards to colleagues at lower salary levels with increases of between 9% and 12%. Increases for mid to senior levels were capped at 3%. For FY2024, the committee has approved a further 4.2% average pay rise across the Group, with the highest rates of increase again for those colleagues at lower salary levels and a capped 3% rise at mid to senior levels.

Recognising the current cost-of-living and inflationary pressures on our employees, we made a one-off payment of £250 in December 2022 to over 4,500 employees (representing approximately 60% of total employees) and a further cost-of-living payment of £500 was paid in April 2023 to approximately 90% of total employees.

The Group also deployed the 2022 SAYE programme and, following shareholder approval at the 2022 AGM, we launched our new YouShare programme under which all employees were provided with £500 of free shares in the Company allowing colleagues the opportunity to participate in the success of the Group and promoting alignment of interest between colleagues and shareholders.

The Group also made significant enhancements to the broader benefits package, with improvements in health and travel benefits, maternity and paternity pay, bereavement leave, paid emergency dependent leave, annual leave and the company car scheme (which provides a wider selection of cars, all of which are EV or PHEV). In December 2022, all 500 colleagues on zero-hour contracts were offered permanent contracts with the majority accepting. We also introduced several initiatives to support the wellbeing of our people from our UK Employee Assistance Programme to the introduction of wellbeing apps to assist in the prevention and management of mental health issues.

Although the primary reason for this focus on the wider workforce was to mitigate potential economic hardship, there is no doubt that the business is benefitting from these changes: retention has improved by a significant margin and in the recent employment opinion survey we saw a repeat of the high engagement scores of the prior year with 9% more colleagues participating.

Remuneration Policy and shareholder consultations

This year the Company is required to put its Remuneration Policy to shareholders for approval at its AGM in September 2023 in-line with the Triannual requirements. Ahead of this, the Committee appointed Deloitte LLP as the Company's remuneration advisers and, with their support, we have conducted a thorough review of the Policy.

We consulted with shareholders representing c.40% of our register in Autumn 2022, to understand any concerns ahead of our review of the Remuneration Policy, and again in Spring 2023 to present on the Committee's proposed approach. Shareholder feedback was supportive of the proposals outlined below.

Overall, the current Policy is aligned with shareholder expectations on best practice features, the structure and the incentive opportunities for our Executive Directors are market aligned and competitive. Consequently, the Committee has decided to leave much of the present policy unchanged:

- **Structure:** The current structure of fixed pay, annual bonus and LTIP is unchanged as the Committee believes that this framework continues to incentivise the delivery of performance and the creation of shareholder value.

- **Maximum incentive opportunities:** there are no changes proposed to maximum incentive opportunities in the context of the current external environment.

We did, however, make a small number of changes which we believe enhance the Policy and which were fully supported by the shareholders we consulted:

- **Financial underpin:** There will be a financial underpin to the non-financial element of the annual bonus whereby the Committee will assess the payout under the non-financial elements if the financial underpin is not met, and would normally expect to use discretion to reduce the non-financial element in these circumstances.
- **Bonus deferral:** The approach to annual bonus deferral will be simplified such that 50% of the total bonus paid will be deferred into shares for three years to better align with market practice (currently 50% of the annual bonus plus any amount in excess of 100% of base salary is deferred into shares). The revised approach is at the more stringent end of market practice for FTSE 250 companies and the Committee believes that this approach continues to provide strong alignment with shareholders.

We have also refreshed the drafting of the Remuneration Policy to improve clarity and to align better with typical market practice.

In addition to the above, we have also reviewed performance measures and the following approach will apply for FY2024:

- **Annual bonus:** we will retain the current measures and weightings: PBT (75%) and strategic and operational targets including ESG (25%). The Committee believes that this approach continues to be provide the right balance of incentivising the delivery of profit performance while ensuring that we build the strategic foundations for future growth.

- **LTIP:** taking into account shareholder feedback, we intend to include a Relative TSR measure (25%) along-side EPS (75%), and to remove the PBT measure. Relative TSR is to be measured against the FTSE 250 (excluding investment trusts) with threshold vesting for median performance and maximum for upper quartile. The Committee believes that the approach provides the right balance between incentivising the delivery of sustained profit performance with rewarding shareholder value creation relative to peers.

Targets are set at appropriately stretching levels taking into account our business plan, the sector we operate in, analyst consensus forecasts and the conservative positioning of Executive Director incentive levels against market.

The revised Directors' Remuneration Policy is set out in pages 102 to 110 of this Report.

Remuneration outcomes for the year ended 30 April 2023 Annual bonus

The maximum annual bonus opportunity for the year was 125% of salary for the CEO and 100% of salary for the CFO. Underlying PBT performance for the year was £165.9m which exceeded the maximum performance target. Excellent performance was achieved against our strategic measures which for FY2023 focused on building the foundations of and starting to execute our ESG strategy. Key highlights included: (i) the growth of our EV and hybrid fleet in line with the UK car parc; (ii) progress made on our EV transition plan; (iii) broadening of our vehicle supply channels; and (iv) progress made in our ESG and sustainability agenda including the creation of a sustainability committee, appointment of a Head of ESG and the publication of our maiden sustainability report as well as the proposal of our Scope 1 and Scope 2 targets: 13% reduction by 2027 and 100% green electricity. Taking this into

Introduction to Remuneration report continued

account, both the CEO and CFO received a maximum annual bonus award based on outcomes against financial and strategic objectives, as outlined further in the main body of the report. With respect to financial objectives, this approach is in line with the award outcome for those in the wider workforce who participate in Group bonus schemes. The Committee considered this outcome in the context of performance in the year, further detail of which is provided elsewhere in the Annual Report and Accounts, and determined that the outcome was appropriate and that no discretion was required.

2020 LTIP vesting

The 2020 LTIP awards were granted in August 2020 and based on appropriately stretching PBT and EPS targets. The maximum target for both PBT and EPS has been significantly exceeded with PBT growth of c. 180% and EPS growth of c. 80% over the performance period and therefore the award is due to vest in full in August 2023.

In determining the final outcome of the 2020 LTIP awards the Committee considered guidance from shareholders and the proxy agencies and the previous indication in the 2020 Annual Report and Accounts that the Committee reserved the right to review the formulaic outcome of the awards at the date of vesting.

The Committee has fully considered the facts and circumstances of the awards and the performance delivered by the Group since its merger in 2020. Overall, the Committee considers that the outcome of the 2020 award is fair in the context of exceptional performance and is not misaligned with shareholder experience. Accordingly, we have concluded that the vesting level is appropriate and do not intend to use our discretion to scale back the awards when they vest in August 2023.

Prior to making this decision, we consulted extensively with shareholders representing over c. 40% of the Company's shareholder base, and engaged with proxy agencies. The feedback from the shareholders we consulted overwhelmingly supported no adjustment in the context of the Company's circumstances and performance during the period of the awards.

The Committee's conclusion was based on the following circumstances and considerations:

- The Redde Northgate share price initially fell as the market considered the merger prior to the pandemic. The Group's over-delivery on the merger benefits and significant growth since February 2020 are the primary factors behind Redde Northgate's sustained share price recovery. The 2020 award was not granted at a COVID-19 "low point". Due to market volatility, the share price was as low as 112p in 2020 whilst the 2020 award was granted at 186p (c. 66% higher than the share price low during the year).

- Since August 2020 when the award was made, Redde Northgate has significantly outperformed the FTSE 250 (excl. investment trusts) index, delivering TSR growth of 127% between this time and the end of the 2023 financial year. This is a significant outperformance of the 18% growth seen across the same period for the FTSE 250 (excl. investment trusts) index as a whole.

- The executive team has consistently performed strongly, exceeding expectations in successfully implementing the merger and transforming the business whilst delivering growth and synergies, including the achievement of £20m annualised integration savings, double the initial two-year target of £10m, and delivered 18 months ahead of schedule. The Group continues to perform well and is trading ahead of expectations whilst continuing to support its workers through inflationary pressures. This is represented in the Company's strong share price growth since 2020.

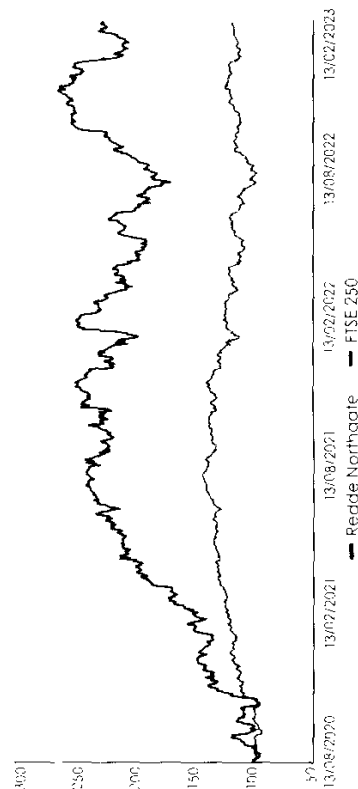
- The 2020 awards were granted after detailed consultation with shareholders and following the withdrawal of the Company's Value Creation Plan (VCP) and the loss of legacy share awards by the Executive Directors at the time of the merger. The 2020 awards were granted at a level that was intended to incentivise the management team of the newly merged entity to deliver the benefits of the merger, and shareholder value more broadly, and the Committee believes that it has been successful in this aim.

- Vested awards for Executive Directors remain subject to a holding period. To secure the full increased value of the award, the share price will need to remain at least at the same level during the two year holding period.

The Committee believes the overall quantum for Executive Directors is appropriately positioned and vesting does not produce excessive outcomes particularly in the context of the value created for shareholders.

Discretion

The Committee reviewed the formulaic incentive outcomes for FY2023 and is comfortable that the pay-outs reflect the underlying performance of the Company. The Committee did not exercise any discretion in the award of Directors' remuneration in the year.



Introduction to Remuneration report continued

The Committee is comfortable that the Policy operated as intended.

Operation of Policy for FY2024

Base salary

The Executive Directors' salaries have been increased by 3% to £627,628 for the CEO and £405,369 for the CFO. This increase is below the average increases given to the wider workforce of 4.2% and in-line with the increase for other mid to senior management level colleagues.

Executive pensions

From 1 January 2023, Executive Director pension levels were aligned to the majority of the UK workforce (currently 4% of salary).

Annual bonus

As set out earlier there are no changes to the maximum opportunity for FY2024 (125% of salary for the CEO and 100% of salary for the CFO) or to the balance of performance measures. Half of any bonus earned net of taxes will be used by the Executive Directors to purchase shares, which will be subject to a three-year holding period and cannot be sold during that time. The annual bonus will continue to be based 75% on PBT performance and 25% on strategic and operational measures including ESG.

Long term incentive plans

The Committee intends to grant LTIP awards of 150% of salary for the Executive Directors in line with the normal maximum award under the Policy. Awards will be based 75% on EPS performance and 25% on TSR performance vs. the FTSE 250 (exc. investment trusts).

The Committee will have the discretion to adjust the formulaic outcome of the bonus and LTIP awards to take into account the wider business performance.

Board engagement with wider workforce

The Group engages with the wider workforce in the business through the Employee Engagement Forum, chaired by a senior member of the Group Management Board.

The Employee Engagement Forum comprises members from across the Group to ensure a balanced representation of the workforce and is attended by other members of senior management from time to time. The Employee Engagement Forum meets at different locations across the Group to promote accessibility.

During the year the Employee Engagement Forum discussed the results of its third annual colleague survey "Have Your Say" noting continued high levels of employee engagement across our workforce (74%), with a 9% increase in colleagues completing the survey. Key themes emerging included: appreciation by colleagues of the significant benefits enhancements they had received in the year; acknowledgement of leadership support and a positive culture; confidence in the Group and its opportunity for growth; pride in the service that we offer to customers, and recognition of the significant improvements in communications across the Group. The Employee Engagement Forum also discussed the significant work the Group has undertaken in the area of learning and development, with a central team created to drive employee development and progression, and on our Apprenticeship programme.

The Employee Engagement Forum also discussed the Group's initiatives to support colleagues' mental wellbeing and the significant enhancements the Group had made to the broader benefits package. The current cost-of-living challenges and the measures undertaken by the company were discussed in detail.

This year the Employee Engagement Forum was consulted on wider workforce remuneration including on the alignment of the Executive Directors' remuneration with the wider workforce and the long term interests of the Group and its shareholders and other stakeholders.

Conclusion

The Committee believes it has successfully balanced its responsibilities to motivate senior leaders, support the broader workforce and align with the interests of all stakeholders. I hope to receive your support for the revised Directors' Remuneration Policy and the Annual Remuneration Report at the AGM in September.

John Pattullo
Chairman
5 July 2023

Directors' Remuneration Report

This part of the Directors' Remuneration Report sets out the Remuneration Policy ("Policy") for the Directors and has been prepared in accordance with the Companies Act 2006, the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, the Companies (Miscellaneous Reporting) Regulations 2018, the UK Corporate Governance Code and the UK Listing Rules.

The Group's existing Directors' Remuneration Policy was approved by shareholders at the Company's AGM in October 2020. Subject to shareholder approval, this revised Policy will take effect from the 2023 AGM and is intended to apply until the 2026 AGM.

The Policy is designed to support the performance ambitions of the Group and create long term shareholder value. In establishing the Policy, the Committee has taken into account the approach to pay for our wider workforce to ensure that executive remuneration is appropriate.

How the views of shareholders are taken into account

The Committee considers the views of its shareholders to be paramount in determining remuneration policy. Feedback is received each year in relation to the AGM and other meetings and communications with shareholders, and shareholder guidance and feedback is considered by the Committee as an essential part of its annual review of remuneration.

When any material changes to the Policy are envisaged, the Committee Chairman will consult with major shareholders and if any shareholders raise concerns with regard to remuneration issues, we will seek to understand and respond to those concerns.

How the Committee considers that the Policy meets the following factors in Provision 40 of the UK Corporate Governance Code.

Clarity	The Policy is set out below in a clear and transparent manner. We engage with shareholders periodically on executive pay to ensure it is well understood and that their feedback is considered. We provide disclosure in straightforward and concise terms with maximum award levels being clearly defined.
Simplicity	Remuneration structures are simple and market typical, whilst at the same time incorporating the necessary structural features to ensure a strong alignment to performance.
Risk	The Policy has been shaped to discourage inappropriate risk taking. Awards under the Policy are subject to malus and clawback provisions. The performance conditions are reviewed annually to ensure that they remain suitable. The Committee also has the right to override formulaic outcomes if it concludes that the outcomes do not reflect underlying performance. To avoid conflicts of interest, Committee members are required to disclose any conflicts or potential conflicts ahead of Committee meetings. No Executive Director or other member of management is present when their own remuneration is under discussion.
Predictability	Incentives are capped in the Policy with outcomes clearly based on performance against defined performance metrics.
Proportionality	The link between each element of the Policy and Company strategy is noted in the table below. Variable pay is subject to a combination of financial and non-financial measures that are linked to Company strategy, LTP holding periods and shareholding requirements (including post-exit) all ensure alignment to long term value creation and strategic goals.
Alignment to culture	We seek to align incentives to our Group values from time to time and the Policy for our Executive Directors is designed in accordance with the same principles that underpin remuneration for the wider employee population.

The Policy for Directors

The Committee aims to ensure that Executive Directors are fairly and competitively rewarded for their individual contributions by means of basic salary, benefits in kind and pension benefits.

High levels of performance are incentivised and shareholder alignment is created for Executive Directors through the annual bonus scheme (with an element deferred into shares) and the LTP, which is delivered in shares, measures performance over a longer period.

The Committee's policy is to focus on longer term sustained performance of the Group by applying greater weighting to the variable elements of executive remuneration. This is done by paying a significant proportion of the potential remuneration package in shares, to ensure that executives have a strong ongoing alignment with shareholders through the Company's share price performance.

As part of the Committee's broader remit under the Code, the Committee reviews the Group's wider remuneration policies and practices with the objective of ensuring an appropriate cascade of policy from Executive Directors to the rest of the business. The Group has enhanced employee engagement across the business through the Employee Engagement Forum, chaired by a senior member of the Group Management Board, to help the Board understand the views of the workforce and to ensure feedback between the workforce and the Board on an ongoing basis. There was engagement with employees via the Employee Engagement Forum during the year in relation to Group remuneration matters and how executive remuneration aligns with the wider Group pay policy.

Consideration of employment conditions elsewhere in the Group

When setting the Policy for the Executive Directors, the Committee takes into account the overall approach to reward and the pay and employment conditions of other employees in the Group. Salary increases will ordinarily, in percentage terms, be no more than those of the wider workforce and the Committee also reviews employee remuneration practices and trends across the Group and these are taken into account when making decisions about Directors' remuneration.

Directors' Remuneration Report continued

Purpose and link to strategy	Operation	Maximum opportunity
Base salary To recruit, reward and retain executives of a suitable calibre for the role and duties required.	Normally reviewed annually by the Committee, taking account of Group performance, individual performance, changes in responsibility, changes in the size and complexity of the business and levels of increase for the broader UK population. Consideration is also given to remuneration levels within relevant FTSE and industry comparator companies. The Committee considers the impact of any base salary increase on the total remuneration package.	There is no set maximum salary or salary increase but salary increases for Executive Directors will not normally exceed the general increase for the broader employee population. In exceptional circumstances, for example, changes in the scope, or responsibility of the role, changes in the size of the Company or where there has been a significant change in market practice or to allow the base salary of newly appointed executives to increase in line with their experience and contribution, higher increases may be awarded and the Committee will communicate the rationale to shareholders as appropriate. Details of the outcome of the most recent salary review are provided in the Directors' Remuneration Report
Benefits To provide market competitive benefits to ensure the wellbeing of executives.	The Company typically provides: • A car or cash allowance in lieu; • Medical insurance; • Death in service benefits; and • Critical illness insurance. Executive Directors are also entitled to 30 days' contractual annual leave per annum and such other leave as the Company offers to employees from time to time. The Committee may introduce other benefits if it is considered appropriate to do so. Reimbursement of all costs associated with reasonable expenses incurred for the proper performance of the role including tax thereon where a business expense is deemed taxable by HMRC. Where an Executive Director is required to relocate, appropriate one off or ongoing relocation benefits may be provided (e.g. housing, education etc), which may include a cash payment to cover reasonable expenses. Executive Directors may participate in the SIP, SAYE and any other all-employee plans on the same basis as other employees, up to HMRC approved limits.	The value of benefits is based on the cost to the Company and is not predetermined. It is a relatively small part of the overall value of the total remuneration package.

Directors' Remuneration Report continued

Purpose and link to strategy	Operation	Maximum opportunity
Pension To provide market competitive retirement benefits	A Company contribution to a Group personal pension plan or provision of cash allowance in lieu at the request of the individual or a combination of the two.	The maximum annual pension contribution or cash allowance is in line with the rate typically applicable for the workforce in the country in which the Executive Director is based. The current Executive Directors are based in the UK, and the Committee has determined that the rate available to the wider workforce that should be used for this purpose is currently 4%.
Annual bonus To encourage and reward delivery of the Company's operational objectives and to provide alignment with shareholders through the deferred share element.	The annual bonus is based on performance against one or more financial targets. A proportion (not exceeding 25%) may also be based on non-financial or individual measures. Performance is normally assessed over a financial year. There will normally be a financial underpin to the non-financial element of the bonus. The Committee will assess the pay-out under the non-financial element if the financial underpin is not met, and would normally expect to use discretion to reduce the non-financial element in these circumstances. Details of the performance measures, weightings and targets (where these are not considered commercially sensitive) will be provided retrospectively in the Annual report on remuneration. Half of any bonus earned net of taxes will be used by the Executive Directors to purchase shares which will be subject to a three-year holding period and cannot be sold during that time. The Committee has the discretion to adjust the formulaic outcome of the LTIP where it considers it is not appropriate taking into account such matters as it considers relevant including without limitation the underlying performance of the Company, investor experience, wider employee or stakeholder experience. Recovery and withholding provisions apply as outlined on page 106.	Maximum opportunity: 150% of salary for CEO¹ and; 100% of salary for other executives. Target: No greater than 50% of maximum. Threshold: No greater than 25% of maximum. For performance below threshold, no bonus is payable.

1 For FY2024 the maximum bonus opportunity for CEO is 125% of salary.

Directors' Remuneration Report continued

Purpose and link to strategy	Operation	Maximum opportunity
Long term incentives (LTIP)	Awards are normally granted annually in the form of conditional shares or nil-cost options or in such other form that the Committee determines has the same economic effect.	The maximum award in respect of a financial year is normally 150% of salary although exceptionally awards of 250% of salary may be made, e.g. in recruitment, in line with the LTIP rules.
To encourage and reward delivery of the Company's strategic objectives and provide alignment with shareholders through the award of shares.	Where awards are in the form of nil-cost options, participants may have up to ten years from grant to exercise awards. Awards normally vest subject to continued employment and satisfaction of performance conditions normally measured over three years. Vested awards will normally be subject to an additional two-year holding period, during which time awarded shares may not be sold (other than to meet tax or social security obligations).	The normal grant policy in respect of a financial year is 150% of salary for each Executive Director.
	The Committee will select the performance measures for awards that it considers best support the Company's medium to long term objectives; if the Committee considers that the changes it is making in selecting alternative measures or weightings for a new award are substantive it would normally consult with the Company's major shareholders prior to making any changes.	No greater than 25% of the grant vests for threshold performance increasing progressively to 100% for maximum performance.
	The Committee has the discretion to permit the payment of dividend equivalents arising over the period between grant and the vesting date. These would normally be paid in shares and only in exceptional circumstances cash.	If performance is below threshold for a measure, then the proportion of the award subject to that measure will lapse.
	The Committee has the discretion to adjust the formulaic outcome of the LTIP where it considers it is not appropriate taking into account such matters as it considers relevant including without limitation the underlying performance of the Company, investor experience, wider employee or stakeholder experience.	
	Recovery and withholding provisions apply as outlined on page 106.	
Non-Executive Director Fees	The Chairman is currently paid a consolidated single fee for all their responsibilities. The Non-Executive Directors are paid a basic fee. The Chairs of the main Board Committees and the Senior Independent Director are paid an additional fee to reflect their extra responsibilities.	The maximum aggregate amount is currently £700,000 as provided in the Articles of Association but this amount may be increased or decreased in accordance with the Company's Articles of Association from time to time.
To attract and retain a high calibre Chairman and Non-Executive Directors by offering a market competitive fee level.	Additional fees may be paid for new roles and/or additional responsibilities and/or time commitments. The level of these fees is reviewed periodically by the Committee for the Chairman and by the Chairman and Executive Directors for the Non-Executive Directors within the overall limit set by the Articles of Association and with reference to market levels in comparably sized FTSE companies, time commitment and responsibilities of the Non-Executive Directors. Fees are paid in cash.	
	The Chairman and Non-Executive Directors are not normally entitled to participate in any of the Group's incentive plans or pension plans.	
	Additional benefits may be introduced if considered appropriate.	
	Reimbursement of all reasonable expenses including costs associated with reasonable expenses, such as tax payable on expenses which HMRC deem to be taxable, incurred for the proper performance of the role.	

Note references in this policy to the 'LTIP' refer to the Executive Performance Share Plan approved by shareholders in 2019

Recovery and withholding provisions

Recovery and withholding provisions apply under the annual bonus and the LTP to all participants in the event of a restatement of the Group's accounts, error in assessing performance criteria, corporate failure, serious reputational damage, misrepresentation or such other exceptional circumstances as the Committee determines. These provisions normally apply for a period of three years from the date at which performance has been determined by the Committee.

Choice of performance measures and approach to target setting

The annual bonus is based on performance against one or more financial measures and may also include an element (no more than 25%) of non-financial/individual measures. The Committee considers it appropriate, in the year ahead, the Committee will set performance targets taking into account market and investor expectations, prevailing market conditions and the Group's business plan for the year.

Awards under the LTP will normally be based on performance against one or more financial or share price related measures but the Committee retains the discretion to introduce a non-financial/strategic or ESG-related measure if considered appropriate. This would account for no more than 25% of the award. The Committee selects measures that reflect the Board's priorities and key performance indicators of the business. The Committee will review the choice of performance targets and set appropriately challenging targets prior to each award being made based on market conditions and the Group's long term priorities and business plan at that time.

The measures and targets for outstanding awards are set out in the Annual Report on Remuneration.

Annual bonus plan and share plan policy

The Committee will operate its LTP, SIP, SAYE and any other share or bonus schemes that it maintains or introduces from time to time according to the rules of each respective plan and consistent with normal market practice and the Listing Rules, including flexibility in a number of regards.

Factors over which the Committee will retain flexibility include (albeit with quantum and performance targets restricted to the descriptions detailed above):

- How to determine the size of an award, a payment, or when and how much of an award should vest;
- How to deal with a change of control or restructuring of the Group;
- Other than in the case of stated good leaver reasons, whether a Director is a good/bad leaver for incentive plan purposes and whether and what proportion of awards vest at the time of leaving or at the original vesting date(s) as relevant;
- How and whether an award may be adjusted in certain circumstances (e.g. for a rights issue, a corporate restructuring or for special dividends).

The terms of the LTP rules provide the Committee with the discretion to grant and/or settle all or part of an LTP award in cash. In practice this discretion would only be used in exceptional circumstances for Executive Directors or to enable the Company to settle any tax or social security withholding which may apply.

The Committee may vary or substitute any performance measure applying to the annual bonus (including altering the weighting of annual bonus performance measures) or LTP if an event occurs which causes it to determine that it would be appropriate to do so (which may include an acquisition), provided that any such variation or substitution is fair and reasonable and (in the opinion of the Committee) the change would not make the measure materially less demanding. If the Committee would be given in the next Directors' Remuneration Report.

All historic awards that were granted under any current or previous share schemes operated by the Company but remain outstanding will normally remain eligible to vest based on their original award terms.

Share ownership requirements

The Executive Directors are normally expected to accumulate, over a period of five years from the date of appointment, a holding of ordinary shares of the Company equivalent in value to 200% of their basic annual salary, measured annually.

It is intended that this should be achieved primarily through shares acquired and exercise of share incentive awards and from the deferral of annual bonus and that Directors are not required to go into the market to purchase shares, although this is encouraged and any shares so acquired would count towards the guidelines. Executive Directors are expected to retain all shares which they are required to acquire LTP annual bonus payments and all vested LTP awards, subject to sales to meet tax obligations and the Committee's discretion in exceptional circumstances, until the ownership requirement is met.

Executive Directors are expected to hold the lower of (1) shares held on cessation and (2) shares equivalent in value to 200% of salary at the time of cessation, for a period of two years from the date they cease to be an Executive Director. The Committee retains discretion to waive this guideline if it is not considered to be appropriate in the specific circumstances.

Summary of decision making process and changes to policy

During the year, the Committee undertook a review of the Policy and its implementation to ensure that the Policy supports the execution of strategy and the delivery of sustainable long term shareholder value. The Committee discussed the content of the Policy at Committee meetings during the year. Throughout the review process, the Committee took into account the 2018 UK Corporate Governance Code, wider workforce remuneration and emerging best practice in relation to Executive Director remuneration. The Committee also considered input from management and our independent advisers. The Committee considers that the overall remuneration framework – based on base salary, an annual bonus plan plus a performance share plan – remains appropriate to continue to motivate management to drive long term sustainable performance for shareholders.

The key changes to the Policy are to introduce a financial underpin to the bonus plan, simplify the approach to annual bonus deferral such that 50% of any bonus earned is now deferred into shares (the share deferral requirement was previously, and in salary, half of any bonus earned; and in excess of 100% of salary, all of any bonus earned), and to remove the VCP from the policy as this plan was not implemented. Other changes have been made to the wording of the Policy to aid operation and to increase clarity.

Directors' Remuneration Report continued

Differences in remuneration policy for Executive Directors compared to other employees

The Policy for the Executive Directors is designed with regard to the policy for employees across the Group as a whole. For example, the Committee takes into account the general basic salary increases for the broader UK population when determining the annual salary review for the Executive Directors. There are some differences in the structure of the remuneration policy for the Executive Directors and certain other senior employees as against employees across the Group more broadly, which the Committee believes are necessary to reflect the different levels of responsibility of employees across the Group.

The key differences in remuneration policy between the Executive Directors and employees across the Group are the increased emphasis on performance related pay and the inclusion of a significant share based long term incentive plan for Executive Directors. Long term incentives are not provided outside of the most senior executives as they are reserved for those considered as having the greatest potential to influence Group performance.

External Non-Executive Director positions

Subject to Board approval, Executive Directors will normally be permitted to take on one non-executive position with another company and will normally be permitted to retain their fees in respect of such positions.

Approach to recruitment and promotions

The remuneration package for a Director will be set in accordance with the terms of the Company's Policy in force at the time of appointment, with each element subject to the limits as specified in the Policy table above.

The salary for a new Executive Director will be set by reference to a number of factors including their previous experience, and may be subject to phased increases over the first few years as the executive gains experience in their new role.

The Committee may buy-out incentive pay, which would be forfeited by reason of leaving the previous employer, in order to secure an appointment, when it considers this to be in the best interests of the Company and its shareholders.

Any buy-out will take into account and replicate as far as possible, the form (cash or shares), delivery mechanism, performance measures, timing and expected value of the remuneration being forfeited and such other specific matters as the Committee considers relevant.

Other benefits, remuneration or contractual entitlements may also need to be "bought out" and the Committee will use its judgement as to the most appropriate way to structure this taking into account the principle that terms should be no more generous than those forfeited.

For an internal appointment to an Executive Director role, any variable pay element awarded in respect of their prior role will be allowed to pay out according to its terms. In addition, any other ongoing remuneration obligations existing prior to appointment may continue, if relevant.

For external and internal executive appointments, the Committee may agree that the Company will meet certain relocation and other incidental expenses and associated taxation as appropriate. Other elements may be included in the following circumstances: (i) an interim appointment being made to fill an Executive Director role on a short term basis; and (ii) if exceptional circumstances require that the Chair or a Non-Executive Director takes on an executive function on a short term basis.

For the appointment of a new Chairman or Non-Executive Director, the fee arrangement would be set in accordance with the approved remuneration policy in force at that time.

108 Directors' Remuneration Report continued

In summary, the contractual provisions are as follows:

Provision	Delayed terms
Notice period	Current Executive Directors: normally six months from the Director and six months from the Company. Any future Executive Directors: normally six months' notice from both the Company and the Director (up to a maximum of 12 months in exceptional circumstances).
Termination period	Base salary plus benefits (including pension), subject to mitigation and paid on a phased basis for notice period (unless the Committee determines otherwise). In addition, any statutory entitlements or sums to settle or compromise claims in connection with the termination would be paid as necessary.
Remuneration entitlements	A pro rata bonus may also become payable for the period of active service along with vesting of outstanding share awards (in "good leaver" circumstances – see below). In all cases performance targets would apply. There are no enhanced terms in relation to a change of control

Service contracts and payments for loss of office

The Committee reviews and approves the contractual terms for new Executive Directors to ensure that these reflect best practice.

Service contracts normally continue until the Director's agreed retirement date or such other date as the parties agree. The service contracts contain provision for early termination. In line with best practice equal notice periods will apply to the Executive Directors and the Company and these will normally be six months, although in exceptional circumstances a notice period may be agreed of up to a maximum of 12 months.

An Executive Director's service contract may be terminated without notice and without any further payment or compensation, except for sums accrued up to the date of termination, on the occurrence of certain events such as gross misconduct, if the employment of company terminates the employment of an Executive Director in other circumstances, compensation is limited to salary due for any unexpired notice period and any amount assessed by the Committee as representing the value of other contractual benefits (including pension) which would have been received during the period. Payments would normally be subject to mitigation. Service contracts are available for inspection at the Company's registered office.

In circumstances in which a departing Director may be entitled to pursue a legal claim, the Company may negotiate settlement terms and, with the approval of the Committee on the remuneration elements therein, enter into a settlement agreement accordingly.

Any share-based entitlements granted to an Executive Director under the Company's share plans will be determined based on the relevant plan rules. The requirement to hold deferred bonus shares will normally continue on their original time horizons. The default treatment for other awards is that any outstanding awards lapse on cessation of employment. However, in certain prescribed circumstances, such as death, ill health, redundancy, retirement with the agreement of the Committee, transfer of the Group or other employing business out of the Group or the circumstances at the discretion of the Committee (taking into account the individual's performance and the reasons for their departure), "good leaver" status can be applied.

For all leavers, the Committee may also determine to make a payment in reimbursement of a reasonable level of outplacement and legal fees in connection with a settlement agreement as well as any statutory entitlement.

All Non-Executive Directors have letters of appointment with the Company for an initial period of three years, subject to annual reappointment at the AGM.

This policy provides for a notice period for the Chairman of up to six months and for other Non-Executive Directors up to three months.

The appointment letters for the current Non-Executive Directors provide that no compensation is payable on termination, other than accrued fees and expenses.

Legacy arrangements

The Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the Policy set out above where the terms of the payment were agreed: (i) before the Policy set out above came into effect, provided that any shareholder-approved Directors' remuneration policy in force at the time they were agreed; or (ii) at a time when the relevant individual was not a Director of the Company (or other persons to whom the Policy set out above applies) and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company or such other person. For these purposes, "payments" includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are "agreed" no later than at the time the award is granted. This Policy applies equally to any individual who is required to be treated as a Director under the applicable regulations.

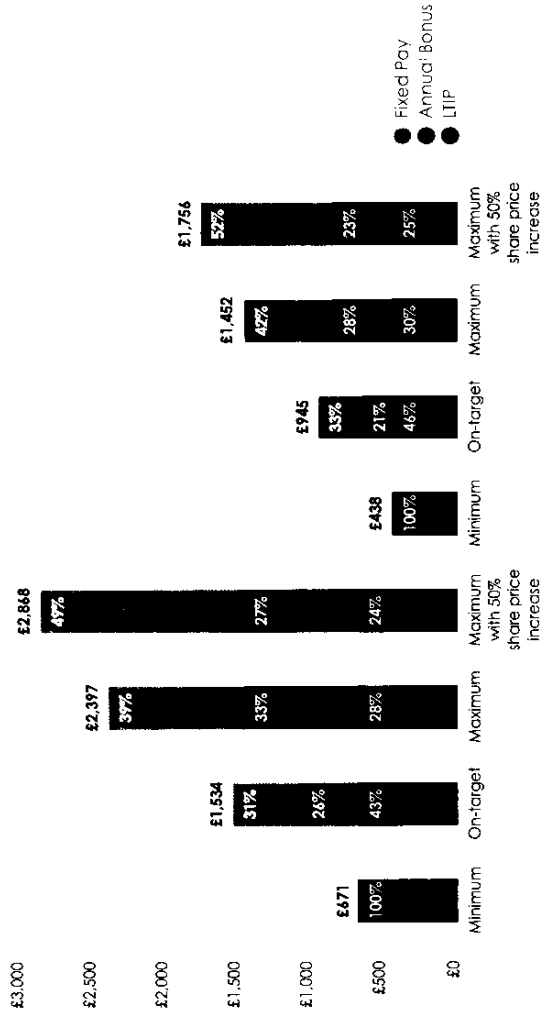
Directors' Remuneration Report continued

Reward scenarios

The Policy results in a significant portion of remuneration received by Executive Directors being dependent on Company performance. The chart below illustrates how the total pay opportunities for the Executive Directors vary under four different performance scenarios: fixed pay only, on-target, maximum and maximum plus 50% share price growth. These charts are indicative as share price movement and dividend accrual have been excluded except for a 50% increase in the LTIP award under the maximum scenario to reflect share price growth.

Salary levels (on which other elements of the package are calculated) are based on those applying on 1 May 2023. The value of taxable benefits is based on the cost of supplying those benefits (as disclosed) for the year ending 30 April 2023. SAYE awards have been excluded. The annual bonus and LTIP opportunity are those that apply for FY2024.

Executive Director total remuneration at different levels of performance ('000)



Minimum	- Consists of base salary, benefits and pension. - Base salary is the salary to be paid in FY2024. - Pension of 4% of salary. - Benefits are based on the FY2023 taxable value.
In line with expectations	- Based on a portion of maximum. - Annual bonus: 50% of maximum. - LTIP: 50% of maximum.
Maximum	- Based on the maximum remuneration receivable (excluding share price appreciation and dividends): - Annual bonus: maximum bonus of 125%/100% of base salary for the CEO/CFO respectively. - LTIP: maximum face value of LTIP award of 150% of base salary for CEO and CFO.
Maximum + 50% share price growth	The maximum scenario plus the value resulting from share price growth of 50% from the LTIP award.

Directors' Remuneration Report continued

Service contracts and letters of appointment

The table below gives details of the service contracts and letter of appointments for each member of the Board.

	Date of appointment ¹	Date of current contract/letter of appointment	Notice from the Company	Notice from the individual	Unexpired period of service contract/letter of appointment
Executive Directors					
M Ward	21 February 2020	22 December 2010	12 months	12 months	Rolling contract ³
P Vincent	16 July 2018	16 July 2018	6 months	6 months	Rolling contract
Non-Executive Directors					
A Palmer Bounack	12 August 2019	12 August 2019	6 months	6 months	Rolling contract ³
J Paffulio	1 January 2019	18 December 2020	3 months	3 months	Rolling contract ³
M Butcher	23 September 2019	18 September 2019	3 months	3 months	Rolling contract ³
J Davies	21 February 2020	21 February 2020	3 months	3 months	Rolling contract ³
B Karia	5 May 2022	5 May 2022	3 months	3 months	Rolling contract ³
M McCafferty	21 February 2020	21 February 2020	3 months	3 months	Rolling contract ³
N Robson	9 November 2022	9 November 2022	3 months	3 months	Rolling contract ³

1 Redde plc (as it was) contract rolled over.

2 John Davies stepped down as Non-Executive Director and Chairman of the Remuneration Committee on 6 May 2022.

3 The Non-Executive Directors' contracts are typically entered into for an anticipated term of three years, which is extended by the Board for further terms as appropriate.

Directors' Remuneration Report continued

Annual Report on Remuneration

Implementation of Remuneration Policy in 2024

The table below summarises the key components of our Policy framework and indicates how we intend to operate the Policy in FY2024.

	Operation	2024 Implementation
Fixed		
Salary	Fixed remuneration, which reflects role, skills and opportunities.	• CEO – £627,628 (+3%) • CFO – £403,369 (+3%) The 3% increases for FY2024 are aligned with the capped 3% rate applied to mid and senior management levels and below the average 4.2% pay increase across the Group (with the greatest increases applied to those at lower salary levels).
Pension	Executive Directors receive pension contributions in line with the wider workforce (currently considered to be 4% of base salary).	No change for FY2024. Aligned with UK workforce effective 1 January 2023.
Benefits	Car allowance, healthcare and life assurance.	Executive directors receive a pension contribution of 4% of base salary which is considered to be aligned with UK workforce effective 1 January 2023.
Variable		
Annual bonus	Maximum opportunity: 150% of salary for CEO (FY2024 maximum opportunity of 125% of salary); and 100% of salary for other executives. 50% of award deferred into shares for three years. Annual bonus awards will also be subject to malus and clawback provisions.	• CEO – maximum opportunity 125% of salary • CFO – maximum opportunity 100% of salary Performance measures are based 75% on financial (PBT), performance and 25% strategic measures (including ESG measures). As in previous years, the targets are considered commercially sensitive and will be disclosed retrospectively. There will be a financial underpin to the non-financial element of the bonus whereby the Committee will assess the payout under the non-financial elements if the financial underpin is not met and would normally expect to use discretion to reduce the non-financial element in these circumstances.
LTI ¹	The maximum award in respect of a financial year is normally 150% of salary although exceptionally awards of 250% of salary may be made, e.g. in recruitment, in line with the LTI ¹ Rules. The normal grant policy in respect of a financial year is 150% of salary for each Executive Director. No greater than 25% of the grant vests for threshold performance increasing progressively to 100% for maximum performance. If performance is below threshold for a measure, then the proportion of the award subject to that measure will lapse.	• Executive Directors – maximum opportunity 150% of salary • Performance measures are 75% EPS and 25% TSR vs. the FTSE 250 (excluding investment trusts) • EPS targets: the FY2024 EPS threshold is 57.9p and maximum is 61.5p. The EPS targets are set at appropriately stretching levels taking into account the Group's business plan, analyst consensus and the current external environment. • TSR targets are median (25% vesting) and upper quartile (100% vesting). • Awards will be subject to a two-year holding period after vesting.

Directors' Remuneration Report *continued*

Operation

Fees for the Chairman and Non-Executive Directors
The Chairman is currently paid a consolidated single fee for all their responsibilities. The Non-Executive Directors are paid a basic fee. The Chairs of the main Board Committees and the Senior Independent Director are paid an additional fee to reflect their extra responsibilities.

2024 Implementation

The fees for the Non-Executive Directors remain unchanged for FY2024. The fees are as set out below.

	Fee as at 1 May 2022	Fee as at 1 May 2023	Increase
Chairman	£200,000	£200,000	0%
Base fee	£56,650	£56,650	0%
Senior Independent Director	£10,000	£10,000	0%
Audit Committee Chairman	£10,000	£10,000	0%
Remuneration Committee Chairman	£10,000	£10,000	0%

Directors' Remuneration Report continued

Remuneration for the year ended 30 April 2023 (audited)

The table below sets out the remuneration received by the Directors in relation to performance in the year ended 30 April 2023 (and for long term incentive award: performance periods ending in the year) and in the year ended 30 April 2022.

£000	Salary and fees	Taxable benefits	Annual bonus	Long term incentive	Pension	Total	Total Fixed	Total Variable
M Ward								
2023	609	19	762	2,979	69	4,438	697	3,741
2022	592	19	740	-	89	1,440	700	740
P Vincent								
2023	394	17	394	1,823	52	2,680	463	2,217
2022	382	14	382	-	69	847	465	382
Non-Executive Chairman								
A Palmer-Bounack								
2023	200	-	-	-	-	200	200	-
2022	200	-	-	-	-	200	200	-
Non-Executive Directors								
J Pattullo								
2023	76	-	-	-	-	76	76	-
2022	65	-	-	-	-	65	65	-
M Butcher								
2023	67	-	-	-	-	67	67	-
2022	65	-	-	-	-	65	65	-
J Davies								
2023	18	-	-	-	-	18	18	-
2022	65	-	-	-	-	65	65	-
B Karia ¹								
2023	56	-	-	-	-	56	56	-
2022	-	-	-	-	-	-	-	-
M McCafferty								
2023	57	-	-	-	-	57	57	-
2022	55	-	-	-	-	55	55	-
N Rabson ²								
2023	27	-	-	-	-	27	27	-
2022	-	-	-	-	-	-	-	-

1 For FY2023, the 2020 LTIP has been valued based on the average share price during the three-month period to 30 April 2023 of 382.8p and a vesting outcome of 100%. The share price used to determine the level of award was 186p; therefore, of the vested amount 197a per share relates to share price appreciation over the performance period. No discretion has been exercised in relation to share price changes, the 2020 LTIP is included in total remuneration because the performance conditions have been met, however vesting of awards remain subject to the service condition.

2 John Davies stepped down as Non-Executive Director and Chairman of the Remuneration Committee on 6 May 2022.

3 Bindi Karia was appointed to the Reddie Northgate plc Board on 3 May 2022.

4 Nicola Rabson was appointed to the Reddie Northgate plc Board on 9 November 2022.

Directors' Remuneration Report continued

Pension and taxable benefits

A breakdown of the taxable benefits received by Executive Directors is set out in the table below:

	M Ward £000	P Vincent £000
Car	15	15
Medical insurance	4	2

The Executive Directors are eligible for membership of a Group personal pension plan. In view of the Annual Allowance cap, part or all of their entitlements were paid to them in cash. Philip Vincent received an entitlement of 18% of base salary and Martin Ward received an entitlement of 15% of base salary until 31 December 2022. From 1 January 2023, in line with the commitment made in prior remuneration reports and shareholder guidance, the pension entitlement was reduced to bring it in line with the pension provision for the wider UK workforce, which is currently considered to be 4%.

Annual bonus for the year ended 30 April 2023 (audited)

Total opportunity

The maximum bonus opportunity for the CEO was 125% of salary and for the CFO was 100% of salary. The bonus was based 75% on Group PBT and 25% on strategic objectives. The targets, performance against them and resulting payment are set out in the tables below.

Financial objectives

The element related to financial objectives (PBT performance) was awarded at maximum of 75% of the total bonus opportunity (93.75% of salary for M Ward and 75% of salary for P Vincent) as follows:

	Threshold performance	Target performance	Maximum performance	Actual PBT performance
PBT performance	£149.3m	£154.3m	£159.3m	£165.9m
PBT 75% of total bonus				

Directors' Remuneration Report continued

Strategic objectives

Awarded at maximum of 25% of the total bonus opportunity (31.25% of salary for M Ward and 25% of salary for P Vincent) as set out below. The Directors' strategic objectives were set by the Committee at the beginning of the financial year and were based on a robust framework of clear objectives directly aligned to the Board's strategic priorities for the year. For FY2023 the strategic measures were focused solely on ESG measures to incentivise the development and acceleration of our ESG strategy and were the same for both Executive Directors.

The strategic objectives and the performance against them for FY2023 are set out below:

Objective	Performance/achievement	Max scoring %
Sustainability: grow EV and hybrid fleet to be no less than the UK car parc as reported by SMMT or DfT as of 30 April 2023 – measurement to be split between cars and vans with each % to at least match the UK car parc.	Fully met. The percentage of EV and hybrid vehicles on the fleet was greater than the respective percentage reflected in the latest Government statistics as at the date of this Report for UK car parc, which show electric and hybrid cars at 6.4% of all cars and 0.9% for vans.	6.25%
EV transition: strategic EV transition plan, deliver a continuous and evolving plan for transition to EV/hybrid and demonstrate how this plan, for the UK to rotate away from ICE vehicles by 2030, and for Spain by 2040 will be met. The plan needs to show how the trajectory and funding availability will support the transition and the target milestones for each reported year.	Fully met. A detailed presentation was provided to the Board, including setting our business strategy and target data, and the electrification of the fleet. Further detail not provided due to commercial sensitivity.	6.25%
Vehicle supply: Together with the management team develop a strategic procurement plan to extend the vehicle supply opportunity (both ICE and EV/hybrid) to existing and new suppliers.	Fully met. The Group has made significant progress in broadening its vehicle supply channels to ensure that we have confidence that we will in future be able to continue to provide a sustainable and attractive offering to our customers. Further information is commercially sensitive.	6.25%
Environment & carbon reduction: Incrementally show an improvement in our reported net zero plans including developing an annualised reduction target in carbon emissions for our Scope 1 and Scope 2 targets (Scope 3 to follow in later years) with clear targets and/or signposting to achieve this.	Fully met. The Group successfully created its Sustainability Committee, recruited a head of ESG and issued our maiden Sustainability Report in the year. Significant progress has been made quantifying Scope 1 and Scope 2 emissions and collating information regarding Scope 3. Two Scope 1 and Scope 2 targets proposed: 10% reduction by 2027/2030 and 100% green electricity. Physical risk assessments were completed for seven sites, with mitigating actions presented where necessary. Completed initial assessment of TCFD transition risks including customer and supplier assessment with potential next steps. Our external ESG adviser presented to the Board and UK&I average fleet CO ₂ e emissions were reduced from 156.3g per km to 142.8g per km.	6.25%
Total	25%	out of 25%

Based on performance to 30 April 2023, the annual bonus outcomes for Executive Directors during the year are shown on pages 99 to 100. The Committee is satisfied that no adjustments to the pay-outs are required, and that the outcome is reflective of underlying performance.

A summary of the bonus outcome is as follows:

Executive	% of maximum	% of salary	Bonus outcome (£000)	Awarded in cash (£000)	Awarded in shares (£000)
M Ward	100	125	762	305	457
P Vincent	100	100	394	197	197

Fifty percent of the bonus and any amount in excess of 100% of salary will be used to purchase shares. Shares are subject to a minimum holding period of three years and are not subject to continued employment.

Directors' Remuneration Report continued

Vesting of 2020 LTIP awards

The performance conditions related to the 2020 LTIP award are due to vest as follows:

Performance	Threshold target (25% vesting)	Stretch target (100% vesting)	Actual performance	Vesting achieved
PBT 50% of total LTIP	£97.75m	£115.0m	£165.9m	100%
EPS 50% of total LTIP	29.87p	35.14p	55.6p	100%
Total				100%

The Committee has fully considered the facts and circumstances of the awards and the performance delivered by the Group since its merger in 2020. Overall, the Committee considers that the outcome of the 2020 award is fair in the context of exceptional performance and is not misaligned with shareholder experience. Accordingly, we have concluded that the vesting levels are fair and have not used discretion to scale back the awards. Further detail is provided in the Remuneration Committee Chairman's letter.

The awards are due to vest in August 2023, subject to ongoing service conditions being met.

LTIP awards made during the year (audited)

On 13 July 2022, the following LTIP awards were granted to Executive Directors:

	Type of award	Basis of award granted	Share price for award	Number of shares over which award was granted	Face value of award (£)	% of face value that would vest on threshold performance	Vesting determined by performance over
M Ward	Nil cost option	150% of salary of £609,348	336.33p	271,763	914,022	25%	Three financial years to 30 April 2025
P Vincent	Nil cost option	150% of salary of £393,563	336.33p	175,525	590,345	25%	As above

The share price for award was calculated based on a three day average prior to the award grant.

	Weighting	Threshold target (25% vesting)	Stretch target (100% vesting)	End measurement point
PBT	50%	£165m	£175m	Final year of the performance period
EPS	50%	52.6p	55.8p	Final year of the performance period

Directors' Remuneration Report continued

Percentage change in remuneration levels

The table below sets out the percentage change in base salary, value of taxable benefits and bonus for all the Directors compared with the average percentage change for employees of the Company.

	Average percentage change 2022-2023			Average percentage change 2021-2022			Average percentage change 2020-2021		
	Salary	Taxable benefits	Annual bonus	Salary	Taxable benefits	Annual bonus	Salary	Taxable benefits	Annual bonus
M Ward	3%	(4%)	3%	15%	12%	28%	620%	387%	n/a
P Vincent	3%	21%	3%	13%	8%	8%	2%	(14%)	n/a
A Palmer-Baunack	0%	n/a	n/a	20%	n/a	n/a	31%	n/a	n/a
J Pafullio	18%	n/a	n/a	3%	n/a	n/a	5%	n/a	n/a
M Butcher	3%	n/a	n/a	3%	n/a	n/a	65%	n/a	n/a
J Davies	(73%)	n/a	n/a	3%	n/a	n/a	504%	n/a	n/a
Bindi Karia	n/a	n/a	n/a						
M McCafferty	3%	n/a	n/a	3%	n/a	n/a	466%	n/a	n/a
N Rabson ¹	n/a	n/a	n/a						
Company employees	(22%)	87%	(31%)	44%	(70%)	2015%	(6%)	11%	(87%)

The above table shows the movement in the salary, taxable benefits and annual bonus for Directors compared to that for the average employee of the Company (being Redde Northgate plc) as required under legislation. It does not reflect the total average for the Group. As there are only a small number of employees in the Company, the average pay calculation can be easily skewed by a change in composition of staff and this is the reason for the decrease in average salary and bonus during the year. The average increase in salary for the Group wider workforce was 4.2%.

Annual bonus for Company employees is the amount paid in each year, whereas the Directors' bonus is the amount earned in each period as the information on Company employees' bonus amounts is not available at the date of this report.

Payments to past Directors and payments for loss of office

John Davies stepped down as a Non-Executive Director of the Company on 6 May 2022. John Davies received a payment of £17.7% in accordance with the terms of his appointment and the Policy.

Other than this payment, there were no payments to past Directors whether for loss of office or otherwise during FY2023.

CEO to employee pay ratio

The table on page 118 sets out the ratio of the CEO's single figure of total remuneration to the total remuneration of the 25th percentile, median (50th percentile), and 75th percentile remuneration of our UK employees, in line with the regulations.

- 1 John Davies left the Board on 6 May 2022.
- 2 Bindi Karia was appointed to the Redde Northgate plc Board on 5 May 2022.
- 3 Nicola Rabson was appointed to the Redde Northgate plc Board on 9 November 2022.

Directors' Remuneration Report continued

Option A of the Companies (Miscellaneous Reporting) Regulations 2018 has been used to calculate the ratio as it was considered to provide the most accurate basis of calculation. Full-time equivalent remuneration for all UK employees for the financial year has been used for pay periods across the year as adjusted for joiners and leavers. Total remuneration has been prepared using the same methodology as the single figure table with the exception of the bonus. The bonus figure for employees is based on the amount paid in each year as the information on employees' bonus amounts is not available at the date of this report whereas the bonus included in the single figure table is the amount earned in each period.

Financial Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2023	Option A	185:1	153:1	108:1
2022	Option A	63:1	51:1	35:1
2021	Option A	57:1	45:1	30:1
2020	Option A	64:1	53:1	37:1
2019	Option A	47:1	38:1	26:1

Salary and total remuneration details for the relevant individuals are set out as follows:

	CEO £000	25th percentile £000	Median £000	75th percentile £000
2023				
Salary	609	23	27	35
Total remuneration	4,438	24	29	41

The employees at the 25th, 50th and 75th percentile have been determined by reference to average employee pay across the Group for the financial year being reported on.

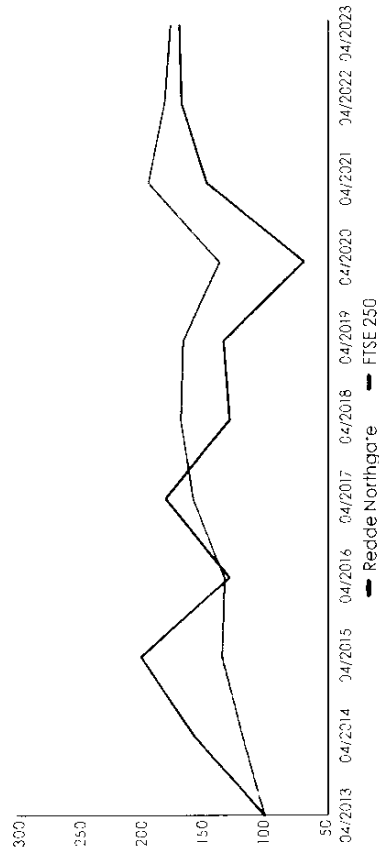
Unlike the total remuneration for the majority of employees, total remuneration for the CEO is mostly dependent on length of tenure, business performance and share price movements over time. As a result, the ratios may fluctuate significantly from year to year. For example no long term incentive was paid in 2022 but is a significant portion of the CEO's total remuneration in 2023 due to the share price appreciation over the period and this is reflected in the pay ratio. This year the CEO's salary has increased below the wider workforce salary increases.

The Committee has responsibility for setting the remuneration of the Executive Directors and other senior management and reviews the wider policies and practices for our workforce. The Committee is satisfied that the median pay ratio is consistent with the Group's pay, reward and progression policies.

Directors' Remuneration Report continued

Performance graph measured by TSR

The graph below illustrates the performance of Redde Northgate plc measured by Total Shareholder Return (share price growth plus dividends reinvested in shares) against a "broad equity market index" over a rolling ten-year period (the period covered by the graph below is 30 April 2013 to 30 April 2023). Consistent with the approach adopted in previous years, we show performance against the FTSE 250 (exc. investment trusts) of which we are a constituent. The mid-market price of the Company's ordinary shares at 28 April 2023 was 376p (30 April 2022: 397p). The range during the year was 283.5p to 437.5p.



Total remuneration for CEO

The total remuneration figure for the CEO during each of the previous ten financial years is as follows:

Year ended 30 April	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total remuneration £000	628	1,138	1,214	821	490	1,032	1,319	1,200	1,440	4,438
Annual bonus (% of maximum)	43.6	90.3	34.1	-	-	72.4	-	-	100	100
Long term incentive (LTIP) vesting (% of maximum)	-	47.9	79.2	61.8	-	-	-	-	-	100

The total remuneration figure includes the annual bonus and LTIP awards which vested based on performance periods ending in those years. The annual bonus and LTIP percentages show the pay-out for each year as a percentage of the maximum. In years when there was a change of CEO, the figures shown are the aggregate for the office holders during that year and include any payments for loss of office.

Relative importance of spend on pay

	2022	2023	% increase
Staff costs £000	227,744	270,776	19%
Dividends £000	43,897	52,220	19%
Share buybacks £000	7,493	52,927	606%

The table above shows the movement in spend on staff costs versus that in dividends and share buybacks, reflecting a significant return of capital to our shareholders and our significantly increased investment in the wider workforce.

Directors' Remuneration Report continued

Outstanding share awards

The table below sets out details of Executive Directors' outstanding share awards.

M Ward

Scheme	Grant date	Exercise price (p)	Shares under option at 30 April 2022	Number of options/shares granted during the year	Vested during year	Exercised during year	Lapsed during year	Forfeited during year	Number of shares at 30 April 2023	End of original performance period	Vesting date	Exercise period
LTIP ¹	13.08.20	Nil	778,315	–	–	–	–	–	778,315	30.04.23	13.08.23	13.08.23 – 13.08.30
LTIP ¹	09.08.21	Nil	206,853	–	–	–	–	–	206,853	30.04.24	09.08.24	09.08.24 – 09.08.31
LTIP	13.07.22	Nil	–	271,763	–	–	–	–	271,763	30.04.25	13.07.25	13.07.25 – 13.07.32
Total			985,168	271,763	–	–	–	–	1,256,931			

P Vincent

Scheme	Grant date	Exercise price (p)	Shares under option at 30 April 2022	Number of options/shares granted during the year	Vested during year	Exercised during year	Lapsed during year	Forfeited during year	Number of shares at 30 April 2023	End of original performance period	Vesting date	Exercise period
LTIP	24.09.19	Nil	27,955	–	–	27,955	–	–	–	30.04.22	27.07.21	27.07.21 – 27.07.28
LTIP ¹	24.09.19	Nil	26,192	–	26,192	26,192	–	–	–	30.04.22	24.09.22	24.09.22 – 24.09.29
LTIP ¹	13.08.20	Nil	476,382	–	–	–	–	–	476,382	30.04.23	13.08.23	13.08.23 – 13.08.30
LTIP ¹	09.08.21	Nil	133,601	–	–	–	–	–	133,601	30.04.24	09.08.24	09.08.24 – 09.08.31
LTIP	13.07.22	Nil	–	175,525	–	–	–	–	175,525	30.04.25	13.07.25	13.07.25 – 13.07.32
Total			664,130	175,525	26,192	54,147	–	–	785,508			

1. Performance targets as set out above.

2. A proportion of these awards were adjusted and forfeited following the Merger in order to remove the proportion not expected to vest based on forecast performance. No remaining performance conditions remain other than the on-going service obligation.

3. Performance targets set out in prior year Annual Report and Accounts.

All outstanding awards are structured as nil-cost options.

Directors' Remuneration Report continued

SAYE

The Board believes that encouraging wider share ownership by all staff will have longer term benefits for the Company and therefore introduced an SAYE (including international sub-rules for our colleagues in Spain and Ireland) in 2020 with the first saving period commencing in February 2021 and a further savings period commencing in September 2022. The SAYE provides an effective way of achieving that aim at no financial risk to employees.

Under the SAYE, employees choose to make monthly savings amounts (which are paid to a financial institution) in return for options to buy shares in the Company at the option price and using savings accumulated over the savings period (typically three years). Employees can choose to cease saving and withdraw their money at any time allowing the related options to lapse.

Options over 1,468,754 shares were granted under the SAYE, on 5 August 2022, with approximately 1,000 employees contributing monthly savings under the schemes. The next offer to take part in the SAYE scheme is expected to be made later in 2023.

The Executive Directors are entitled to participate in the SAYE, but the Non-Executive Directors cannot participate in the SAYE.

Philip Vincent was granted 6,691 options on 5 August 2022 at an option price of £2.69.

Share Incentive Plan: YourShare

During the year the Company adopted the Share Incentive Plan and the International Share Incentive Plan following shareholder approval received at our 2022 AGM. The Share Incentive Plan like the SAYE plan is an all-employee plan with the operation of the International Share Incentive Plan entirely for those employees outside of the UK.

The Company offered a grant of free shares up to the value of £500 all Group employees in December 2022. 753,125 shares were granted under the Share Incentive Plan and 163,250 shares were granted under the International Share Incentive Plan, with approximately 7,400 employees participating under both schemes. The next offer to take part in the Share Incentive Plan is expected to be made later in 2023.

The Executive Directors are entitled to participate in the Share Incentive Plan, but the Non-Executive Directors cannot participate in this scheme. Martin Ward and Philip Vincent were both granted 125 free shares each on 7 December 2022.

Sourcing of shares

A combination of newly-issued, treasury and market purchase shares (using a Guernsey employee benefit trust) may be used to satisfy the requirements of the Group's existing share schemes.

Overall plan limits and clawback

All the Company's share schemes operate within the following limits: in any 10 calendar year period, the Company may not issue (or grant rights to issue) more than:

- a. 10% of the issued ordinary share capital under all the share plans; and
- b. 5% of the issued ordinary share capital under the executive share plans (LTIP, DABP and MPSP).

The dilution position as at 30 April 2023 was 1.8% under the LTIP, MPSP and DABP, and 1.2% under the SAYE and 0.3% under the Share Incentive Plan.

Directors' Remuneration Report continued

Directors' shareholding and share interests

The Executive Directors are required to build up a shareholding equivalent to 200% of salary, to be achieved primarily through the retention, after tax, of shares acquired on exercise of options granted under the LTIP and shares acquired through bonus deferral, until such time as their share ownership requirement has been met. Directors are not required to go into the market to purchase shares, although market purchases are encouraged and any shares so acquired would count towards meeting the guidelines.

The Chairman and Non-Executive Directors do not have a shareholding guideline although the holding of shares in the business is encouraged. Details of the Directors' interests in shares are shown in the table below:

Share Interests (audited)

Number of shares:

	Beneficially owned of 30 April 2023	Vested but not exercised LTIP	Unvested LTIP	% shareholding guideline achieved of 30 April 2023
M Ward	1,716,180	—	1,256,931	Fully met
P Vincent	143,214	—	785,508	Not fully met (68% of guideline)
A Palmer-Baunack	110,442	—	—	N/A
J Pattullo	50,000	—	—	N/A
M Butcher	24,676	—	—	N/A
J Davies	—	—	—	N/A
B Karia	—	—	—	N/A
M McCafferty	11,007	—	—	N/A
N Rabson	—	—	—	N/A

Martin Ward has met the shareholding policy guideline as he holds shares with a value in excess of 200% of basic annual salary.

Philip Vincent has not yet met the shareholding guideline given the levels of variable pay awards vesting since his appointment on 16 July 2018.

Martin Ward's shareholding includes 107,076 shares from awards in July 2022 and July 2021 under the EAB annual bonus scheme and 125 shares awarded under the 2022 SIP. Philip Vincent's shareholding includes 68,735 of shares from awards in July 2022, July 2021 and September 2020 under the EAB annual bonus scheme, and 125 shares awarded under the 2022 SIP. The EAB shares vested immediately but are held in trust for three years following the date of award in accordance with the scheme rules.

No changes in the above interests have occurred between 30 April 2023 and the date of this report.

Directors' Remuneration Report continued

The Remuneration Committee

The members of the Committee during the year are listed below. The attendance of the members of the Committee at meetings during the year are shown below.

	Number of meetings attended out of potential maximum available (5 attend
John Pattullo (Chairman)	6 of 6
Mark Butcher	6 of 6
Bindi Karla	6 of 6
Avril Palmer-Baunack	6 of 6
Nicola Rabson	2 of 2

The CEO and CFO attend meetings by invitation and assist the Committee in its deliberations, except when issues relating to their remuneration are discussed. No Directors are involved in deciding their own remuneration. The Company Secretary acts as secretary to the Committee.

Remuneration advisers

Korn Ferry provided independent advice to the Committee until 5 July 2022 having been appointed by the Committee in FY2019. Until this date, Korn Ferry provided advice to the Committee on certain remuneration matters. The total fees paid to Korn Ferry in respect of its services to the Committee during the year were £6,195 excluding VAT. The fees are predominantly charged on a time spent basis.

In 2022, the Committee reviewed its Remuneration Advisory arrangements and conducted a competitive selection process to appoint a new remuneration adviser to the Committee. Korn Ferry was invited to participate in this process and the Committee remains appreciative of the services Korn Ferry has provided since 2019. Following the selection process, the Committee is pleased to confirm that it has appointed Deloitte LLP as remuneration adviser to the Committee on 6 September 2022. Since its appointment, Deloitte LLP has provided independent advice to the Committee on certain remuneration matters. The total fees paid to Deloitte LLP in respect of its services to the Committee during the year were £49,000 excluding VAT. The fees are charged on a time spent and expenses basis.

Each of Deloitte LLP and Korn Ferry is a signatory to the Remuneration Consultants' Code of Conduct. Korn Ferry continues to provide advice on talent and reward matters and Board appointments to the Group through a separate team and has no other connection to the Company or Directors. During the year Deloitte LLP did not provide any other services to the Company. The Committee is satisfied that advice received from Deloitte during the year was objective and independent and that all individuals who provided remuneration advice to the Committee had no connections with Redde Northgate or its Directors that may impair their independence. The Committee's terms of reference are available on the Company's website: www.reddenorthgate.com

The Committee is responsible for making recommendations to the Board on the remuneration packages and terms and conditions of employment of the Chairman and the Executive Directors of the Company, as well as the Company Secretary and under the new Code the most senior executives below Board level in the UK, Spain and Ireland. The Committee also reviews remuneration policies and practices generally throughout the Group. In accordance with the Policy, the Committee has sought to ensure that the incentive structure will not raise ESG risks by inadvertently motivating irresponsible behaviour and will take account of ESG matters generally in determining overall Remuneration Policy and structure, and the Committee is able to consider corporate performance on ESG issues when setting the Executive Directors' annual objectives and remuneration.

Directors' Remuneration Report continued

Statement of shareholder voting and shareholder feedback

The following table sets out the votes received from shareholders for the Directors' Remuneration report at the 2022 AGM:

Directors' Remuneration Report 2022 – Resolution 3		
% of votes cast	Total number of votes	Percentage of votes
For	191,110,460	98.85
Against	2,217,031	1.15
Total votes cast (excluding votes withheld)	193,327,491	
Votes withheld	1,078,494	
Total votes cast (including votes withheld)	194,405,985	

The following table sets out the votes received from shareholders for the Policy at the 2020 AGM:

Directors' Remuneration Policy 2020 – Resolution 4		
% of votes cast	Total number of votes	Percentage of votes
For	115,101,869	58.98
Against	80,054,014	41.02
Total votes cast (excluding votes withheld)	195,155,883	
Votes withheld	30,065	
Total votes cast (including votes withheld)	195,185,948	

Votes withheld are not included in the final proxy figures as they are not recognised as a vote in law.

We gained support at our 2020 AGM for the amendments made to the Policy and the Policy became effective from that time. We recognise, however, that there were significant votes against the resolution reflecting shareholder concerns with the Policy, namely the pension and the proposed Value Creation Plan.

During FY2021 we consulted with shareholders to discuss their concerns and based on the feedback received, the Committee moved to align Executive Director pension with the majority of the workforce by 31 December 2022 and to cancel the proposed VCP.

A revised Policy will be proposed for approval by shareholders at the Company's 2023 AGM, following extensive shareholder engagement and on the basis set out in this report.

Approval

This Annual Report on remuneration has been approved by, and signed on behalf of, the Board of Directors.

John Pattillo
Chairman of the Remuneration Committee
5 July 2023

Report of the Directors

The Directors present their report and the audited consolidated accounts for the year ended 30 April 2023.

Results and preparation

Details on financial performance and dividends can be found in the Strategic Report from pages 1 to 76.

This report has been prepared in accordance with the requirements outlined within The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and forms part of the management report as required under Disclosure Guidance and Transparency Rule (DTR) 4. This section, together with the Strategic Report, the Corporate Governance section on pages 77 to 129 and the other sections of the Annual Report and Accounts as referred to herein, fulfils the requirements of the Directors' report.

Strategic Report

The Strategic Report on pages 1 to 76 was approved by the Board on 5 July 2023 and is incorporated into this Directors' report by reference.

Close company status

So far as the Directors are aware, the close Company provisions of the Income and Corporation Taxes Act 2010 do not apply to the Company.

Articles of Association

The rights and obligations attached to the Company's ordinary shares are set out in the Company's Articles of Association, copies of which can be obtained from Companies House in the UK or by writing to the Company Secretary. With regard to the appointment and replacement of Directors, the Company is governed by the Articles, the UK Corporate Governance Code, the Companies Act 2006 (the "CA 2006") and related legislation. The powers of Directors are set out in the Articles.

Share capital

Details of the issued share capital, together with details of any movements during the year, are shown in Note 24 to the financial statements. The Company has one class of ordinary share, which carries no right to fixed income. Each ordinary share carries the right to one vote at general meetings of the Company.

The Company has also issued cumulative preference shares of 50p each that entitle the holder to receive a cumulative preferential dividend at the rate of 5% on the paid-up capital and the right to a return of capital at either winding up or a repayment of capital. The cumulative preference shares do not entitle the holders to any further or other participation in the profits or assets of the Company.

The percentage of the issued nominal value of the ordinary shares is 98.3% (2022: 98.3%) of the total issued nominal value of all share capital.

Share rights

Subject to the provisions of the CA 2006 and without prejudice to any rights attached to any existing shares or class of shares, any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine or, subject to and in default of such determination, as the Board shall determine. The Company's shares when issued are credited as fully paid and free from all liens, equities, charges, encumbrances and other interests.

No shareholder shall be entitled to vote at a general meeting, either in person or by proxy, in respect of any share held by them unless all monies presently payable by them in respect of that share have been paid. In addition, no shareholder shall be entitled to vote, either in person or by proxy, if they have been served with a notice under section 793 of the CA 2006 (concerning interests in those shares) and has failed to supply the Company with the requisite information.

Other than restrictions considered to be standard for a UK listed Company (for example, restrictions on partly paid certificated shares), there are no specific restrictions on the size of a holding nor on the transfer of shares in the Company, which are both governed by the general provisions of the Articles of Association (the Articles) and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

Details of employee share schemes are set out in the Directors' Remuneration Report. Shares held by the Company's Share Schemes Trustees are voted on the instructions of the employees on whose behalf they are held. Shares in the Guernsey Trust are voted at the discretion of the Trustees.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

Directors' interests

Details of the Directors' interests in shares are set out in the Directors' Remuneration Report on pages 98 to 124. No Company in the Group was, during or at the end of the year, party to any contract of significance in which any Director was materially interested. The Directors are not aware of any agreements between the Company and its Directors or employees that provide for compensation for loss of office or employment that occurs because of a change of control.

Authority to issue shares

Subject to the provisions of the CA 2006 and without prejudice to any rights attached to any existing shares or class of shares, any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine or, subject to and in default of such determination, as the Board shall determine.

The authority conferred on the Directors at last year's AGM to allot shares in the Company up to a maximum nominal amount of £39,929,205 (representing 33.3% of the issued share capital of the Company (excluding treasury shares) as at the latest practicable date before publication of the Notice of the Company's last AGM) and, in connection with a pre-emptive offer to existing shareholders by way of a rights issue, to allot additional shares in the Company up to a maximum nominal amount of £39,929,205 (representing a further 33.3% of the issued share capital of the Company (excluding treasury shares) as at the latest practicable date before publication of the Notice of the Company's last AGM), expires on the date of the forthcoming AGM.

Report of the Directors continued

Shareholders will be asked to give a similar authority to allot shares at the forthcoming AGM.

The authority conferred on the Directors at last year's AGM to allot shares in the Company and/or to sell ordinary shares held by the Company as treasury shares for cash as if the pre-emption provisions of Section 561(1) of the CA 2006 did not apply, limited to:

- firstly, an aggregate nominal amount of £5,989,380, representing approximately 5% of the current issued ordinary share capital; and
- secondly, a further 5% of the Company's ordinary share capital, provided that this additional power is only used in connection with acquisitions and specified capital investments which are announced contemporaneously with the issue or which have taken place in the preceding six month period and are disclosed in the announcement of the issue, will expire at the end of the Company's next AGM or, if earlier, at the close of business on 27 December 2023.

The Company will, at the 2023 AGM, seek guidance issued by the Pre-Emption Group of the Financial Reporting Council that issuers may disapply pre-emption rights up to 10% of the Company's issued ordinary share capital and a further 2% follow-on offer and seek further authority to disapply pre-emption rights for up to an additional 10% for certain acquisitions or specified capital investments or a further 2% follow-on offer.

Authorities to purchase shares

The authorities for the Company to purchase shares in the market up to: (i) 23,957,523 of its ordinary shares (representing 10% of the issued share capital of the Company as at the latest practicable date before publication of the Notice of the Company's last AGM); and (ii) 1,000,000 of its preference shares (being all of its preference shares remaining in issue) in each case granted at the Company's last AGM, expire on the date of the forthcoming AGM. Shareholders will be asked to give similar authorities to purchase shares at the forthcoming AGM.

Shares purchased by the Company

The Group's objective is to employ a disciplined approach to investment, returns and capital efficiency to deliver sustainable compounding growth. Reflecting this approach and in light of the Company's substantial headroom under its facilities and target leverage, on 15 March 2022 the Company launched a share buyback programme of the Company's ordinary shares for up to a maximum aggregate consideration of £30m (the Programme). The share buyback programme was extended on 10 August 2022 by a further £30m, up to a maximum aggregate consideration of £60m. Under the Programme the repurchased ordinary shares are held in treasury.

Interests in shares

As at 30 April 2023, the Company is aware of the following persons who, either directly or indirectly, hold 3% or more of the issued share capital of the Company:

	30 April 2023	%
Fit Limited*	17,531,012	7.65
Lombard Odier Investment Managers*	16,807,904	7.33
Aberforth Partners*	16,346,290	7.13
Schroders plc**	14,398,674	6.28
BlackRock*	11,438,607	4.99
Vanguard Group*	10,883,731	4.73
Dimensional Fund Advisors*	9,841,994	4.29
JO Hambro Capital Management*	9,175,135	4.00
Artemis Investment Management*	8,044,455	3.51
Janus Henderson Investors*	8,027,107	3.50
LSV Asset Management*	7,471,922	3.26

* Information obtained from the Company's share register analysis in the period from 30 April 2023 to 5 July 2023. The Company received a further notification from Schroders plc disclosing that its holding had decreased to 11,442,176 ordinary shares (4.99% of the total voting rights in the Company).

Directors

The names of the Directors who served on the Board during the year are set out on pages 84 to 85, other than John Davies who stepped down from the Board on 6 May 2022, and are incorporated into this Directors' Report by reference. Director Resolutions to reappoint each of the Directors in office at the date of this report will be proposed at the AGM. Termination provisions in respect of Executive Directors' contracts can be found in the Directors' Remuneration Report, starting on page 98.

Directors' indemnities

As permitted by the Company's Articles, qualifying third party indemnities for each Director of the Company were in place throughout their periods of office during the year and, for those currently in office, remained in force as at the date of signing of this report.

The Company's Articles are available on the Company's website: www.reddenorhgate.com

Disabled employees

The Group welcomes and gives full and fair consideration to applications for employment from persons with a disability (both visible and non-visible). Our focus is on providing the right tools to support both current and future employees to be successful in the workplace. The Group assists employees who have a disability with training, career development and progression opportunities and, in a situation where an existing employee develops a disability, our approach is to provide continuing support and training wherever possible. Where changes to working practices or structure affect employees, they are consulted and given the appropriate assistance.

Report of the Directors continued

Employee and other stakeholder engagement

We are committed to ensuring that we can create a safe and inclusive environment for our people and we continue to work with the Group to ensure our commitments are well implemented across all areas of the Group. All employees are provided with information on matters of concern to them in their work, through regular briefing meetings and internal publications. To inform employees of the economic and financial factors affecting our business, regular updates are posted on our intranet and we receive internal wide communications of matters of interest from the Chief Executive Officer. Alongside this, information is cascaded to employees through senior management, also boosting employee engagement.

Details on how the Directors have discharged their duties under Section 172(1) of the CA 2006 are included on pages 72 to 76.

Future developments

Details of likely future developments affecting the Group are included within the CEO review on pages 24 to 26 and included within Our strategy on pages 17 to 19.

Dividends

Subject to approval, the Directors are recommending a final dividend of 16.5p per share (2022: 15.0p) which will be paid on 29 September 2023 to shareholders on the register as at close of business on 1 September 2023.

Political donations

No political donations were made by any Group Company in the year.

Subsidiaries

As a Group our interests and activities are operated through subsidiaries in the UK, Spain, and Ireland, and are subject to the laws and regulations of these jurisdictions.

There are no overseas branches.

Significant agreements

The Group's financing facilities and share plans are subject to change of control provisions (see Note 9 (Borrowings) in the financial statements).

Research and development

The Group carries out research and development necessary to support its principal activities as a mobility solutions provider.

Energy and carbon reporting

The disclosures regarding greenhouse gas emissions, energy consumption and energy efficiency actions included in the CA 2006 (Strategic Report and Directors' Report) Regulations 2018 are included in the Impact focus section of the Strategic Report on pages 58 to 61.

Directors' Remuneration Report

The Directors' Remuneration Report contains:

- a statement by John Partullo, Chairman of the Remuneration Committee;
- the Directors' Remuneration Policy; and
- the Annual report on remuneration, which sets out payments made in the financial year ended 30 April 2023.

The statement by the Chairman and Annual report on remuneration will be put to an advisory shareholder vote by ordinary resolution.

The Directors' Remuneration Report can be found on pages 98 to 124 and is incorporated in this Directors' report by reference.

Disclosure of information under Listing Rule 9.8.4

Dividend waiver arrangements are in place for the employee trusts.

Section	Topic	Location
1	Interest capitalised	N/A
2	Publication of unaudited financial information	N/A
3	Details of long term incentive schemes	This can be found in the Directors' Remuneration Report on pages 98 to 124.
4	Waiver of emoluments by a Director	N/A
5	Waiver of future emoluments by a Director	N/A
6	Non pre-emptive issues of equity for cash	N/A
7	As item (6), in relation to major subsidiary undertakings	N/A
8	Parent participation in a placing by a listed subsidiary	N/A
9	Significant agreements	This can be found on page 127 of the Directors' Report.
10	Provision of services by a controlling shareholder	N/A
11	Shareholder waivers of dividends	N/A
12	Shareholder waiver of future dividends	N/A
13	Agreements with controlling shareholders	N/A

Report of the Directors continued

Length of notice of general meetings

The minimum notice period permitted by the CA 2006 for general meetings of listed companies is 21 days, but the Act provides that companies may reduce this period to 14 days (other than for AGMs) provided that two conditions are met. The first condition is that the Company offers a facility for shareholders to vote by electronic means. This condition is met if the Company offers a facility, accessible to all shareholders, to appoint a proxy by means of a website. A separate notice of AGM has been issued to all shareholders which includes details of the Company's arrangements for electronic proxy appointment. The second condition is that there is an annual resolution of shareholders approving the reduction of the minimum notice period from 21 days to 14 days.

A resolution to approve 14 days as the minimum period of notice for all general meetings of the Company other than AGMs will be proposed at the AGM. The approval will be effective until the Company's next AGM, when it is intended that the approval be renewed.

It is the Board's intention that this authority would not be used as a matter of routine but only when merited by the circumstances of the meeting and in the best interests of shareholders.

Financial instruments

Details of the Group's use of financial instruments are given in the Financial review on pages 30 to 37 and in Note 30 to the financial statements.

Important events

Details of important events affecting the Company since the end of the financial year are set out in Note 32 of the financial statements on page 193.

Auditors

In the case of each of the persons who are Directors of the Company at the date when this report was approved:

- so far as each of the Directors is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each of the Directors has taken all the steps that they ought to have taken as a Director to make himself aware of any relevant audit information (as defined) and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the CA 2006.

A resolution for the appointment of PwC as auditors of the Company will be proposed at the forthcoming AGM. This proposal is supported by the Audit Committee.

The Directors' Report, comprising the Corporate Governance Report and the reports of the Audit, Nominations and Remuneration Committees, has been approved by the Board and signed on its behalf.

By order of the Board

James Kerton
Company Secretary
5 July 2023

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under Company law, 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 Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;

- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the CA 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

Each of the Directors, whose names and functions are listed in the Corporate Governance section confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group;

- the Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company; and
- the Report of the Directors includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

By Order of the Board

Marlin Ward
Chief Executive Officer
5 July 2023

Independent auditors' report to the members of Redde Northgate plc Report on the audit of the financial statements

Opinion

In our opinion:

- Redde Northgate plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 30 April 2023 and of the group's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated and Company Balance sheets as at 30 April 2023; the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated cash flow statement and the Consolidated and Company Statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 6, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- The Group is organised into 30 reporting components and the Group financial statements are a consolidation of these reporting components.
- Of the 30 components we identified four which, in our view, required a full scope audit either due to their size or risk characteristics, two of these were audited by the Group engagement team
- There is one significant component based overseas, Northgate España Renting Flexible S.A., and one other in the UK, Auxillis Services Limited, which have been audited by PwC component auditors.
- Specific audit procedures were performed over a further four reporting components due to their contributions to the financial statement line items in the Group financial statements. These include procedures over cash and bank balances, external loans, interest costs, dividends paid, property, plant and equipment, lease liabilities, operating expenses, depreciation, interest in associates and payroll costs
- As a result of this scoping we obtained coverage over 78% of the consolidated revenues and 78% of the consolidated profit before tax and exceptional items.

Independent auditors' report to the members of Redde Northgate plc continued

Key audit matters

- Determining appropriate depreciation rates for vehicle assets held for hire (group).
- Claims due from insurance companies and self-insuring organisations, incorporating revenue recognition (group).
- Recoverability of investments in subsidiary undertakings and amounts owed by subsidiary undertakings (parent).

Materiality

- Overall group materiality: £9,600,000 (2022: £7,500,000) based on 5% of profit before tax and exceptional items.
- Overall company materiality: £15,600,000 (2022: £15,000,000) based on 1% of total assets.
- Performance materiality: £7,200,000 (2022: £5,625,000) (group) and £11,700,000 (2022: £11,250,000) (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter

Determining appropriate depreciation rates for vehicle assets held for hire (group)

The Group has a total of £1,163.6m (2022: £997.0m) of vehicle assets held for hire with a depreciation charge totalling £152.7m (2022: £174.6m). The Group adopts an accounting policy that uses depreciation rates based on estimated useful lives with the anticipation that the net book value of these vehicle assets approximates to their market value at the time of disposal. This policy seeks to minimise any significant gains or losses upon disposal of the vehicle assets. This policy requires management to make an estimate of what the residual value will be at the time of disposal. Determining likely residual values for future vehicle disposals is judgemental and requires a number of judgments and estimates to be made, including the age, condition and expected future market conditions, such as forecast levels of supply and demand. Further explanation is included in the Group's critical accounting judgements and key sources of estimation uncertainty in Note 3 and the Report of the Audit Committee on pages 93 to 97. The disclosures in respect of vehicle assets held for hire are shown in Notes 2, 3 and 14.

How our audit addressed the key audit matter

We have obtained management's model to support the depreciation rates selected and confirmed its mathematical accuracy. We challenged management's assumptions of expected future market values of hire vehicles, taking into account the various judgements used in the calculation of future residual values. We have also considered how future average prices correlate with expectations around vehicle supply and have corroborated management's expectations of vehicle supply and demand against external third-party industry reports. In addition we performed sensitivities on the residual values used by management. We performed detailed testing of the calculations supporting the estimates and judgements taken by management, including comparison to recent actual market prices achieved on disposal of similar vehicles. We challenged management's assumptions in respect of the future changes to the vehicle hire fleet, including expected infleets, defeets and purchase pricing. We have tested the actual outturn in the year against management judgements as part of our lookback procedures. We also considered the adequacy of the Group's disclosures in respect of the estimation uncertainty in setting appropriate depreciation rates. Based on the procedures performed, we were able to obtain sufficient audit evidence in respect of the judgements and estimates applied by management in determining the depreciation rates used.

Key audit matter

Claims due from insurance companies and self-insuring organisations

Incorporating revenue recognition (group)

Within the Redde operating segment the Group recognises contract assets amounting to £240.6 million (2022: £193.8 million) on claims due from insurance companies and self-insuring organisations which are subject to the insurance claims being settled. Included within this balance is revenue recognised on non-protocol claims which represents variable consideration and is subject to a variable consideration adjustment which takes into account the settlement risk. This includes historical and expected collection rates, as well as the aged profile of amounts due. The assumptions underlying the calculation of the variable consideration adjustment, as well as the adjustments made, involve significant judgement and therefore impact both the carrying value of the associated assets and revenue recognised in relation to the associated claims. We determined that the valuation of outstanding claims, which incorporates the variable consideration adjustment, has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. Further explanation of the estimation uncertainty is included in the critical accounting judgements and key sources of estimation uncertainty in Note 3 and the Report of the Audit Committee on pages 93 to 97.

Recoverability of investments in subsidiary undertakings and amounts owed by subsidiary undertakings (parent)

The Company has significant investments in respect of acquisitions made across various subsidiaries amounting to £447.9m (2022: £445.6m) and amounts owed from subsidiary undertakings amounting to £111.5m (2022: £1,053.6m). The recoverable amount of the subsidiary is impacted by various factors, a number of which are outside of Redde Northgate's control, which could affect whether results are in line with expectations. Where a subsidiary has been subject to poor historical performance, there is a risk around the recoverability of this investment. There is inherent uncertainty and judgement in forecasting future cash flows, and therefore this is a particularly judgement area of the audit. Amounts due from Group undertakings are considered as part of management's IFRS 9 expected credit loss assessment. The disclosures in respect of investments in subsidiary undertakings and amounts owed by subsidiary undertakings are shown in Notes 2, 4 and 5.

How our audit addressed the key audit matter

We assessed the accounting policy and approach to recognising revenue to ensure it was consistent with the principles of IFRS 15 'Revenue from contracts with customers' and in particular variable consideration. We performed the calculation within the model from the input data such as the ageing and recovery rates. We assessed and challenged the key assumptions used by management to derive the variable consideration adjustment, taking into account historical collection rates for individual insurers for each category of claim and any outliers within the data. We assessed whether there was any contradictory evidence which could call into question the assumptions made and we corroborated explanations provided to supporting information or evidence. We formed an independent view of the adequacy of the variable consideration adjustment, by obtaining performance of monthly cohorts of invoices for each category of claim and derive an expected collection of the potential settlement of claims outstanding at the balance sheet date. We also requested management perform a look back test, by assessing the outcome of cash settlements in the period against the assumptions made in determining the variable consideration adjustment at the previous balance sheet date. Using the historical recovery rates and ageing profiles we calculated an auditors range as of the expected provision required. The results of this look back test have been disclosed in the financial statements within Note 17. Receivables and contract assets. We have considered the adequacy of the disclosures in respect of estimation uncertainty included within the financial statements. Based on the procedures above, we concluded that the level of the provision held at the balance sheet date is reasonable.

We evaluated and challenged management's process for assessing impairment triggers for investments in subsidiary undertakings and management's IFRS 9 expected credit loss assessment in respect of amounts owed by subsidiary undertakings. We have undertaken the following in respect of the investment in subsidiary undertakings:

- Compared historical performance to historical forecasts to assess accuracy in the budget process;
- We engaged with PwC experts to assess the revenue and EBITDA assumptions and performed sensitivity analysis on the forecasts, including downside scenarios to assess headroom; and
- Assessed the Group's budgeting procedures as a basis for value in use calculations.

We have considered management's approach to the expected credit loss assessment of each of the counterparty balances and the risk of default. We have also considered the adequacy of the disclosures in respect of investments in subsidiary undertakings and amounts receivable from subsidiary undertakings. We are satisfied with management's conclusion on the carrying value of investments and amounts due from subsidiary undertakings.

We have taken into account the structure of the financial statements as a whole, taking into account the structure of the

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The Group is organised into 30 reporting components and the Group financial statements are a consolidation of these reporting components. The reporting components vary in size and we identified four components, in the UK and Spain, that required a full-scope audit of their financial information due to either their size or risk characteristics, two of these were audited by the Group engagement team. There is one significant component based overseas, Northgate España Renting Flexible S.A., and one in the UK, Auxilis Services Limited, which have been audited by PwC component auditors.

Independent auditors' report to the members of Redde Northgate plc continued

Audit procedures were performed over a further four reporting components due to their contributions to the financial statement line items in the Group financial statements. These include procedures over cash and bank balances, external loans, interest costs, dividends paid, property, plant and equipment, lease liabilities, operating expenses, depreciation, interest in associates and payroll costs. All other audit work was completed by the Group audit team. On the remaining components we performed analytical procedures to respond to any potential risks of material misstatement to the Group.

Our audit scope was determined by considering the significance of each component's contribution to profit before tax and exceptional items, and individual financial statement line items, with specific consideration to obtaining sufficient coverage over significant risks. As a result of this scoping we obtained coverage over 78% of the consolidated revenues and 78% of the consolidated profit before tax and exceptional items. The Group engagement team were significantly involved at all stages of the component audits by virtue of numerous communications throughout, including the issuance of detailed audit instructions and review and discussions of the audit approach and findings, in particular over our areas of focus. The Group audit team met with local management and the component audit teams and attended their clearance meetings. In addition, we reviewed the component team reporting results and their supporting working papers, which together with the additional procedures performed at Group level, gave us the evidence required for our opinion on the financial statements as a whole. Our audit procedures at the Group level included the audit of the consolidation, goodwill and other intangible assets, investments in associates, income and deferred taxation and certain aspects of IFRS 16 'Leases'. The Group engagement team also performed the audit of the Company.

The impact of climate risk on our audit

Climate change is expected to present both risks and opportunities for the Group. As explained in the Sustainability section of the Strategic Report, the Group is mindful of its impact on the environment and is focussed on ways to reduce climate-related impacts as management continues to develop its plans towards a net zero pathway by 2050. Management's climate change initiatives and commitments will impact the Group in a variety of ways, and while the Group has started to quantify some of the impacts that may arise on its net zero pathway, the future financial impacts are clearly uncertain given the medium to long term horizon. Disclosure of the impact of climate change risk based on management's current assessment is incorporated in the Task Force on climate related financial disclosures ('TCFD') section of the Annual Report.

As part of our audit, we made enquiries of management to understand the extent of the potential impact of climate change on the Group's business and the financial statements, including reviewing management's climate change risk assessment which was prepared with support from an external expert. We used our knowledge of the Group to evaluate the risk assessment performed by management.

We assessed that the key areas in the financial statements which are more likely to be materially impacted by climate change are those areas that are based on future cash flows. As a result, we particularly considered how climate change risks and the impact of climate commitments made by the Group could impact the assumptions made in the forecasts prepared by management that are used in the Group's impairment analysis and for going concern purposes. We challenged how management had considered longer term physical risks such as severe weather related impacts, and shorter-term transitional risks such as policy changes in fuel subsidies and limited supply of EVs and hybrids. Our procedures did not identify any material impact on our audit for the year ended 30 April 2023. We also checked the consistency of the disclosures in the TCFD section of the Annual Report with the relevant financial statement disclosures, including the going concern section of the accounting policies, and with our understanding of the business and knowledge obtained in the audit.

We confirmed with management and the Audit Committee that the estimated financial impacts of climate change will be reassessed prospectively and our expectation is that climate change disclosures will evolve as the understanding of the actual and potential impacts on the Group's future operations are established with greater certainty.

Independent auditors' report to the members of Redde Northgate plc continued

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – group	Financial statements – company
Overall materiality	£9,600,000 (2022: £7,500,000).	£15,600,000 (2022: £15,000,000).
How we determined it	5% of profit before tax and exceptional items	1% of total assets
Rationale for benchmark applied	Based on the benchmarks used in the Annual Report, profit before tax and exceptional items is the primary measure used by the shareholders in assessing the performance of the Group, and is a generally accepted auditing benchmark. We have chosen this as our benchmark as it is a key performance measure disclosed to users of the financial statements. This figure takes prominence in the Annual Report, as well as the communications to both the shareholders and the market, and an element of management remuneration is linked to this performance measure. Based on this it is considered appropriate to use the adjusted profit before tax figure for the year as an appropriate benchmark.	We believe that total assets are considered to be appropriate as it is not a profit oriented company. The Company is a non-trading holding company only and therefore total assets is deemed a generally accepted auditing benchmark. As mentioned above, a number of financial statement line items related to cash and cash equivalents, loans, interest costs and dividends of the company are included in the scope of the Group audit and were audited to a lower capped materiality. However, we determined that the company did not require a full scope audit of its complete financial information for the purposes of the Group audit.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £5,000,000 and £7,600,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to £7,200,000 (2022: £5,625,000) for the group financial statements and £11,700,000 (2022: £11,250,000) for the company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £480,000 (group audit) (2022: £375,000) and £780,000 (company audit) (2022: £750,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

Conclusions relating to going concern

- We obtained from management their latest assessments supporting their conclusions with respect to the going concern basis of preparation of the financial statements.
- We evaluated the historical accuracy of the budgeting process to assess the reliability of the data.
- We evaluated management's base case forecast and downside scenarios, and challenged the adequacy and appropriateness of the underlying assumptions.
- We evaluated management's analysis of both liquidity, including the Group's available financing and maturity profile, and covenant compliance to satisfy ourselves that no breaches are anticipated over the period of assessment.
- We reviewed management accounts for the financial period to date and checked that these were consistent with the starting point of management's forecasts, and supported the key assumptions included in the assessment; and
- We have reviewed the disclosures made in respect of going concern included in the financial statements.

Independent auditors' report to the members of Redde Northgate plc *continued*

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 group's and 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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information, which includes reporting based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Report of the Directors for the year ended 30 April 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Report of the Directors.

Directors' Remuneration

In our opinion, the part of the Directors Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Independent auditors' report to the members of Redde Northgate plc continued

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adapt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group and company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view; the directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

Independent auditors' report to the members of Redde Northgate plc *continued*

Auditors' 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to direct laws and regulations, for example corporation tax legislation and the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate revenue and financial performance and management bias included within accounting judgements and estimates. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- Review of board minutes, discussions with management, internal audit and the Group's legal function, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Evaluation of management's controls designed to prevent and detect fraudulent financial reporting;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations including to revenue;
- Assessing management's significant judgements and estimates in particular to those relating to the determination of depreciation rates for vehicles held for hire and claims due from insurance companies and self-insuring organisations; and
- Reviewing financial statement disclosures and testing to supporting documentation, where appropriate, to assess compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

Independent auditors' report to the members of Redde Northgate plc *continued*

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the directors on 17 June 2015 to audit the financial statements for the year ended 30 April 2016 and subsequent financial periods. The period of total uninterrupted engagement is 8 years, covering the years ended 30 April 2016 to 30 April 2023.

Other matter

As required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

Jonathan Greenway (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
5 July 2023

Consolidated income statement

For the year ended 30 April 2023

	2023 £000	2022 £000 Restated
Revenue: hire of vehicles	610,502	563,288
Revenue: sale of vehicles	152,894	149,939
Revenue: claims and services	726,350	530,330
Total revenue	1,489,746	1,243,557
Cost of sales	(1,054,173)	(897,349)
Gross profit	435,573	346,208
Administrative expenses (excluding exceptional items)	(213,658)	(193,727)
Net impairment of trade receivables	(8,902)	(8,255)
Exceptional administrative expenses: impairment of goodwill	(5,009)	–
Exceptional administrative expenses: impairment of other intangibles	(8,482)	–
Exceptional administrative expenses: reversal of previous impairment of property, plant and equipment	–	2,998
Exceptional administrative expenses: other costs	–	(690)
Total administrative expenses	(236,051)	(159,674)
Operating profit	199,522	146,534
Share of net profit of associates accounted for using the equity method	2,520	3,866
Gain on bargain purchase	–	355
EBIT	202,042	150,755
Finance income	90	34
Finance costs	(23,405)	(13,100)
Profit before taxation	178,727	132,689
Taxation	(39,489)	(31,144)
Profit for the year	139,238	101,545

Profit for the year is wholly attributable to owners of the Parent Company. All results arise from continuing operations.

Earnings per share	
Basic	60.3p
Diluted	58.7p

Throughout this report we refer to underlying results in order to allow management and other stakeholders to better compare the performance of the Group between years. Further details of the prior year restatement are included within Note 2. For a reconciliation of underlying to reported results see pages 38 to 39.

Consolidated statement of comprehensive income

For the year ended 30 April 2023

	2023 £000	2022 £000
Amounts attributable to the owners of the Parent Company		
Profit attributable to the owners	139,238	101,545
Other comprehensive income (expense)		
Foreign exchange differences on retranslation of net assets of subsidiary undertakings	23,689	(16,347)
Net foreign exchange differences on long term borrowings held as hedges	(17,741)	11,904
Foreign exchange difference on revaluation reserve	54	(41)
Total other comprehensive income (expense)	6,002	(4,484)
Total comprehensive income for the year	145,240	97,061

All items will subsequently be reclassified to the consolidated income statement.

Consolidated balance sheet

As at 30 April 2023

	Note	2023 £000	2022 £000
Non-current assets			
Goodwill		113,873	114,926
Other intangible assets		127,828	151,312
Property, plant and equipment*		1,332,923	1,161,915
Deferred tax assets		2,061	3,175
Interest in associates		5,207	5,843
Total non-current assets		1,581,892	1,437,171
Current assets			
Inventories		54,537	18,696
Receivables and contract assets		441,277	359,053
Current tax assets		14,951	7,432
Cash and bank balances		14,122	24,561
Total current assets		524,887	409,742
Total assets		2,106,779	1,846,913
Current liabilities			
Trade and other payables		344,867	246,833
Provisions		822	–
Current tax liabilities		20	3,327
Lease liabilities		49,493	52,524
Borrowings		14,079	21,007
Total current liabilities		409,281	323,691
Net current assets		115,606	86,051
Non-current liabilities			
Trade and other payables		–	4,509
Provisions		6,609	–
Lease liabilities		107,272	111,755
Borrowings		537,712	421,822
Deferred tax liabilities		51,310	38,375
Total non-current liabilities		702,903	576,461
Total liabilities		1,112,184	900,152

Consolidated balance sheet continued

As at 30 April 2023

	Note	2023 £000	2022 £000
Net assets		994,595	946,761
Equity			
Share capital	14	123,046	123,046
Share premium account	15	113,510	113,510
Treasury shares reserve	16	(60,420)	(7,493)
Own shares reserve	17	(9,615)	(16,439)
Translation reserve	18	(2,685)	(8,633)
Other reserves	19	330,489	330,435
Retained earnings			
At 1 May		412,335	351,747
Profit for the financial year		139,238	101,545
Other changes in retained earnings		(51,303)	(40,957)
At 30 April		500,270	412,335
Total equity		994,595	946,761

Total equity is wholly attributable to the owners of the Parent Company (Company number 00053171). The financial statements on pages 139 to 194 were approved by the Board of Directors and authorised for issue on 5 July 2023.

They were signed on its behalf by:

Philip Vincent 
Chief Financial Officer

Consolidated cash flow statement

For the year ended 30 April 2023

	Note	2023 £000	2022 £000
Net cash generated from operations		84,322	127,643
Investing activities			
Interest received		90	34
Distributions from associates		3,156	4,070
Payment for acquisition of subsidiary, net of cash acquired		(10,004)	(482)
Proceeds from disposal of other property, plant and equipment		678	2,683
Purchases of other property, plant and equipment		(7,362)	(52,369)
Purchases of intangible assets		(1,765)	(1,373)
Net cash used in investing activities		(15,207)	(47,437)
Financing activities			
Dividends paid		(52,220)	(43,897)
Receipt of bank loans and other borrowings		96,807	318,056
Repayments of bank loans and other borrowings		–	(277,617)
Debt issue costs paid		(950)	(5,428)
Exceptional finance costs		–	(1,435)
Principal element of lease payments		(65,110)	(45,659)
Payments to acquire treasury shares		(52,927)	(7,493)
Proceeds from sale of own shares		1,414	–
Payments to acquire own shares for share schemes		–	(5,933)
Net cash used in financing activities		(72,986)	(71,406)
Net (decrease) increase in cash and cash equivalents		(3,871)	8,800
Cash and cash equivalents at 1 May		15,769	6,821
Effect of foreign exchange movements		(217)	148
Cash and cash equivalents at 30 April		11,681	15,769

Notes to the consolidated cash flow statement

For the year ended 30 April 2023

(a) Net cash generated from operations

	2023 £000	2022 £000
Operating profit	199,522	146,534
Adjustments for:		
Depreciation of property, plant and equipment	175,066	197,162
Net reversal of previous impairment of property, plant and equipment	-	(2,998)
Net impairment of goodwill	5,009	-
Net impairment of other intangibles	8,482	-
Amortisation of intangible assets	21,408	20,771
Loss on disposal of other property, plant and equipment	218	581
Loss on disposal of intangible assets	-	34
Share options fair value charge	4,647	3,695
Operating cash flows before movements in working capital	414,352	365,779
Decrease (increase) in non-vehicle inventories	273	(1,169)
Increase in receivables	(81,981)	(54,400)
Increase in payables	71,810	22,253
Increase in provisions	7,431	-
Cash generated from operations	411,885	332,463
Income taxes paid, net	(36,640)	(27,382)
Interest paid	(21,150)	(13,275)
Net cash generated from operations before purchases of and proceeds from disposal of vehicles for hire	354,095	291,806
Purchases of vehicles for hire	(398,187)	(292,935)
Proceeds from disposals of vehicles for hire	128,414	128,772
Net cash generated from operations	84,322	127,643

Cash outflows for additions and proceeds from disposal in relation to vehicles for hire are recognised within operating cashflows. Cash outflows for additions and proceeds from disposal in relation to other property, plant and equipment are recognised as investing activities.

(b) Cash and cash equivalents

Cash and cash equivalents comprise:

	2023 £000	2022 £000
Cash and bank balances	14,122	24,561
Bank overdrafts	(2,441)	(8,792)
Cash and cash equivalents	11,681	15,769

Cash and bank balances are stated gross of arrangements that exist with lenders to pool accounts and offset balances.

Consolidated statement of changes in equity

For the year ended 30 April 2023

	Share capital and share premium £000	Treasury shares reserve £000	Own shares reserves £000	Translation reserve £000	Other reserves £000	Retained earnings £000	Total £000
Total equity at 1 May 2021	236,556	-	(6,460)	(4,190)	330,476	351,747	908,129
Share options fair value charge	-	-	-	-	-	3,695	3,695
Share options exercised	-	-	-	-	-	(588)	(588)
Dividends paid	-	-	-	-	-	(43,897)	(43,897)
Net purchase of shares	-	(7,493)	(10,567)	-	-	-	(18,060)
Transfer of shares on vesting of share options	-	-	588	-	-	-	588
Deferred tax on share based payments recognised in equity	-	-	-	-	-	(167)	(167)
Total comprehensive income (expense)	-	-	-	(4,443)	(41)	101,545	97,061
Total equity at 30 April 2022 and 1 May 2022	236,556	(7,493)	(16,439)	(8,633)	330,435	412,335	946,761
Share options fair value charge	-	-	-	-	-	4,647	4,647
Share options exercised	-	-	-	-	-	(5,410)	(5,410)
Dividends paid	-	-	-	-	-	(52,220)	(52,220)
Net purchase of shares	-	(52,927)	1,414	-	-	-	(51,513)
Transfer of shares on vesting of share options	-	-	5,410	-	-	-	5,410
Deferred tax on share based payments recognised in equity	-	-	-	-	-	1,680	1,680
Total comprehensive income	-	-	-	5,948	54	139,238	145,240
Total equity at 30 April 2023	236,556	(60,420)	(9,615)	(2,685)	330,489	500,270	994,595

1. Further details can be found within Note 24 and 25.

2. Further details can be found within Note 26.

3. Other reserves comprise the other reserve, capital redemption reserve, revaluation reserve and merger reserve. Further details on Translation reserve and Other reserves can be found within Note 27.

Notes to the consolidated financial statements

1 General information

Redde Northgate plc is a public limited company incorporated and domiciled in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 210 of this report. The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages 2 to 76.

The financial statements are presented in UK Sterling because this is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in Note 2.

2 Principal accounting policies

Statement of compliance

The financial statements have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

Basis of preparation

The financial information has been prepared on the historical cost basis, except for the revaluation of certain financial instruments.

On 31 December 2020, IFRS as adopted by the European Union at that date were brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK endorsement Board. Redde Northgate plc transitioned to the UK-adopted International Accounting Standards in its Company financial statements on 1 May 2021. This change constitutes a change in accounting framework. However, there is no impact recognition, measurement or disclosure in the period reported as a result of the change in framework.

With the exception of new accounting standards outlined below, all other accounting policies have been applied consistently.

The recognition and measurement of assets and liabilities considers the impact of climate-related matters which could reasonably be assumed to impact their value including in the assessment of potential impairment of assets (Note 12).

Going concern

The financial statements have been prepared on the going concern basis as the Directors have a reasonable expectation that the Group has adequate resources for a period of at least 12 months from the date of approval, having reassessed the principal and emerging risks facing the Group and determined that there are no material uncertainties to disclose.

The Directors' assessment of the Group's ability to continue as a going concern includes an assessment of cash flow forecasts which incorporate an estimated impact of the current macroeconomic environment on the Group. This includes the consideration of a number of severe but plausible scenarios recognising the degree of uncertainty that continues to exist.

During the year the Group extended its banking facilities maturity date from November 2025 to November 2026, which provides committed facilities of £475m. At 30 April 2023, there was £290m of headroom against the Group's borrowing facilities.

Changes in accounting policy

The following new standards, interpretations and amendments to standards are mandatory for the Group for the first time for the year ended 30 April 2023: Amendments to the following standards:

- IFRS 9, IAS 39, IFRS 7, IFRS 4 and IAS 16 "Interest rate benchmark reform – phase 2"
- IFRS 16 "Leases – COVID-19 related rent concessions"

The Group has considered the above amendments to published standards and has concluded that these have no impact on the Group. There are no further standards that have been issued but are not yet effective that would have a material impact on the Group.

Notes to the consolidated financial statements continued

2 Principal accounting policies continued

Prior year restatement

The Group has amended the presentation of the consolidated income statement in order to comply with IAS 1: Presentation of Financial Statements by presenting the net impairment of trade receivables as a separate line item. The net impairment of trade receivables was previously presented within administrative expenses and was disclosed separately within Note 6 and Note 30. There is no change to profit or net assets as a result of this adjustment.

Amortisation on acquired intangible assets is now presented within administrative expenses in the consolidated income statement, previously a separate line item. For further information on amortisation of intangible assets refer to Note 13. There is no change to profit or net assets as a result of this adjustment.

The effect on the prior year's consolidated income statement is set out below.

	2022 £000 Actual	Impact of reclassification £000	2022 £000 Restated
Revenue: hire of vehicles	563,288	-	563,288
Revenue: sale of vehicles	149,939	-	149,939
Revenue: claims and services	530,330	-	530,330
Total revenue	1,243,557	-	1,243,557
Cost of sales	(897,349)	-	(897,349)
Gross profit	346,208	-	346,208
Administrative expenses (excluding exceptional items and amortisation on acquired intangible assets)	(182,204)	(11,523)	(193,727)
Net impairment of trade receivables	-	(8,255)	(8,255)
Exceptional administrative expenses: impairment of property, plant and equipment	-	-	-
Exceptional administrative expenses: reversal of previous impairment of property, plant and equipment	2,998	-	2,998
Exceptional administrative expenses: other costs	(690)	-	(690)
Amortisation on acquired intangible assets	(19,778)	19,778	-
Total administrative expenses	(199,674)	-	(199,674)
Operating profit	146,534	-	146,534
Share of net profit of associates accounted for using the equity method	3,866	-	3,866
Gain on bargain purchase	355	-	355
EBIT	150,755	-	150,755
Finance income	34	-	34
Finance costs	(18,100)	-	(18,100)
Profit before taxation	132,689	-	132,689
Taxation	(31,144)	-	(31,144)
Profit for the year	101,545	-	101,545

Notes to the consolidated financial statements continued

2 Principal accounting policies continued

Basis of consolidation

Subsidiary undertakings are entities controlled by the Group. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 30 April 2022 and 30 April 2023.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary undertaking are measured at their fair values at the date of acquisition. Any excess of the fair value of consideration over the fair values of the identifiable net assets acquired is recognised as goodwill. If the fair value of consideration is lower than the fair values of the identifiable net assets acquired (i.e. the difference) is credited to the consolidated income statement in the period of acquisition.

Where necessary, adjustments are made to the financial statements of subsidiary undertakings to bring the accounting policies used into line with those used by the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Revenue recognition

Hire of vehicles

Revenue from the hire of vehicles is recognised under IFRS 16 and as such is recognised evenly over the hire period.

Other Group revenue is measured and recognised in accordance with IFRS 15 at the fair value of consideration received or receivable from contracts with customers in respect of sale of used vehicles, the supply of related goods and services in the normal course of business and claims and services net of value added tax and discounts.

Sale of vehicles

Revenue from the sale of used vehicles is derived from the resale of vehicles for hire purchased by the Group and is recognised at the point in time when the control is transferred. Revenues from the supply of related goods and services are recognised at the point which they are provided. Where cash is received in advance of customers collecting or taking delivery of vehicles, revenue is deferred until such point that the performance obligation within the contract is met.

Claims and services

Revenue is recognised on the basis of contractual performance obligations following the five step model under IFRS 15 and is the consideration to which the Group expects to be entitled based on contractual terms and customary business practice (after applying the variable consideration constraint); net of VAT and other sales taxes. Where more than one service is provided under a single arrangement, the consideration receivable is allocated to the identifiable services on the basis of a relative stand-alone selling price of the individual service.

Credit hire revenue is recognised from the date a vehicle is placed on hire, over time as the performance obligation is completed. Each performance obligation is the provision of an individual vehicle for the needed duration and is satisfied as the hire takes place. Vehicles are only supplied and remain on credit hire after a validation process that assesses to the Group's satisfaction that liability for the accident rests with another party. The rates used are based on daily commercial tariffs for particular categories of vehicles and are accrued on a daily basis, by claim, after adjustment for variable consideration to the expected settlement value, for an estimation of the extent to which insurers are entitled or expected to take advantage of the terms of the protocols that are in place.

The Group also receives late payment fees where relevant claims are not settled within the terms of any protocol arrangements or other agreements. Such charges are not recognised at the time of the hire transaction as they would be at significant risk of reversal; rather they are recognised on settlement of the related claim.

Credit repair revenue represents income from the recovery of the costs of repair of customers' vehicles carried out by third party body shops. Each performance obligation for this service is the repair of an individual vehicle and is satisfied over time as this repair takes place. Credit repair revenue is recognised based on a reasonable estimate of the cost and stage of completion of the repair services at the reporting date. Credit repair revenue is reported after adjustment for variable consideration to the expected settlement value. The Group records credit repair revenue on a principal basis as the service is controlled by the Group, which has primary responsibility for its provision. Managed repair revenue is recorded at a point in time when the repair is started based on the contractual value of each repair, net of discounts, VAT and other sales related taxes.

Notes to the consolidated financial statements continued

2 Principal accounting policies continued

Revenue recognition continued

Claims and services continued

Fleet and incident management revenue represents amounts chargeable, net of VAT, in respect of fleet and incident management and other related services provided to customers. The Group's performance obligations include various services related to the management of a fleet of vehicles, and revenue is recognised over time or at a point in time, depending on the individual service, as or when these obligations are performed. Where more than one service is provided under a single arrangement, the consideration receivable is allocated to the identifiable services on the basis of the relative stand-alone selling price of the individual service. In providing fleet and incident management services, the Group acts either as principal or agent. This is differentiated by the extent to which the Group has control over the service provided, primary responsibility for providing the service and discretion in establishing pricing. Where there are circumstances that do not meet the above criteria, and therefore the Group is not the principal in providing the service, revenue is accounted for on a net basis and comprises fees for processing services. Where the Group is acting as a principal, revenue is accounted for gross.

Revenue in respect of legal services represents amounts chargeable, net of VAT, in respect of legal services to customers. The Group's performance obligation is the provision of legal services, and revenue is recognised at a point in time when the case is settled or, in the case of interim and processing fees, over time as the legal work required to process the case is completed. Revenue in respect of cases which are contingent upon future events which are outside the control of the Group is not recognised until the contingent event has occurred and the performance obligation has been completed. Revenue in relation to legal services is valued at the expected recoverable amount, after due regard to non-recoverable time. Expected recoverable amount is based on chargeable time less any anticipated write offs prior to completion. No value is placed on work in progress in respect of contingent fee cases until there is virtual certainty as to the receipt of cash flows, either through an interim fee or through the outcome of cases, to justify the recognition of an asset. Certain costs incurred and associated with partnerships and directly relating to the activities of the Group's legal services are held as prepayments until the corresponding benefits accrue to the business.

Revenue from vehicle repair contracts is recognised at the point in time when substantially all of the repair work is carried out, being when the performance obligation has been substantially achieved. Where cash is received in advance of repair services being performed, revenue is deferred until such point that the performance obligation within the contract is met.

Other accident management activities represent ancillary revenue streams, including hire of vehicles other than on a credit hire basis and the provision of outsourced fleet accident management services. Revenue for other accident management activities is recorded as the performance obligation is completed, over time or at a point in time depending on the nature of the service, at the fair value of the consideration received or receivable, net of discounts, VAT and other sales related taxes.

Expected adjustment arising on settlement of claims

By their very nature, claims against motor insurance companies or self-insuring organisations can be subject to dispute, and are therefore considered to be variable consideration. On initial recognition, this consideration is adjusted to exclude any revenue at significant risk of reversal. As described above, the Group records revenue net of potential reversal on the settlement of claims, which reflects the Group's estimate of the expected recoverable amounts from insurers. The Group reassesses the amounts of variable consideration at the balance sheet date reflecting the latest information available on the settlement of claims in the period.

The Group's estimation of the amounts of revenue arising on settlement of claims is calculated with reference to a number of factors, including the Group's historical experience of collection levels, its anticipated collection profiles and analysis of the current profile of the claims against insurance companies. Although in principle this is determined by reference to individual cases, in practice the homogeneous nature of most claims means that the level of adjustment is calculated by reference to specific categories of claim.

Contract assets – Claims due from insurance companies and self-insuring organisations

Credit hire and credit repair contract assets and claims in progress are stated at the expected net claim value, which is after a variable consideration adjustment for an estimation of the extent to which insurers are entitled or expected to take advantage of settlement arrangements afforded under protocol agreements and an estimation of the expected adjustments arising on the settlement of claims. At the end of each reporting period the Group updates the estimated claim values, to reflect the Group's most recent estimation of amounts ultimately recoverable. Any further variable consideration adjustments arising from such subsequent vision of the Group's expected claim values are recorded in the consolidated income statement against revenue.

Notes to the consolidated financial statements *continued*

2 Principal accounting policies *continued*

Government grants

Government grants are recognised when there is reasonable assurance that we will comply with the conditions attached, and that the grant will be received. Government grants are recognised in the consolidated income statement on a systematic basis over the period in which the related costs, which they are intended to compensate, are recognised as expenses.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognised in the consolidated income statement as incurred.

At the acquisition date, the provisional identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19 respectively; and
- liabilities or equity instruments related to share based payment arrangements of the acquiree or share based payment arrangements of the Group entered into to replace share based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date.

hindsight adjustments to the provisional identifiable assets acquired and the liabilities assumed are recognised within 12 months from the date of acquisition if necessary.

Goodwill

Goodwill represents amounts arising on acquisition of subsidiary undertakings and is the difference between the fair value of consideration of the acquisition and the fair value of the net identifiable assets and liabilities acquired.

Goodwill is stated at cost less any accumulated impairment losses identified through annual or other tests for impairment. Any impairment is recognised immediately in the consolidated income statement and is not subsequently reversed. Where the fair value of consideration is less than the fair value of the net identifiable assets and liabilities acquired this gain on bargain purchase is recognised immediately in the consolidated income statement.

Intangible assets – arising on business combinations

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. The estimated useful lives are as follows:

Customer relationships	5 to 13 years
Brands	3 to 15 years
Software	3 to 10 years

Intangible assets – other

Other intangible assets are stated at cost less accumulated amortisation and impairment losses. Other intangible assets are amortised on a straight line basis over their estimated useful lives, which range from 3 to 10 years. Amortisation is presented in administrative expenses within the consolidated income statement.

Intangible assets in the course of development are stated at cost less any impairment losses. Development costs are capitalised after the technical and commercial feasibility of the asset has been established. Amortisation is not charged on assets in the course of development. Amortisation commences when the asset is brought into use.

Notes to the consolidated financial statements continued

2 Principal accounting policies continued

Interest in associates

The Group's interests in associates, being those entities over which it has significant influence, and which are not subsidiaries, are accounted for using the equity method of accounting. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Under the equity method, the interest in associate is carried in the balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associate, less distributions received and less any impairment in the value of individual investments. The Group income statement reflects the share of the associates' results after tax.

Property, plant and equipment

Property, plant and equipment is stated at historical cost, less accumulated depreciation and any provision for impairment. Certain properties were revalued prior to the adoption of IFRS. These valuations were treated as deemed cost at the time of adopting IFRS for the first time. Depreciation is provided so as to write off the cost of assets to residual values on a straight line basis over the assets' useful estimated lives as follows:

Freehold buildings	50 years
Leasehold buildings	50 years or over the life of the lease, whichever is shorter, unless the entity expects to use the assets beyond the lease term
Plant, equipment and fittings	3 to 10 years
Vehicles for hire	3 to 12 years
Motor vehicles	3 to 6 years

Vehicles for hire are depreciated on a straight line basis using depreciation rates that reflect economic lives of between 3 and 12 years, averaging around 6 years. These depreciation rates have been determined with the anticipation that the net book values at the point the vehicles are transferred into inventories is in line with the open market values for those vehicles.

The Group is required to review its depreciation rates and estimated useful lives regularly to ensure that the expected net book values of disposals of tangible assets are broadly equivalent to their expected market values net of directly attributable selling costs.

Freehold land is not depreciated. On the subsequent sale or retirement of properties revalued prior to the adoption of IFRS, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings. The residual value, if not insignificant, is reassessed annually.

Investments in subsidiaries

Investments in subsidiaries are shown at cost less any provision for impairment.

Notes to the consolidated financial statements continued

2 Principal accounting policies continued

Impairment

At each balance sheet date, the Group reviews the carrying amounts of their tangible and intangible assets to determine whether there is any indication that those assets have incurred an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount is the higher of fair value less selling costs and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

An impairment loss is recognised in the consolidated income statement whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash generating units and then to reduce the carrying amount of other assets in the unit on a pro rata basis.

Where an impairment loss has been recognised in an earlier period, the Group reassesses whether there are any indications that such impairment has decreased or no longer exists. If an impairment has decreased or no longer exists, an impairment reversal on assets other than goodwill is recognised in the consolidated income statement to the extent required.

Inventories

Used vehicles held for resale are valued at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less costs to be incurred in marketing, selling and distribution.

Other inventories comprise spare parts and consumables and are valued at the lower of cost and net realisable value using the first in, first out (FIFO) costing method.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year and any amounts outstanding in relation to previous years. Taxable profit differs from net profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised. Current and deferred tax is charged or credited in the consolidated income statement, except when it relates to items charged or credited directly to equity, in which case the current or deferred tax is also dealt with in equity.

Notes to the consolidated financial statements *continued*

2 Principal accounting policies *continued*

Financial instruments and hedge accounting

Financial assets and liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provision of the instrument.

Trade receivables are non-interest bearing and are initially stated at their fair value and subsequently at amortised cost less any appropriate provision for impairment. A provision for impairment of trade receivables is recognised using a lifetime expected credit loss model which in principal uses objective evidence to justify that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated income statement within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts written off are credited against operating expenses in the consolidated income statement.

Trade payables are non-interest bearing and are stated initially at their fair value and subsequently at amortised cost.

The Group uses derivative financial instruments to hedge its exposure to interest and foreign exchange rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold nor issue derivative financial instruments for trading purposes.

Derivative financial instruments are stated at fair value. Any gain or loss on remeasurement to fair value is recognised immediately in the consolidated income statement except where derivatives qualify for hedge accounting, where recognition of the resultant gain or loss depends on the nature of the items being hedged.

The fair value of interest rate derivatives is the estimated amount that the Group would receive or pay to terminate the derivative at the balance sheet date, taking into account current interest rates and the current creditworthiness of the derivative counterparties.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised in other comprehensive income and the ineffective portion is recognised in the consolidated income statement. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the consolidated income statement as the recognised hedged item.

However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the consolidated income statement as they arise.

Hedge accounting for cash flow hedges is discontinued when the hedging instrument expires or is sold, terminated, exercised or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the consolidated income statement as a net profit or loss for the period.

Notes to the consolidated financial statements *continued*

2 Principal accounting policies *continued*

Financial instruments and hedge accounting *continued*

Changes in the fair value of derivative financial instruments that are designated, and effective as net investment hedges are recognised directly in equity and the ineffective portion is recognised in the consolidated income statement. Exchange differences arising on the net investment hedges are transferred to the translation reserve.

No derivative assets and liabilities are offset.

Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and in hand and bank overdrafts. Cash at bank and in hand and bank overdrafts are shown gross irrespective of where accounts have a right of offset within the same banking facility.

Bank loans, other loans, loan notes and issue costs

Bank loans, other loans and loan notes are stated initially at fair value – the amount of proceeds after deduction of issue costs – and then subsequently at amortised cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for in the consolidated income statement on an accruals basis.

Foreign currencies

Transactions in foreign currencies other than UK Sterling are recorded at the rate prevailing at the date of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date.

The net assets of overseas subsidiary undertakings are translated into UK Sterling at the rate of exchange ruling at the balance sheet date. The exchange difference arising on the retranslation of opening net assets is recognised directly in equity. The results of overseas subsidiary undertakings are translated into UK Sterling using average exchange rates for the financial period and variances compared with the exchange rate at the balance sheet date are recognised directly in equity. All other translation differences are taken to the consolidated income statement with the exception of exchange differences on foreign currency borrowings that provide a hedge against Group equity investments in foreign enterprises, which are recognised directly in equity, together with the exchange difference on the net investment in these enterprises.

Goodwill and fair value adjustments arising on acquisition of a foreign entity are treated as assets and liabilities of the foreign entity. They are denominated in the functional currency of the foreign entity and translated at the exchange rate prevailing at the balance sheet date, with any variances reflected directly in equity.

All foreign exchange differences reflected directly in equity are shown in the translation reserve component of equity.

Leased assets

As Lessee:

For any new contracts entered into, the Group considers whether a contract is, or contains a lease.

A lease is defined as "a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration". To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct "how and for what purpose" the asset is used throughout the period of use.

Notes to the consolidated financial statements continued

2 Principal accounting policies continued

Leased assets continued

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet.

The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right of use asset is already reduced to zero.

The Group has elected to account for short term leases and leases of low value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight line basis over the lease term.

As lessor:

Motor vehicles and equipment hired to customers are included within property, plant and equipment. Income from such leases is taken to the consolidated income statement evenly over the period of the lease agreement.

For other assets leased to third parties, like the sub-lease of property, the Group determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right of use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

Retirement benefit costs

The Group operates defined contribution pension schemes. Contributions in respect of defined contribution arrangements are charged to the consolidated income statement in the period they fall due. Pension contributions in respect of one of these arrangements are held in trustee administered funds, independently of the Group's finances.

The Group also operates Group personal pension plans. The costs of these plans are charged to the consolidated income statement as they fall due.

Notes to the consolidated financial statements continued

2 Principal accounting policies continued

Employee share schemes and share based payments

The Group issues equity settled awards to certain employees.

Equity settled employee schemes, including employee share options and deferred annual bonuses, provide employees with the option to acquire Company shares. Employee share options and deferred annual bonuses are generally subject to performance or service conditions.

The fair value of equity settled payments is measured at the date of grant and charged to the consolidated income statement over the period during which performance or service conditions are required to be met or immediately where no performance or service criteria exist. The fair value of equity settled payments granted is measured using the Black-Scholes or the Monte Carlo model. At the end of each reporting period, the Group revises its estimate of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to the original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

The Group also operates a share incentive plan under which employees each have the option to purchase an amount of shares annually and receive an equivalent number of free shares. The Group recognises the free shares as an expense evenly throughout the period over which the employees must remain in employment of the Group in order to receive the free shares.

The Group operates a share save scheme under which employees have the option to convert savings to shares at an agreed exercise price. The Group recognises the option value evenly over the savings period.

Interest income and finance costs

Interest income and finance costs are recognised in the consolidated income statement using the effective interest rate method.

Exceptional items and amortisation of acquired intangible assets

Items are classified as exceptional gains or losses where they are considered to be material or which individually or, if of a similar type, in aggregate, need to be disclosed by virtue of their size or incidence if the financial statements are to be properly understood. Restructuring and exceptional costs are considered on a case by case basis as to whether they meet the exceptional criteria. The presentation is consistent with the way financial performance is measured by management and reported to the Board.

Amortisation of acquired intangible assets is not classed as an exceptional item as it is recurring in nature. However, it is excluded from underlying results as it is considered non-operational and would otherwise not present a clear understanding of underlying performance, as growth of the business is achieved organically and inorganically. The revenue and costs attached to those acquisitions are included within underlying results.

Where depreciation rates are subsequently changed from their initial assessments, the impact of this change on the depreciation charge may be shown separately from the underlying results in order to better compare the results of the Group between periods.

Dividends

Dividends on ordinary shares are recognised in the period in which they are either paid or formally approved, whichever is earlier.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Notes to the consolidated financial statements continued

2 Principal accounting policies continued

Treasury shares

The Group makes open market purchases of its own shares in order to fund future investment. When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. The acquired shares are initially recognised at historical cost and then at each reporting date, adjustments are made to write down the carrying value of own shares when, in the opinion of the Directors, there is a significant market value reduction. When treasury shares are sold, reissued, or transferred to the own shares reserve subsequently, the amount received is recognised as an increase in equity and the resulting proceeds on the transaction are presented within the consolidated income statement. Should the amount received exceed the purchase price paid by the Group, the excess is transferred to the Group's share premium account.

Own shares

The Group makes open market purchases of its own shares in order to satisfy the requirements of the Group's existing share schemes. Own shares are recognised at cost as a reduction in shareholder equity. The carrying values of own shares are compared with their market values at each reporting date and adjustments are made to write down the carrying value of own shares when, in the opinion of the Directors, there is a significant market value reduction.

3 Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Group's accounting policies, which are described in Note 2, the Directors have made the following judgements and estimates that have the most significant effect on the amounts recognised in the financial statements that will have an impact on the next 12 months.

Depreciation – vehicles for hire

Vehicles for hire are depreciated on a straight line basis using depreciation rates that reflect economic lives of between 3 and 12 years. These depreciation rates have been determined with the anticipation that the net book values at the point the vehicles are transferred into inventories is in line with the open market values for those vehicles, after taking account of costs required to sell the vehicles.

Under IAS 16 "Property, Plant and Equipment", the Group is required to review its depreciation rates and estimated useful lives at least annually, to ensure that the net book value of disposals of tangible assets are broadly equivalent to their market value.

Depreciation charges reflect adjustments made as a result of differences between expected and actual residual values of used vehicles, taking into account the further directly attributable costs to sell the vehicles.

The Directors apply judgement in determining the appropriate method of depreciation (straight line) and are required to estimate the future residual value of vehicles with due consideration of market conditions for sales including age, mileage and condition.

A 5% increase or decrease in the price of vehicles sold in the year would have had a £7.6m impact on the adjustment to depreciation charge for vehicles sold in the year. If the vehicles sold in the year had been three months older at the point of removing from the fleet for sale, it is estimated that the adjustment to depreciation charge for vehicles sold in the year would have been £3.1m higher.

The impact of changes made to depreciation rates after their initial assessment is outlined in the Financial review on pages 30 to 37.

Contract assets – claims due from insurance companies and self-insuring organisations

A key source of estimation uncertainty affecting the Group's financial statements relates to the expected variable consideration adjustments arising on settlement of insurance claims.

Claims due from insurance companies and self-insuring organisations are stated at the expected net claim value, which is stated after allowance for an estimation of expected adjustments arising on settlement of such claims.

Notes to the consolidated financial statements continued

3 Critical accounting judgements and key sources of estimation uncertainty continued

Contract assets – claims due from insurance companies and self-insuring organisations continued

Where necessary, the estimation of the expected adjustment arising on settlement of claims is revised, at each balance sheet date, to reflect the Group's most recent estimation of variable consideration amounts ultimately recoverable, which is constrained to exclude any revenue at significant risk of reversal. The estimation of any such expected adjustment represents a critical judgement made by the Directors.

The Group's estimation of the expected adjustment arising on settlement of claims is calculated with reference to judgements made on a number of factors, including the Group's historical experience of collection levels, its anticipated collection profiles and analysis of the current profile of the portfolio of cases. Settlement risk arises on claims due from insurance companies and self-insuring organisations due to their magnitude and the nature of the claims settlement process. The Group recovers its charges for vehicle hire and the cost of repair of customers' vehicles from the insurer of the at-fault party to the associated accident or, in a minority of claims, from the at-fault party direct where they are a self-insuring organisation. However, by their very nature, claims due from motor insurance companies can be subject to dispute which may result in subsequent adjustment to the Group's original estimate of the amount recoverable.

The carrying value of contract assets for claims from insurance companies at 30 April 2023 was £240,595,000 (2022: £193,834,000). A 3% difference between the carrying amount of claims in the balance sheet and the amounts finally settled would lead to a £7.2m charge or credit to the consolidated income statement in subsequent periods, which the Directors consider to be the estimation uncertainty that will impact results in the next 12 months.

The Group manages this risk by ensuring that vehicles are only supplied and remain on hire and repairs to customers' vehicles are carried out after a validation process that ensures to the Group's satisfaction that liability for the accident rests with another party. In the normal course of its business the Group uses three principal methods to conclude claims: through the use of protocol agreements, by negotiation with the insurer of the at-fault party where the claim is not covered by a protocol agreement and where a claim fails to settle because negotiations have been fruitless, by litigation. The vast majority of these claims settle before or on the threat of litigation, but where they do not, formal proceedings are issued.

In view of the tripartite relationship between the Group, its customer and the at-fault party's insurer and the nature of the claims process, claims due from insurance companies and self-insuring organisations do not carry a contractual "due date", nor does the expected adjustment arising on settlement represent an impairment for credit losses. The circumstances of the insurance companies with which the Group deals are currently such that no provision for credit risk is considered necessary and so the disclosures required by IFRS 7 on provision for credit loss are not provided.

Instead, the Directors review claims due from insurance companies and self-insuring organisations according to the age of the claim based upon the date that the claim was presented to the relevant insurer. The Group's strategy is that claims due should be collected by normal in-house processes including collections made under protocol arrangements with insurers and only then transferred to the Group solicitor process or other external solicitors as appropriate in specific circumstances pertaining to a case.

Impairment of goodwill and other intangibles

The Group reviews the carrying value of its intangible assets, including goodwill and other intangibles, to determine whether there is any indication that those assets are impaired. In performing assessments for impairment triggers, assets that do not generate largely independent cash inflows are allocated to an appropriate cash generating unit (CGU).

The Group performs an annual impairment review of the Group's goodwill carrying values are included in Note 12, including sensitivity analyses. Through the impairment test, the recoverable amount of those assets, or the CGU, is measured at the higher of their fair value less costs of disposal and value in use.

When an impairment test is performed, management necessarily applies its judgement in allocating assets to CGUs, in estimating the probability, timing and value of underlying cash flows and in selecting appropriate discount rates to be applied within the value in use calculation. The key assumptions are set out in Note 12. Subsequent changes to CGU allocation, residual values, reserves and resources, price assumptions or other estimates and assumptions in the fair value less costs of disposal calculation could impact the carrying value of the respective assets.

Notes to the consolidated financial statements continued

4 Acquisitions

On 2 July 2022 the Group acquired 100% of the equity interests of Blakedale Limited (Blakedale). The acquisition is in line with the Group strategy and vision to become the leading integrated mobility solutions provider. The acquisition has been included within the Northgate UK&I segment. A provisional purchase price allocation exercise has been undertaken in accordance with IFRS 3 'Business Combinations'.

Details of this provisional purchase consideration, the net assets acquired and goodwill are as follows:

Purchase consideration	£000
Total cash consideration	12,145
The provisional assets and liabilities recognised as a result of the acquisition are as follows:	
Customer relationships (Note 13)	£000
Brand names (Note 13)	4,500
Property, plant and equipment (Note 14)	400
Cash and bank balances	7,351
Stock	141
Trade and other receivables	470
Trade and other payables	2,292
Corporation tax	(6,885)
Deferred tax (Note 23)	(106)
Net identified assets acquired	(1,974)
Goodwill recognised on acquisition (Note 12)	3,956

Acquisition costs

Acquisition costs in relation to Blakedale Limited of £372,000 have been charged to the consolidated income statement as administrative expenses.

Blakedale's contribution to the Group results

Blakedale Limited's contribution to underlying operating profit was a £759,000 profit for the period from 2 July 2022 to 30 April 2023. Revenue during this period was £6,471,000.

Prior period

On 30 June 2021 the Group acquired the equity instruments of Charged Electric Vehicles Limited for a consideration of £553,000. A provisional purchase price allocation exercise was undertaken in accordance with IFRS 3 'Business Combinations', which identified net assets acquired of £153,000, resulting in goodwill of £400,000 recognised in the balance sheet. The acquisition was included within the Northgate UK&I segment.

On 28 March 2022, the Group acquired 100% of the equity interests of GRC Public Resources Limited. Purchase consideration of £300,000 was transferred for the provisional fair value of net assets acquired of £365,000, resulting in a gain on bargain purchase of £65,000 recognised in the consolidated income statement.

On 4 September 2020 the Group acquired certain businesses and assets of Nationwide Accident Repair Services by way of a purchase from administrators. Details of this business combination were disclosed in Note 4 to the Group's annual financial statements for the year ended 30 April 2021. During the year ended 30 April 2022 derecognised £290,000 of contingent consideration through the consolidated income statement as a credit to gain on bargain purchase. No further adjustments were made to the fair values of net assets acquired during the 12 month hindsight period following the acquisition.

Notes to the consolidated financial statements continued

5 Segmental reporting

Management have determined the operating segments based upon the information provided to the Board of Directors which is considered to be the chief operating decision maker. The Group identifies three reportable segments, namely Northgate UK&I, Northgate Spain and Redde. The Group is managed and reports internally on a basis consistent with its three main operating divisions and is satisfied that the IFRS 8 aggregation criteria have been met. The principal activities of these divisions are set out in the Strategic Report. Inter-segment transactions are carried out on an arm's length basis and eliminated prior to consolidating Group financial statements.

	Northgate UK&I 2023 £000	Northgate Spain 2023 £000	Redde 2023 £000	Corporate 2023 £000	Eliminations 2023 £000	Total 2023 £000
Revenue: hire of vehicles	357,811	252,691	-	-	-	610,502
Revenue: sale of vehicles	104,945	47,280	669	-	-	152,894
Revenue: claims and services	-	-	726,350	-	-	726,350
External revenue	462,756	299,971	727,019	-	-	1,489,746
Intersegment revenue	9,883	-	42,793	-	(52,676)	-
Total revenue	472,639	299,971	769,812	-	(52,676)	1,489,746
Timing of revenue recognition:						
At a point in time	104,945	47,280	291,996	-	-	444,221
Over time	357,811	252,691	435,023	-	-	1,045,525
External revenue	462,756	299,971	727,019	-	-	1,489,746
Underlying operating profit (loss)	93,382	60,440	44,521	(11,670)	-	186,673
Share of net profit of associates accounted for using the equity method	-	-	2,520	-	-	2,520
Underlying EBIT*	93,382	60,440	47,041	(11,670)	-	189,193
Exceptional items (Note 28)	-	-	-	-	-	(13,491)
Amortisation on acquired intangible assets (Note 13)	-	-	-	-	-	(20,206)
Depreciation adjustment (Note 28)	-	-	-	-	-	46,546
EBIT	-	-	-	-	-	202,042
Finance income	-	-	-	-	-	90
Finance costs (Note 8)	-	-	-	-	-	(23,405)
Profit before taxation	-	-	-	-	-	178,727
Other information						
Capital expenditure	135,512	202,220	138,641	-	-	476,373
Depreciation	50,392	83,837	40,837	-	-	175,066
Reportable segment assets	688,474	569,165	832,128	-	-	2,089,767
Income tax assets	-	-	-	-	-	17,012
Total assets	-	-	-	-	-	2,106,779
Reportable segment liabilities	271,769	297,569	491,516	-	-	1,060,854
Income tax liabilities	-	-	-	-	-	51,330
Total liabilities	-	-	-	-	-	1,112,184

* Underlying EBIT stated below amortisation on acquired intangible assets and exceptional items is the measure used by the Board of Directors to assess segment performance.

Notes to the consolidated financial statements continued

5 Segmental reporting continued

	Northgate UK & I 2022 £000	Northgate Spain 2022 £000	Redde 2022 £000	Corporate 2022 £000	Eliminations 2022 £000	Total 2022 £000
Revenue: hire of vehicles	342,733	220,555	-	-	-	563,288
Revenue: sale of vehicles	111,802	38,137	-	-	-	149,939
Revenue: claims and services	-	-	530,330	-	-	530,330
External revenue	454,535	258,692	530,330	-	-	1,243,557
Intersegment revenue	3,886	-	13,354	-	(17,240)	-
Total revenue	458,421	258,692	543,684	-	(17,240)	1,243,557
Timing of revenue recognition:						
At a point in time	111,802	38,137	178,896	-	-	328,835
Over time	342,733	220,555	351,434	-	-	914,722
External revenue	454,535	258,692	530,330	-	-	1,243,557
Underlying operating profit (loss)	97,957	43,888	31,769	(9,610)	-	164,004
Share of net profit of associates accounted for using the equity method	-	-	3,866	-	-	3,866
Underlying EBIT*	97,957	43,888	35,635	(9,610)	-	67,870
Exceptional items (Note 28)	-	-	-	-	-	2,308
Amortisation on acquired intangible assets (Note 13)	-	-	-	-	-	(19,778)
Gain on bargain purchase (Note 28)	-	-	-	-	-	355
EBIT	-	-	-	-	-	150,755
Finance income	-	-	-	-	-	34
Finance costs (Note 8)	-	-	-	-	-	(18,100)
Profit before taxation	-	-	-	-	-	132,689
Other information						
Capital expenditure	167,514	135,076	121,901	-	-	424,491
Depreciation	82,164	88,647	26,351	-	-	197,162
Reportable segment assets	651,680	466,485	718,141	-	-	1,836,306
Income tax assets	-	-	-	-	-	0,607
Total assets	-	-	-	-	-	1,846,913
Reportable segment liabilities	253,062	224,994	380,395	-	-	858,451
Income tax liabilities	-	-	-	-	-	41,701
Total liabilities	-	-	-	-	-	900,152

* Underlying EBIT stated before amortisation on acquired intangible assets and exceptional items is the measure used by the Board of Directors to assess segment performance.

Segment assets and liabilities exclude current and deferred tax assets and liabilities, since these balances are not included in the segments' assets and liabilities as reviewed by the chief operating decision maker.

Notes to the consolidated financial statements continued

5 Segmental reporting continued Geographical information

Revenues are attributed to countries on the basis of the Group's location.

	Revenue 2023 £000	Non-current assets 2023 £000	Revenue 2022 £000	Non-current assets 2022 £000
United Kingdom and Ireland	1,189,775	1,034,271	984,865	988,099
Spain	299,971	540,353	258,692	445,897
	1,489,746	1,574,624	1,243,557	1,433,996
	United Kingdom and Ireland 2023 £000	Spain 2023 £000	Total 2023 £000	
Revenue from contracts with customers	831,964	47,280	879,244	
Revenue from other sources	357,811	252,691	610,502	
	1,189,775	299,971	1,489,746	
	United Kingdom and Ireland 2022 £000	Spain 2022 £000	Total 2022 £000	
Revenue from contracts with customers	Restated	Restated	Restated	
Revenue from other sources	642,132	38,137	680,269	
	342,733	220,555	563,288	
	984,865	258,692	1,243,557	

1. Prior year comparatives have been restated to reflect £306,330,000 revenue earned in the Reddie division for the provision of credit hire vehicles under revenue from contracts with customers, previously this was reported under revenue from other sources. The total reported revenue, and the presentation of revenue types, has not been impacted by this restatement.

There are no external customers from whom the Group derives more than 10% of total revenue.

Notes to the consolidated financial statements *continued*

6 Operating profit

Operating profit is stated after charging (crediting):

	2023 £000	2022 £000
Depreciation of property, plant and equipment (Note 14)		
Owned		
Relating to leases	135,803	65,632
Reversal of previous impairment of property, plant and equipment (Notes 14 and 28)	39,263	31,530
Amortisation of intangible assets (Note 13)	–	(2,998)
Staff costs (Note 7)	21,408	20,771
Cost of inventories recognised as an expense	270,776	227,744
Net impairment of trade receivables (Note 30)	179,295	85,611
Auditor's remuneration for audit services	8,902	8,255
Auditor's remuneration for non-audit services	1,099	1,047
	62	57
	2023 £000	2022 £000
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	444	385
Fees payable to the Company's auditors and its associates for the audit of the Company's subsidiaries pursuant to legislation	655	662
Total audit fees	1,099	1,047
Audit related assurance services (Review of Interim Financial Statements)	62	57
Total non-audit fees	62	57

Fees payable to PwC and its associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements disc use such fees on a consolidated basis.

A description of the work of the Audit Committee is set out on pages 93 to 97 and includes an explanation of how auditor objectivity and independence are safeguarded when non-audit services are provided by the auditor.

Notes to the consolidated financial statements continued

7 Staff costs

The average monthly number of persons employed by the Group:

By geography:

United Kingdom and Ireland
Spain

	2023 Number	2022 Number
	5,962	4,783
	1,244	1,238
	7,206	6,021
	5,239	4,880
	1,967	1,141
	7,206	6,021

By function:

Direct operations
Administration

	2023 £000	2022 £000
	230,379	194,845
	28,529	23,401
	7,221	5,803
	4,647	3,695
	270,776	227,744

The aggregate remuneration of Group employees comprised:

Wages and salaries
Social security costs
Other pension costs – defined contribution plans
Share based payments

Wages and salaries include £1,276,000 (2022: £1,279,000) in respect of redundancies and loss of office

Details of Directors' remuneration, pension contributions and share options are provided in the Remuneration report on pages 98 to 124.

8 Finance costs

Interest on bank overdrafts and loans
Amortisation of arrangement fees
Interest arising on other lease obligations
Preference share dividends
Other interest

	2023 £000	2022 £000
	16,673	10,683
	2,053	1,951
	4,644	3,962
	25	25
	10	16

Finance costs (excluding exceptional items)

Costs incurred on termination of loan notes
Amortisation of arrangement fees

	2023 £000	2022 £000
	23,405	16,637
	-	1,435
	-	28

Exceptional finance costs (Note 28)

Finance costs

	2023 £000	2022 £000
	23,405	18,100

Notes to the consolidated financial statements continued

9 Taxation

	2023 £000	2022 £000
Current tax:		
UK corporation tax	15,026	17,413
UK adjustment in respect of prior years (including exceptional release of uncertain tax provisions)	359	(2,073)
Foreign tax (including adjustment in relation to prior year)	10,242	7,470
	25,627	22,810
Deferred tax:		
Origination and reversal of timing differences	12,538	(1,087)
Adjustment in respect of prior years	1,010	714
Movement due to change in tax rates	314	8,707
	13,862	8,334
Total tax charge	39,489	31,144

UK corporation tax is calculated at 19.5% (2022: 19%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in those respective jurisdictions.

The net charge for the year can be reconciled to the profit before taxation as stated in the consolidated income statement as follows:

	2023 £000	2023 %	2022 £000	2022 %
Profit before taxation	178,727		132,689	
Tax at the UK corporation tax rate of 19.5% (2022: 19%)	34,852	19.5	25,211	19.0
Tax effect of expenses that are not deductible in determining taxable profit	4,601	2.6	703	0.5
Tax effect of income not taxable in determining taxable profit	(1,443)	(0.8)	(1,396)	(1.1)
Difference in tax rates in overseas subsidiary undertakings	2,478	1.4	1,514	1.1
Net movement on uncertain tax provisions	–	0.0	(563)	(0.4)
Overseas available reliefs	(1,546)	(0.9)	(1,614)	(1.2)
Adjustment in respect of prior years	233	0.1	(1,418)	(1.1)
Rate change	314	0.2	8,707	6.6
Tax charge and effective tax rate for the year	39,489	22.1	31,144	23.5

In addition to the amount charged to the consolidated income statement, a net deferred tax amount of £1,680,000 has been credited (2022: £167,000 charged) directly to equity.

Notes to the consolidated financial statements continued

9 Taxation continued

During the prior year £2,508,000 of uncertain tax provisions was released in respect of the Group financing structure. There are no remaining uncertain tax provisions as at 30 April 2023. There are no deferred tax assets which are not recognised in the balance sheet in the current or prior year.

Based on the expected timing of the reversal of temporary differences, the tax disclosures reflect deferred tax measured at 25% and 19% in the UK (2022: 25% and 19%), depending on whether the charge is to reverse within or after 12 months, and 25% in Spain (2022: 25%).

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the UK corporation tax rate will increase to 25%. On 24 May 2021, the proposal to increase the rate to 25% had been substantively enacted, therefore this rate change was reflected in Group tax balances for the year ended 30 April 2022.

10 Dividends

An interim dividend of 7.5p per ordinary share was paid in January 2023 (2022: 6.0p). The Directors propose a final dividend for the year ended 30 April 2023 of 16.5p per ordinary share (2022: 15.0p), which is subject to approval at the AGM and has not been included as a liability as at 30 April 2023. Based upon the shares in issue at 30 April 2023 and excluding treasury shares and shares in employee trust where dividends are waived, this equates to a final dividend payment of £37m (2022: £35m). No dividends have been paid between 30 April 2023 and the date of signing the financial statements.

11 Earnings per share

Basic and diluted earnings per share

The calculation of basic and diluted earnings per share is based on the following data:

	2023 £000	2022 £000
Earnings		
Earnings for the purposes of basic and diluted earnings per share, being profit for the year attributable to the owners of the Parent Company	139,238	101,545
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	230,778,502	245,997,303
Effect of dilutive potential ordinary shares – share options	6,290,275	5,242,307
Weighted average number of ordinary shares for the purposes of diluted earnings per share	237,068,777	251,239,610
Basic earnings per share	60.3p	41.3p
Diluted earnings per share	58.7p	40.4p

The calculated weighted average number of ordinary shares for the purposes of basic earnings per share includes a reduction of 15,312,921 shares (2022: 94,120) relating to treasury shares acquired during the year and a reduction of 3,411,660 shares (2022: nil) for shares held in employee trusts.

Notes to the consolidated financial statements continued

12 Goodwill

	£000
At 1 May 2021	114,503
Hindsight adjustment to fair value of assets acquired	423
At 30 April 2022 and 1 May 2022	114,926
Acquired through business combinations (Note 4)	3,956
Impairment of NewLaw CGU	(5,009)
At 30 April 2023	113,873

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from the business combination. The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The allocation of goodwill by CGU as follows:

	2023 £000	2022 £000
Northgate Vehicle Hire (UK)	4,012	4,012
Auxillis	74,827	74,827
FMG	31,078	31,078
Blakedale	3,956	–
NewLaw	–	5,009
	113,873	114,926

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the year. The Directors estimate discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are aligned to UK GDP growth rate forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The current year impairment assessment was based on risk adjusted cash flow forecasts derived from a business plan, approved by the Directors in April 2023. The approved business plan includes the three year strategic plan of the Group and a forecast for a further two years.

12 Goodwill continued

The impairment test carried out on the 30 April 2023 determined that the recoverable amount of the NewLaw CGU was £8,099,000, which was lower than the carrying amount of the assets within the CGU. Subsequently, an impairment charge of £5,009,000 (2022: £nil) with respect to goodwill has been recognised in the consolidated income statement. Refer to Note 28 for further information on the impairment loss recognised.

The business plan and growth rate applied to terminal values include management's assessment of the impacts of climate-related issues which could reasonably be assumed to impact the future cash generation of each CGU.

The value in use assessment is sensitive to changes in the key assumptions used, most notably the discount rate and growth rates as follows:

	Goodwill 2023 £000	Pre-tax discount rate %	Growth rate applied to terminal values %	Impact of 1% increase in discount rate on recoverable amount £m	Impact of 1% reduction in growth rate applied to terminal values on recoverable amount £m
Northgate Vehicle Hire (UK)	4,012	11.0%	2.0%	(68.3)	(47.9)
Auxillis	74,827	11.0%	2.0%	(58.0)	(37.5)
FMG	31,078	11.0%	2.0%	(9.2)	(6.1)
Blakedale	3,956	11.0%	2.0%	(3.7)	(2.3)
NewLaw (after the effect of impairment)	-	11.0%	2.0%	(0.5)	(0.3)
	113,873				

The above sensitivity analysis, with no further reasonable changes in assumptions, would result in an impairment charge to the Northgate Vehicle Hire (UK) CGU of £35.2m. The sensitivity analysis, and its assumptions would not result in an impairment charge to the carrying value of goodwill in any of the remaining recognised CGUs.

In the prior year, impairment assessment was based on risk adjusted cash flow forecasts derived from a business plan approved by the Directors in April 2022 using a pre-tax discount rate of 9.9% and pre-tax growth rate of 2.0% for all CGUs. It was concluded that there were no indicators of additional impairment or reversal of impairment of other non-current assets previously charged.

Notes to the consolidated financial statements continued

13 Other intangible assets

	Customer relationships £000	Other software £000	Brand names £000	Total £000
Cost:				
At 1 May 2021	170,600	24,060	13,250	207,910
Acquisition	50	–	100	150
Additions	–	1,373	–	1,373
Disposals	–	(334)	–	(334)
Exchange differences	–	(194)	–	(194)
At 30 April 2022 and 1 May 2022	170,650	24,905	13,350	208,905
Acquisition (Note 4)	4,500	–	400	4,900
Additions	–	1,765	–	1,765
Disposals	–	(426)	–	(426)
Exchange differences	–	307	–	307
At 30 April 2023	175,150	26,551	13,750	215,451
Accumulated amortisation:				
At 1 May 2021	20,254	15,732	1,094	37,080
Charge for the year	17,416	2,337	1,018	20,771
Disposals	–	(167)	–	(167)
Exchange differences	–	(91)	–	(91)
At 30 April 2022 and 1 May 2022	37,670	17,811	2,112	57,593
Charge for the year	17,760	2,308	1,340	21,408
Disposals	–	(24)	–	(24)
Impairment charge (Note 28)	8,277	–	205	8,482
Exchange differences	–	164	–	164
At 30 April 2023	63,707	20,259	3,657	87,623
Carrying amount:				
At 30 April 2023	111,443	6,292	10,093	127,828
At 30 April 2022	132,980	7,094	11,238	151,312
Weighted average remaining amortisation period (years)	6	3	8	

Notes to the consolidated financial statements continued

13 Other intangible assets continued

	2023 £000	2022 £000
Intangible amortisation:		
Included within underlying EBIT	1,202	993
Excluded from underlying EBIT*	20,206	19,778
	21,408	20,771

* Amortisation of intangible assets excluded from underlying EBIT relates to intangible assets recognised on business combinations. Amortisation of acquired intangible assets is not classed as an exceptional item as it is recurring in nature. However, it is excluded from underlying results as it is considered non-operational and would otherwise not present a clear understanding of underlying performance as growth of the business is achieved organically and inorganically. The revenue and costs attached to these acquisitions are included within underlying result.

Refer to Note 28 for further information on the impairment of other intangible assets.

14 Property, plant and equipment

Cost:						
At 1 May 2021	1,370,731	178,183	47,145	3,681	1,599,740	
Acquisition	–	–	3	–	3	
Additions	378,523	37,747	5,025	1,823	423,118	
Exchange differences	(22,498)	(2,346)	(969)	–	(25,813)	
Transfer	168	–	–	(168)	–	
Transfer to inventories	(190,761)	–	–	–	(190,761)	
Disposals	(10,969)	(4,728)	(837)	(1,603)	(18,137)	
At 30 April 2022 and 1 May 2022	1,525,194	208,856	50,367	3,733	1,788,150	
Acquisition	7,203	–	65	83	7,351	
Additions	449,813	18,052	5,984	759	474,608	
Exchange differences	35,555	3,328	1,402	–	40,285	
Transfer	97	–	–	(97)	–	
Transfer to inventories	(275,786)	–	–	–	(275,786)	
Disposals	–	(2,691)	(767)	(367)	(3,825)	
At 30 April 2023	1,742,076	227,545	57,051	4,111	2,030,783	

Notes to the consolidated financial statements continued

14 Property, plant and equipment continued

	Vehicles for hire £000	Land & buildings £000	Plant, equipment & fittings £000	Motor vehicles £000	Total £000
Accumulated depreciation:					
At 1 May 2021	433,391	50,652	30,520	1,257	515,820
Charge for the year	174,637	15,409	5,831	1,285	97,162
Impairment reversal (Note 28)	–	(2,998)	–	–	(2,998)
Exchange differences	(7,708)	(693)	(626)	–	(9,027)
Transfer	77	–	–	(77)	–
Transfer to inventories	(64,989)	–	–	–	(64,989)
Disposals	(7,247)	(826)	(519)	(1,141)	(9,733)
At 30 April 2022 and 1 May 2022	528,161	61,544	35,206	1,324	626,235
Charge for the year	152,715	17,336	3,921	1,094	175,066
Exchange differences	13,120	1,135	970	–	15,225
Transfer	64	–	–	(64)	–
Transfer to inventories	(115,595)	–	–	–	(115,595)
Disposals	–	(2,386)	(485)	(200)	(3,071)
At 30 April 2023	578,465	77,629	39,612	2,154	657,860
Carrying amount:					
At 30 April 2023	1,163,611	149,916	17,439	1,957	1,332,923
At 30 April 2022	997,033	147,312	15,161	2,409	1,161,915

At 30 April 2023, the Group had entered into total contractual commitments amounting to £34,781,000 (2022: £25,561,000). Vehicles for hire includes the previously separately reported categories of property, plant and equipment: vehicles for hire and vehicles for credit hire. These categories have been aggregated as they are similar in nature. The net book value of vehicles for credit hire previously disclosed as a separate category was £108,089,000 as at 30 April 2022.

Land & buildings include the following:

	2023 £000 NBV	2022 £000 NBV
Land and buildings by category:		
Freehold and long leasehold	51,116	50,988
Short leasehold	98,800	96,324
	149,916	147,312

Notes to the consolidated financial statements continued

14 Property, plant and equipment continued

Short leasehold properties include £92,636,000 of leases under IFRS 16 (2022: £90,016,000). Property, plant and equipment include the following right of use leased assets:

	Vehicles for hire £000	Other property, plant and equipment £000	Total £000
Cost:			
At 1 May 2021	66,317	87,548	153,865
Additions	43,663	38,191	81,854
Reclassification to owned assets at end of lease	(7,368)	—	(7,368)
Exchange differences	—	(842)	(842)
Disposals	(9,849)	(4,562)	(14,411)
At 30 April 2022 and 1 May 2022	92,763	120,335	213,098
On Acquisition	7,203	—	7,203
Additions	35,664	17,753	53,417
Reclassification to owned assets at end of lease	(31,653)	—	(31,653)
Exchange differences	—	1,220	1,220
Disposals	(7,206)	(2,827)	(10,033)
At 30 April 2023	96,771	136,481	233,252
Accumulated depreciation:			
At 1 May 2021	11,870	19,619	31,489
Charge for the year	17,652	13,878	31,530
Impairment reversal	—	(2,998)	(2,998)
Reclassification to owned assets at end of lease	(2,254)	—	(2,254)
Exchange differences	—	(228)	(228)
Disposals	(6,948)	(1,400)	(8,348)
At 30 April 2022 and 1 May 2022	20,320	28,871	49,191
Charge for the year	23,559	15,704	39,263
Reclassification to owned assets at end of lease	(4,775)	—	(4,775)
Exchange differences	—	452	452
Disposals	(6,141)	(2,441)	(8,582)
At 30 April 2023	32,963	42,586	75,549
Carrying amount:			
At 30 April 2023	63,808	93,895	157,703
At 30 April 2022	72,443	91,464	163,907

Notes to the consolidated financial statements continued

15 Interest in associates

The Group has interest in associates, which comprise a minority participation in five (2022: five) active Limited Liability Partnerships (LLPs) registered and situated in the United Kingdom. All of the LLPs are engaged in the processing of legal claims and are regulated by the Solicitors Regulation Authority. The LLPs are businesses over which the Group is deemed to have significant influence but which it does not control.

Interest in associates is as follows:

	£000
At 1 May 2021	6,047
Group's share of:	
Profit from continuing operations	3,866
Distributions from associates	(4,070)
At 30 April 2022 and 1 May 2022	5,343
Group's share of:	
Profit from continuing operations	2,520
Distributions from associates	(3,156)
At 30 April 2023	5,207

Details of the Group's associates, being interests in the following LLPs of which a Group company is a designated Principal Member, at 30 April 2023 are as follows:

Name	Registered office
Ageas Law LLP	Helmont House, Churchill Way, Cardiff, CF10 2HE
Carol Nash Legal Services LLP	Helmont House, Churchill Way, Cardiff, CF10 2HE
Interresolve Law LLP (Dormant)	Helmont House, Churchill Way, Cardiff, CF10 2HE
RCN Law LLP	Helmont House, Churchill Way, Cardiff, CF10 2HE
Your Law LLP	Helmont House, Churchill Way, Cardiff, CF10 2HE

The Group, through NewLaw Legal Limited (NewLaw), is a designated member of each of the above LLPs (which are considered to be joint operations) and has contributed 50% of the capital for each of those LLPs (usually amounting to £1 for each LLP). NewLaw supplies legal processing services to each LLP. Each member firm of the LLPs is required to appoint individuals to the management board of the LLPs but NewLaw does not appoint or control the majority of individuals to these boards who are ultimately responsible for the day to day operations, decision making and strategic development of the LLPs and therefore NewLaw is not considered to have overall control of the LLPs. Accordingly, the Group only accounts for the results of these joint operations as associated company income based upon the (variable) share of the net income generated by way of profit share after the deduction of any other fixed allocations of such income.

Notes to the consolidated financial statements continued

16 Inventories

	2023 £000	2022 £000
Vehicles held for resale		
Spare parts and consumables	41,388	11,926
	13,149	6,770
	54,537	18,696

Replacement cost is considered not to significantly differ from carrying value as stated above.

17 Receivables and contract assets

	2023 £000	2022 £000
Trade receivables	116,277	97,223
Contract assets – claims due from insurance companies and self-insuring organisations	240,595	193,834
Other receivables and prepayments	84,405	67,996
	441,277	359,053

Allowances for estimated irrecoverable amounts and the Group's credit risk are considered in Note 30.

The Directors consider that the carrying amount of receivables and contract assets approximates to their fair value.

Contract assets – claims due from insurance companies and self-insuring organisations

An analysis of claims from insurance companies is given below:

	2023 £000	2022 £000	2023 %	2022 %
Pending claims				
Between 1 and 120 days old	27,519	23,985	11	13
More than 120 days old	103,817	70,451	44	36
	109,259	99,398	45	51
Total	240,595	193,834	100	100

Risk is spread primarily across the major UK based motor insurance companies in proportion to their respective share of the market. No credit insurance is taken out, given the regulated nature of these entities. The Group does not have a significant concentration of credit risk, with exposure spread across a large number of insurer counterparties. The most significant five insurers represented 31% (2022: 38%) of contract assets. The measurement of contract assets changes from period to period due to the estimation uncertainty.

The carrying value of contract assets, in relation to insurance claims of £240,595,000 (2022: £193,834,000), has increased mainly as a result of new business volumes. An adjustment of £4.6m was made in the 12 months to 30 April 2023 for claims that were settled at a higher net amount than the carrying value at 30 April 2022 (£2.0m for claims that were settled at a higher net amount than the carrying value at 30 April 2021).

Notes to the consolidated financial statements continued

18 Trade and other payables

	2023 £000	2022 £000
Trade payables	164,008	99,122
Social security and other taxes	31,918	16,106
Accruals and deferred income	148,941	136,114
	344,867	251,342
Less than one year	344,867	246,833
In one year to five years	–	3,070
More than five years	–	1,439
Total due in more than one year	–	4,509

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

19 Provisions

	2023 £000	2022 £000
Dilapidation provisions	7,431	–
	7,431	–
Less than one year	822	–
In one year to five years	3,792	–
More than five years	2,817	–
Total due in more than one year	6,609	–

Dilapidation provisions are estimates of the Groups legal obligations of future outflows from occupancy of buildings and other premises. These balances typically include estimates based on external and internal sources of information and, where appropriate, reports from third-party advisers. The timing of outflows is assumed to be upon termination of the Groups right to occupy buildings and other premises. Dilapidation provisions were reclassified from accruals and deferred income on 30 April 2023.

20 Borrowings

The Directors consider that the carrying amounts of the Group's borrowings approximate to their fair value.

	2023 £000	2022 £000
Bank loans and overdrafts	220,844	127,365
Loan notes	329,854	314,264
Cumulative preference shares	500	500
Confirming facilities	593	700
	551,791	442,829

Notes to the consolidated financial statements continued

20 Borrowings continued

The borrowings are repayable as follows.

On demand or within one year (shown within current liabilities)

Bank loans and overdrafts
Confirming facilities

	2023 £000	2022 £000
Bank loans and overdrafts	13,486	20,307
Confirming facilities	593	700
	14,079	21,007

In the second year

Bank loans
Loan notes

Bank loans	—	—
Loan notes	—	—

In the third to fifth years

Bank loans
Loan notes

Bank loans	213,818	114,563
Loan notes	132,075	—
	345,893	114,563

Due after more than five years

Loan notes
Cumulative preference shares

Loan notes	198,113	314,655
Cumulative preference shares	500	500
	198,613	315,155

Unamortised finance fees relating to the bank loans and loan notes

Total borrowings	(6,794)	(7,896)
Less: Amounts due for settlement within one year (shown within current liabilities)	551,791	442,829
Amounts due for settlement after more than one year	14,079	21,007
	537,712	421,822

The UK bank loans and overdrafts, totalling £227,304,000 (gross of unamortised fees) at 30 April 2023, would become repayable in full in the event of a change in control of the Group. The holders of the loan notes, totalling £330,188,000 (gross of unamortised fees) at 30 April 2023, would have to be offered full repayment in the event of a change in control of the Group.

Bank loans

Bank loans are unsecured and bear interest at rates of 0.95% to 1.95% (2022: 0.90% to 1.95%) above the relevant interest rate index, being SONIA for Sterling denominated debt and EURIBOR for Euro denominated debt, subject to a floor of 0%. Bank loans facilities mature in November 2026.

Loan notes

The Group has £329,854,000 (2022: £314,655,000) of loan notes which bear interest at a blended rate of 1.3% (2022: 1.3%). These are unsecured and are repayable in November 2027, November 2029 and November 2031.

Notes to the consolidated financial statements continued

20 Borrowings continued

Cumulative preference shares

The cumulative preference shares of 50p each entitle the holder to receive a cumulative preferential dividend at the rate of 5% on the paid up capital and the right to a return of capital if either winding up or a repayment of capital. The cumulative preference shares do not entitle the holders to any further or other participation in the profits or assets of the Group. These shares have no voting rights other than in exceptional circumstances.

The total number of authorised cumulative preference shares of 50p each is 1,300,000 (2022: 1,300,000), of which 1,000,000 (2022: 1,000,000) were allotted and fully paid at the balance sheet date.

Confirming facilities

Spanish confirming facilities of £593,000 (2022: £700,000) are unsecured and all fall due within one year. The Group pays no interest on confirming facilities.

Total borrowing facilities

The Group has various borrowing facilities available to it. The undrawn facilities (not including cash available to offset) at the balance sheet date, in respect of which all conditions precedent had been met at that date, are as follows:

	2023 £000	2022 £000
Less than one year	17,163	6,071
In one year to five years	261,183	360,437
	278,346	366,508

The above undrawn amounts exclude £11,681,000 (2022: £15,769,000) of net cash and overdraft balances available to offset against those facilities. The total amount permitted to be borrowed by the Company and its subsidiary undertakings in terms of the Articles of Association shall not exceed six times the aggregate of the issued share capital of the Company and Group reserves, as defined in those Articles.

Analysis of consolidated net debt

An analysis of movements in the Group's consolidated net debt is as follows:

	At 1 May 2022 £000	Cash flow £000	Other non-cash changes £000	Foreign exchange movements £000	At 30 April 2023 £000
Bank loans	118,573	96,807	1,436	1,587	218,403
Bank overdrafts	8,792	(6,532)	—	281	2,441
Loan notes	314,264	—	(333)	15,923	329,854
Lease liabilities	164,279	(65,110)	56,803	793	156,765
Cumulative preference shares	500	—	—	—	500
Confirming facilities	700	—	(140)	33	593
	607,108	25,065	57,766	18,617	708,556
	(24,561)	10,503	—	(64)	(14,122)
Cash and bank balances					
	582,547	35,568	57,766	18,553	694,434
Consolidated net debt					

Notes to the consolidated financial statements continued

20 Borrowings continued

Analysis of consolidated net debt continued

Borrowings are designated as financial liabilities carried at amortised cost.

	At 1 May 2021 £000	Cash flow £000	Other non-cash changes £000	Foreign exchange movements £000	At 30 April 2022 £000
Bank loans	320,991	(198,481)	(3,163)	(774)	118,573
Bank overdrafts	4,348	5,025	—	(581)	8,792
Loan notes	86,817	238,919	(391)	(11,081)	314,264
Lease liabilities	128,468	(43,659)	80,098	(628)	164,279
Cumulative preference shares	500	—	—	—	500
Confirming facilities	388	—	329	(17)	700
Cash and bank balances	541,512	1,804	76,873	(13,081)	607,108
Consolidated net debt	(11,169)	(13,825)	—	433	(24,561)
	530,343	(12,021)	76,873	(12,648)	582,547

The Group calculates gearing to be net borrowings (including lease obligations) as a percentage of shareholders' funds less goodwill and the net book value of intangible assets, where net borrowings comprise borrowings and lease obligations less cash and bank balances. At 30 April 2023, the gearing of the Group amounted to 92.2% (2022: 85.6%), where net borrowings (including lease obligations) are £694,434,000 (2022: £582,547,000) and shareholders' funds less goodwill and the net book value of intangible assets are £752,894,000 (2022: £680,523,000).

Financial assets

The Group's principal financial assets are cash and bank balances, and receivables and contract assets.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The Group has credit insurance policies in place to partially mitigate this risk.

Treasury policies and the management of risk

The function of Group Treasury is to mitigate financial risk, to ensure sufficient liquidity is available to meet foreseeable requirements, to secure finance at minimum cost and to invest cash assets securely and profitably. Treasury operations manage the Group's funding, liquidity and exposure to interest rate risks within a framework of policies and guidelines authorised by the Board of Directors.

The Group uses derivative financial instruments for risk management purposes only. Consistent with Group policy, Group Treasury does not engage in speculative activity and it is policy to avoid using more complex financial instruments.

The policy followed in managing credit risk permits only minimal exposures, with banks and other institutions meeting required standards as assessed normally by reference to major credit rating agencies. Deals for material deposits are authorised only with banks with which dealing mandates have been agreed and which maintain an A rating. Individual aggregate credit exposures are limited accordingly.

Notes to the consolidated financial statements continued

20 Borrowings continued

Analysis of consolidated net debt continued

Financing and interest rate risk

The Group's policy is to finance operating subsidiary undertakings by a combination of retained earnings and medium term bank loans and loan notes.

Cash at bank, and on deposit, yields interest based principally on interest rate indices applicable to periods of less than three months, those indices being SONIA for sterling denominated cash and EURIBOR for Euro denominated cash. The Group's exposure to interest rate fluctuations on its borrowings is limited by having fixed rate financial instruments covering a significant proportion of borrowings. At 30 April 2023, 61.6% (2022: 76.0%) of net borrowings (excluding unamortised finance fees and including leases arising under HP obligations) were at fixed rates of interest comprising loan notes of £330,188,000, £500,000 of preference shares, £593,000 of confirming facilities and leases arising under HP obligations of £10,998,000. 30 April 2022: loan notes of £314,655,000, £500,000 of preference shares, £700,000 of confirming facilities and leases arising under HP obligations of £33,835,000).

Foreign currency exchange risk

The Group maintains borrowings in the same currency as its cash requirements, with the exception of borrowings maintained in Euros as net investment hedges against its Euro denominated investments (Note 22).

An analysis of the Group's borrowings and lease obligations by currency is given below:

	Sterling £000	Euro £000	Total £000
At 30 April 2023			
Bank loans	177,186	41,217	218,403
Bank overdrafts	–	2,441	2,441
Loan notes	–	329,854	329,854
Lease liabilities	139,992	16,773	156,765
Cumulative preference shares	500	–	500
Confirming facilities	–	593	593
	317,678	390,878	708,556
At 30 April 2022			
Bank loans	75,417	43,156	118,573
Bank overdrafts	526	8,266	8,792
Loan notes	–	314,264	314,264
Lease liabilities	148,185	16,094	164,279
Cumulative preference shares	500	–	500
Confirming facilities	–	700	700
	224,628	382,480	607,108

Notes to the consolidated financial statements continued

21 Leases

As lessee

Lease liabilities are presented in the statement of financial position as follows:

	2023 £000	2022 £000
Current	49,493	52,524
Non-current	107,272	111,755
	156,765	164,279

The tables below describe the nature of the Group's leasing activities by the type of right-of-use asset recognised:

At 30 April 2023	Number of right-of-use assets leased	Range of remaining term (years)	Average remaining lease term (years)	Carrying value at 30 April 23 £000	Depreciation expense for period to 30 April 23 £000
Land and buildings	179	1-99	8	92,603	14,844
Own use vehicles	2,360	1-3	2	10,778	860
Vehicles for hire	8,275	0-4	2	48,241	23,559

At 30 April 2022	Number of right-of-use assets leased	Range of remaining term (years)	Average remaining lease term (years)	Carrying value at 30 April 22 £000	Depreciation expense for period to 30 April 22 £000
Land and buildings	183	1-99	4	90,016	12,824
Own use vehicles	172	1-3	2	1,449	1,034
Vehicles for hire	9,297	1-4	2	72,442	17,652

The lease liabilities are secured by the related underlying assets. Future minimum lease payments are as follows:

	<1 year £000	1-2 years £000	2-5 years £000	>5 years £000	Total £000
At 30 April 2023					
Lease payments:					
Total lease payments	53,679	35,382	40,460	48,128	177,649
Finance charges:					
Total finance charges	(4,186)	(2,593)	(4,121)	(9,984)	(20,884)
Net present values	49,493	32,789	36,339	38,144	156,765

Notes to the consolidated financial statements continued

21 Leases continued As lessee continued

At 30 April 2022	<1 year £000	1-2 years £000	2-5 years £000	>5 years £000	Total £000
Lease payments:					
Total lease payments	56,063	40,834	39,329	47,574	183,800
Finance charges:					
Total finance charges	(3,539)	(2,524)	(4,049)	(9,409)	(19,521)
Net present values	52,524	38,310	35,280	38,165	164,279

The total cash outflow for leases in 2023 was £69,754,000 (2022: £65,000,000).

Lease payments not recognised as a liability

The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less). Payments made under such leases totalling £22,595,000 (2022: £17,001,000) were expensed on a straight line basis over the lease term.

The Group has elected not to recognise a lease liability for leases of low value assets. Payments made under such leases totalling £298,000 (2022: £378,000) were expensed on a straight line basis over the lease term.

As lessor

The revenue of the Group is principally generated from the hire of vehicles under operating lease arrangements. For the majority of vehicles hired, there is no minimum contracted rental period. The revenue of the Group under these arrangements is as shown in the consolidated income statement. There are no contingent rentals recognised in income.

22 Derivative financial instruments

Net investment hedges

The Group manages its exposure to currency fluctuations on retranslation of the balance sheets of those subsidiary undertakings whose functional currency is in Euros by maintaining a proportion of its borrowings in the same currency. The hedging objective is to reduce the risk of spot retranslation of the Euro subsidiaries from Euros to Sterling at each reporting date.

At 30 April 2023, the nominal amount attributable to the hedging instrument equated to £361,005,000 (2022: £348,218,000). Exchange differences arising on the borrowings and net investment hedges have been recognised directly within equity along with the exchange differences on retranslation of the net assets of the Euro subsidiaries. The hedges are considered highly effective in the current and prior year.

Notes to the consolidated financial statements continued

23 Deferred tax

The following are the major deferred tax liabilities and (assets) recognised by the Group and movements thereon during the current and prior year:

	Accelerated capital allowances £000	Revaluation of buildings £000	Share based payments £000	Intangible assets £000	Losses £000	Other temporary differences £000	Total £000
At 1 May 2021	(1,515)	348	(1,017)	31,450	(1,907)	(713)	26,646
Acquisition	(6)	—	—	29	(80)	—	(57)
Charge (credit) to income	3,544	—	(713)	5,109	634	(240)	8,334
Charge to equity	—	—	167	—	—	—	167
Exchange differences	39	(12)	—	1	16	66	110
At 30 April 2022 and 1 May 2022	2,062	336	(1,563)	36,589	(1,337)	(887)	35,200
Acquisitions	771	—	—	1,203	—	—	1,974
Charge (credit) to income	18,723	—	(348)	(4,270)	1,026	(1,553)	13,578
Credit to equity	—	—	(1,680)	—	—	—	(1,680)
Rate change	1,736	—	—	(1,553)	148	(17)	314
Exchange differences	(39)	16	—	(1)	(8)	(105)	(137)
At 30 April 2023	23,253	352	(3,591)	31,968	(171)	(2,562)	49,249

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. The analysis of the deferred tax balances after offset is as follows:

	Total £000
At 30 April 2023	
Deferred tax assets	(2,061)
Deferred tax liabilities	51,310
Net deferred tax liabilities	49,249
At 30 April 2022	
Deferred tax assets	(3,175)
Deferred tax liabilities	38,375
Net deferred tax liabilities	35,200

Net deferred tax assets classified as other temporary differences are £1,845,000 (2022: £938,000).

24 Share capital

	Number of shares	£000
At 1 May 2021, 30 April 2022 and at 30 April 2023	246,091,423	123,046

The Group has one class of ordinary shares with a par value of 50p.

Notes to the consolidated financial statements continued

25 Share premium account

At 1 May 2021, 30 April 2022 and at 30 April 2023	£000
	113 510

26 Treasury shares and own shares reserve

Movements on the treasury shares reserve and own shares reserve are shown in the Statements of changes in equity, which can be seen on page 145. Further information on these reserves is given below:

Treasury shares reserve

The reserve for the Company's treasury shares comprises the cost of the Company's shares held by the Group. At 30 April 2023, the Group held 16,877,571 of the Company's shares (2022: 1,825,991). The total number of shares held in treasury represents 6.9% (2022: 0.7%) of the allotted and fully paid share capital of the Group.

Own shares reserve

The own shares reserve represents shares held by employee trusts in order to meet commitments under the Group's various share schemes (Note 29). At 30 April 2023, the Guernsey Trust held 2,692,156 (2022: 4,540,552) 50p ordinary shares and the YBS Trust held 113,030 (2022: 77,592) 50p ordinary shares. The total number of shares held by these employee trusts represents 1.1% (2022: 1.9%) of the allotted and fully paid share capital of the Group.

The results of the trusts are consolidated into the results of the Group in accordance with IFRS 10 "Consolidated Financial Statements".

27 Translation reserve and other reserves

Translation reserve

The translation reserve represents the aggregate of the cumulative exchange differences arising from the retranslation of the balance sheets of the Euro based subsidiary undertakings and the cumulative exchange differences arising from long term borrowings held as hedges.

The management of the Group's foreign exchange translation risks is detailed in Note 22.

At 1 May 2021	(£,190)
Exchange differences recognised in total comprehensive income	(4,443)
30 April 2022	(8,633)
Exchange differences recognised in total comprehensive income	5,948
30 April 2023	(2,685)

Notes to the consolidated financial statements continued

27 Translation reserve and other reserves continued

Other reserves

	Capital redemption reserve £000	Revaluation reserve £000	Merger reserve £000	Other reserve £000	Total other reserves £000
At 1 May 2021	40	1,142	67,463	261,831	330,476
Foreign exchange differences	—	(41)	—	—	(41)
At 30 April 2022	40	1,101	67,463	261,831	330,435
Foreign exchange differences	—	54	—	—	54
At 30 April 2023	40	1,155	67,463	261,831	330,489

Merger reserve

The merger reserve arose from acquisitions in previous years.

Other reserve

In the year ended 30 April 2020, the consideration for the acquisition of Redde plc was settled through the issue of 112,858,905 ordinary shares of the Company. Holders of Redde plc shares received 0.3669 shares in the Company for each Redde plc share held by them. 112,858,197 shares were issued to holders of Redde plc shares, and where there were fractions of shares that could not be allocated to the holders of Redde plc shares, the total of these fractions of shares was sold in the market. The number of these shares was 708. The other reserve represents the excess of the share price on 21 February, 282p over the nominal share price of 50p. The share premium represents the excess of the share price of 251p at the time of the sale of these shares over the nominal share price of 50p. The Company has recorded the premium for the issue of shares for the acquisition of Redde in other reserves in accordance with Section 612 of the Companies Act 2006 in respect of merger relief.

Notes to the consolidated financial statements continued

28 Exceptional items

	2023 £000	2022 £000
Impairment of goodwill	5,009	–
Impairment of other intangibles	8,482	–
Reversal of previous impairment of property, plant and equipment	–	(2,998)
Other costs	–	590
Exceptional administrative expenses (credits)	13,491	(2,308)
Impairment of NewLaw intangibles	13,491	–
Restructuring credits	–	(3,545)
FMG RS set up and integration costs	–	1,237
Exceptional administrative expenses (credits)	13,491	(2,308)
Gain on bargain purchase	–	(355)
Total exceptional items included within EBIT	13,491	(2,663)
Exceptional finance costs; refinancing expenses	–	1,463
Total pre-tax exceptional items	13,491	(1,200)
Tax (credits) charge relating to exceptional items	(2,065)	228
Cash expenses	–	2,125
Non-cash expenses (credits)	13,491	(3,325)
Total pre-tax exceptional items	13,491	(1,200)

Details of exceptional items recognised in the consolidated income statement are as follows:

Impairment of the NewLaw business

Following a strategic business review, the carrying amount of assets relating to the NewLaw CGU was considered to be below its recoverable amount and therefore an impairment charge of £5,009,000 (2022: £nil) and £8,482,000 (2022: £nil), for goodwill and other intangibles respectively, was recognised as an exceptional item in the consolidated income statement (see Note 12). The Group also reassessed the useful lives of property, plant and equipment relating to the NewLaw CGU and determined that no change in the useful lives is required.

Notes to the consolidated financial statements continued

28 Exceptional items continued

Amortisation on acquired intangible assets

Amortisation on acquired intangible assets of £20,206,000 (2022: £19,778,000) is not classified as an exceptional item as it is recurring. However, it is excluded from underlying results in order to provide a better comparison of results between periods as the Group grows through a combination of organic and inorganic growth. The revenue and operating costs of these acquisitions are included within underlying results. Amortisation of intangible assets of £1,202,000 (2022: £993,000) which does not relate to acquisitions is included within underlying profit.

Depreciation rate changes

The Group has adjusted the depreciation rates from 1 May 2022 on vehicles remaining on the fleet which were purchased before FY2021. This adjustment is explained further in the Finance review on pages 30 to 37. The depreciation adjustment is a credit to the consolidated income statement of £46,546,000 (2022: £nil). This adjustment is not classified as an exceptional item, however, it is excluded from underlying results in order to provide a better comparison of results between periods.

Prior year exceptionals

Restructuring credits

In 2022 the Group recognised exceptional restructuring credits of £3,545,000 of which a credit of £3,280,000 arose in Readde and a credit of £265,000 in Northgate UK&I. These costs were incurred in relation to restructuring activities that were undertaken during the year as part of the integration and reorganisation of the Group.

FMG RS set up and integration costs

In 2022 the Group incurred costs of £1,237,000 in relation to the set up of FMG RS and integration of the business, including redundancies.

Gain on bargain purchase

In 2022 a gain on bargain purchase of £355,000 was recognised to the extent that the fair value of net assets acquired from acquisitions were lower than the fair value of consideration.

Refinancing expenses

In 2022 the Group incurred exceptional financing costs of £1,463,000 attributable costs incurred on termination of loan notes and amortisation of arrangement fees as a result of the refinancing which took place in November 2021.

29 Share based payments

The Group's and Company's various share incentive plans are explained in the Remuneration report on pages 98 to 124.

All options granted under the DABP, MPSP, EPSP and EAP are nil cost options. Options granted under the SAYE Scheme have exercise prices ranging from £2.12 to £2.69.

The All Employee Share Scheme (AESS) has a 12 month accumulation period. Partnership shares are purchased by the employee at the end of the accumulation period from the amount contributed by the employee during that period. The Group allocates an amount of free matching shares equivalent to the number of partnership shares purchased. The vesting period for matching shares is three years.

Matching shares are forfeited if the employee either sells the related partnership shares or leaves the Group before the three years have lapsed.

The Board may make discretionary awards of free shares to eligible employees. Employees must remain in employment of the Group during the vesting period of three years in order to receive the free shares.

The SAYE Scheme has a three year savings period where employees save at an agreed rate. At the end of the savings period, employees can choose to either exercise options or withdraw their savings.

Notes to the consolidated financial statements continued

29 Share based payments continued

Details regarding the plans in the year ended 30 April 2023 are outlined below:

At 1 May 2022	DABP Number of share options	MPSP Number of share options	Free shares Number of free shares	EPSP Number of share options	AESS Number of matching shares	SAYE Number of share options
Granted/allocated during the year	39,133	9,406	148,960	3,735,627	222,257	2,351,244
Exercised/vested during the year	–	–	863,500	925,504	–	1,468,734
Forfeited/lapsed during the year	(2,354) (14,957)	(6,610) (2,796)	(134,799) (60,286)	(106,910) (235,365)	(90,772) (19,765)	(602,047) (315,833)
At 30 April 2023	21,822	–	817,375	4,318,856	111,720	2,902,118
Exercisable at the end of the year	21,822	–	–	88,632	–	5,332

Weighted average remaining contractual life at the end of the year
Weighted average share price at the date of exercise of options in the year

Date options granted/allocated during the year

Aggregate estimated fair value of options at the date of grant

The inputs into the Black-Scholes/Monte Carlo model were as follows:

Weighted average share price

Weighted average exercise price

Expected volatility

Expected life

Risk free rate

Expected dividends

	DABP 2023	MPSP 2023	Free Shares 2023	EPSP 2023	AESS 2023	SAYE 2023
Weighted average remaining contractual life at the end of the year	3.6 years	–	2.6 years	7.9 years	0.7 years	1.5 years
Weighted average share price at the date of exercise of options in the year	£3.33	£3.67	£3.87	£3.26	£4.24	£3.36
Date options granted/allocated during the year			Dec 2022	July 2022		Aug 2022
Aggregate estimated fair value of options at the date of grant			£2,017,000	£2,382,000		£1,973,000
The inputs into the Black-Scholes/Monte Carlo model were as follows:						
Weighted average share price			£3.97	£3.36		£3.74
Weighted average exercise price			£nil	£nil		£2.69
Expected volatility			113.56%	74.92%		75.0%
Expected life			3 years	3 years		3 years
Risk free rate			3.1%	1.8%		1.5%
Expected dividends			5.8%	5.4%		5.4%

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous three years.

Details regarding the plans in the year ended 30 April 2022 are outlined below:

At 1 May 2021	DABP Number of share options	MPSP Number of share options	Free shares Number of free shares	EPSP Number of share options	AESS Number of matching shares	SAYE Number of share options
Granted/allocated during the year	62,616	16,272	174,979	3,328,326	341,790	2,711,092
Exercised/vested during the year	–	–	–	747,752	–	–
Forfeited/lapsed during the year	(19,762) (3,721)	(6,866) (–)	(2,499) (23,520)	(75,100) (265,351)	(81,621) (37,912)	(61,396) (298,452)
At 30 April 2022	39,133	9,406	148,960	3,735,627	222,257	2,351,244
Exercisable at the end of the year	39,133	9,406	–	85,725	–	13,447

Notes to the consolidated financial statements continued

29 Share based payments continued

Weighted average remaining contractual life at the end of the year
Weighted average share price at the date of exercise of options in the year
Date options granted/allocated during the year

Aggregate estimated fair value of options at the date of grant

The inputs into the Black-Scholes/Monte Carlo model were as follows:

Weighted average share price
Weighted average exercise price
Expected volatility
Expected life
Risk free rate
Expected dividends

DABP 2022	MFSP 2022	Free Shares 2022	EPSP 2022	AESS 2022	SAVE 2022
4.4 years	0.3 years	0.3 years	8.5 years	1.3 years	1.4 years
£4.11	£4.34	£4.07	£4.12	£4.22	£3.97
			August 2021		
			£2,408,000		
			£4.30		
			£nil		
			75.06%		
			3 years		
			0.31%		
			5.44%		

In addition, 98,348 options were awarded in 2023 under the EAB (2022: 61,789 options). These all vested immediately and were valued based on the share price at the grant date for each grant. The shares will be held in trust for the required three year holding period or until the employee leaves employment with the Group, whichever is sooner.

30 Financial instruments

The following disclosures and analysis relate to the Group's financial instruments.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 20, cash and cash equivalents and equity attributable to equity holders of the Parent, comprising issued share capital, reserves and retained earnings as disclosed in Notes 24 to 27.

Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

Net investment hedges

The Group manages its exposure to currency fluctuations on retranslation of the balance sheets of those subsidiary undertakings whose functional currency is in Euros by maintaining a proportion of its borrowings in the same currency. The hedging objective is to reduce the risk of spot retranslation of the Euro subsidiaries from Euros to Sterling at each reporting date. Exchange differences arising on the borrowings and net investment hedges have been recognised directly within equity along with the exchange differences on retranslation of the net assets of the Euro subsidiaries.

The hedges are considered highly effective in the current and prior year.

Notes to the consolidated financial statements continued

30 Financial instruments continued

Foreign currency sensitivity analysis

During the year, the Group has been exposed to movements in the exchange rate between Euro and Sterling, where Sterling is the functional currency of the Group.

The following tables detail the Group's sensitivity to a €0.20 (2022: €0.20) increase and decrease in the Euro/Sterling exchange rate.

A €0.20 (2022: €0.20) movement in the rate in either direction is management's assessment of the reasonably possible change in foreign exchange rates in the near term. The sensitivity analysis only includes any outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a €0.20 (2022: €0.20) change in foreign currency rates.

2023	As stated in Annual Report and Accounts £000	As would be stated if €0.20 increase £000	As would be stated if €0.20 decrease £000
Profit before taxation	178,727	169,769	191,454
Total equity	994,595	969,094	1,031,000
2022	As stated in Annual Report and Accounts £000	As would be stated if €0.20 increase £000	As would be stated if €0.20 decrease £000
Profit before taxation	132,689	126,728	141,084
Total equity	946,761	926,968	974,537

Interest rate risk management

The Group is exposed to interest rate risk, as entities within the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings and by the use of interest rate swap contracts if necessary. Hedging activities are reviewed regularly to align with interest rate views and defined risk appetite, ensuring optimal hedging strategies are applied.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The sensitivity analysis below have been determined on the exposure to interest rates for floating rate liabilities and related derivatives. For the floating rate liabilities, the analysis is prepared on the basis of both the average liability outstanding over the year and the average rate applicable for the year. In all instances it is assumed that any derivatives designated in hedging relationships are 100% effective.

A 1.0% (2022: 1.0%) increase or decrease has been used in the analysis and represents management's best estimate of a reasonably possible change in interest rates in the near term.

2023	As stated in Annual Report and Accounts £000	As would be stated if 1.0% increase £000	As would be stated if 1.0% decrease £000
Profit before taxation	178,727	176,651	180,805
Total equity	994,595	993,039	996,155

Notes to the consolidated financial statements continued

30 Financial instruments continued Interest rate sensitivity analysis continued

2022	As stated in Annual Report and Accounts £000	As would be stated if 1.0% increase £000	As would be stated if 1.0% decrease £000
Profit before taxation	132,689	130,145	135,232
Total equity	946,761	944,701	948,821

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and financial liabilities. Included in Note 20 is a description of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

Liquidity and interest risk tables

The following tables detail the Group's and Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay. The tables include both interest and principal cash flows. All interest cash flows and the weighted average effective interest rate have been calculated using interest rate conditions prevailing at the balance sheet date.

Group 2023	Weighted average effective interest rate	<1 year £000	2nd year £000	3-5 years £000	>5 years £000	Total £000
Non-interest bearing	0.00%	167,042	–	–	–	167,042
Fixed interest rate instruments	1.33%	4,386	4,386	145,207	205,731	359,710
Variable interest rate instruments	5.89%	23,876	12,827	234,165	–	270,868
		195,304	17,213	379,372	205,731	797,620

Group 2022	Weighted average effective interest rate	<1 year £000	2nd year £000	3-5 years £000	>5 years £000	Total £000
Non-interest bearing	0.00%	108,201	–	–	–	108,201
Fixed interest rate instruments	1.33%	4,181	4,181	12,542	326,095	346,999
Variable interest rate instruments	2.32%	14,344	2,831	119,051	–	136,226
		126,726	7,012	131,593	326,095	591,426

Notes to the consolidated financial statements continued

30 Financial instruments continued

Fair value of financial instruments

The Group is required to analyse financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

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

All the financial instruments below are categorised as Level 2. The fair values of financial assets and financial liabilities are determined as follows:

- Derivative financial instruments are measured at the present value of future cash flows estimated and discounted based on applicable yield curves derived from quoted interest rates.
- The fair values of other non-derivative financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values or, in the case of interest rate and cross currency swaps, are held at fair value.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group's credit risk is primarily attributable to its trade receivables. The trade receivables amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made using the simplified model applicable to trade receivables as per IFRS 9.

	2023 £000	2022 £000
Trade receivables		
Trade receivables (maximum exposure to credit risk)	140,866	126,169
Allowance for doubtful receivables	(24,589)	(28,946)
	116,277	97,223
Ageing of trade receivables not impaired		
Not overdue	71,948	59,422
Past due not more than two months	30,981	24,734
Past due more than two months but not more than four months	6,613	5,944
Past due more than four months but not more than six months	6,735	7,123
Total	116,277	97,223

Notes to the consolidated financial statements continued

30 Financial instruments continued

Credit risk management continued

Before accepting any new customers, the Group will perform credit analysis to assess the credit risk on an individual basis. This enables the Group only to deal with creditworthy customers, therefore reducing the risk of financial loss from defaults. Of the trade receivables balance at the end of the year, £2,107,000 (2022: £2,764,000) is due from the Group's largest customer. There are no customers which represent more than 5% of the total balance of trade receivables.

The Group has no significant concentration of credit risk as trade receivables consist of a large number of customers, spread across diverse industries and geographic areas in Northgate UK&I and Northgate Spain.

Movement in the allowance for doubtful receivables

	2023 £000	2022 £000
At 1 May		
Impairment losses recognised	28,946	27,277
Amounts written off as uncollectable	11,822	12,069
Impaired losses reversed	(13,957)	(6,048)
Exchange differences	(2,920)	(3,814)
	698	(538)
At 30 April	24,589	28,946

Net impairment of trade receivables as at 30 April 2023 totalled £8,902,000 (2022: £8,255,000). In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and mainly unrelated. Accordingly, the Directors believe that there is no further credit provision required in excess of the allowance for doubtful receivables.

Included in the allowance for doubtful receivables are trade receivables with customers which have been placed under liquidation of £868,000 (2022: £1,563,000).

Ageing of impaired trade receivables

	2023 £000	2022 £000
Not overdue	1,252	1,868
Past due not more than two months	1,196	1,704
Past due more than two months but not more than four months	3,534	3,807
Past due more than four months but not more than six months	879	1,628
Past due more than six months	17,728	19,939
	24,589	28,946

The Directors consider that the carrying amount of receivables and contract assets approximates their fair value.

Notes to the consolidated financial statements continued

31 Related party transactions

Transactions with associates

Details of the Group's interests in associates, which are regarded as related parties, are provided in Note 15. The Group made sales and recharges of expenses to these associates amounting to £9,372,000 (2022: £8,448,000) and made purchases of £212,000 (2022: £20,000) from those associates. At the year end, the Group was owed £1,867,000 (2022: £1,353,000) by these associates, included in trade receivables.

Transactions with other related parties

There were no transactions with other related parties in the current or prior years.

Remuneration of key management personnel

In the current and prior year, the Directors of the Company are determined to be the key management personnel of the Group. There are other senior executives in the Group who are able to influence the Company in the achievement of its goals. However, in the opinion of the Directors, only the Directors of the Company have significant authority for planning, directing and controlling the activities of the Group.

In respect of the compensation of key management personnel, the short term employee benefits, post employment (pension) benefits, termination benefits and details of share options granted are set out in the Remuneration report on pages 98 to 124.

The fair value charged to the consolidated income statement in respect of equity settled share based payment transactions with the Directors is £1,799,000 (2022: £672,000). There are no other long term benefits accruing to key management personnel, other than as set out in the Remuneration report.

32 Events after the reporting period

On 2 May 2023, the Group acquired 100% of the equity interests of FridgeXpress (UK) Limited for an initial consideration of £5.0m.

33 Investments

At 30 April 2023, a full list of subsidiaries of the Group, for all of which the ordinary shares were wholly owned, was as follows:

Name	Company number*	Registered office
Angel Assistance Limited*^	03902646	Pinesgate, Lower Bristol Road, Bath, BA2 3DP
Auxillis Limited*^	02948256	Pinesgate, Lower Bristol Road, Bath, BA2 3DP
Auxillis Services Limited*	02686430	Pinesgate, Lower Bristol Road, Bath, BA2 3DP
Blakedale Limited*^	03045741	Northgate Centre, Lingfield Way, Darlington, DL1 4PZ
Cab Aid Limited*^	05013600	Pinesgate, Lower Bristol Road, Bath, BA2 3DP
Car Monster Limited (formerly HHFS Limited)*^	03217696	Pinesgate, Lower Bristol Road, Bath, BA2 3DP
Charged Electric Vehicles Limited	12702971	Pinesgate, Lower Bristol Road, Bath, BA2 3DP
FMG Finance Limited*^	9347579	Broad Lea House, Dyson Wood Way, Bradley, Huddersfield, West Yorkshire, HD2 1GZ
FMG Group Holdings Limited*^	9341508	Broad Lea House, Dyson Wood Way, Bradley, Huddersfield, West Yorkshire, HD2 1GZ
FMG Legal LLP*^	OC378834	Helmont House, Churchill Way, Cardiff, CF10 2HE
FMG Repair Services Limited*	05102041	Pinesgate, Lower Bristol Road, Bath, BA2 3DP
FMG Support (FIM) Limited*^	2658067	Broad Lea House, Dyson Wood Way, Bradley, Huddersfield, West Yorkshire, HD2 1GZ

Notes to the consolidated financial statements continued

33 Investments continued

Name	Company number*	Registered office
FMG Support (HO) Limited**	3574057	Broad Lea House, Dyson Wood Way, Bradley, Huddersfield, West Yorkshire, HD2 1GZ
FMG Support (RRRM) Limited**	2762997	Broad Lea House, Dyson Wood Way, Bradley, Huddersfield, West Yorkshire, HD2 1GZ
FMG Support Group Limited**	6489429	Broad Lea House, Dyson Wood Way, Bradley, Huddersfield, West Yorkshire, HD2 1GZ
FMG Support Limited**	3813859	Broad Lea House, Dyson Wood Way, Bradley, Huddersfield, West Yorkshire, HD2 1GZ
Goode Durrant Administration Limited**	00059051	Northgate Centre, Lingfield Way, Darlington, DL1 4PZ
GRG Public Resources Limited**	2946432	Broad Lea House, Dyson Wood Way, Bradley, Huddersfield, West Yorkshire, HD2 1GZ
HAS Accident Management Solutions Limited**	03198299	Pinesgate, Lower Bristol Road, Bath, BA2 3DP
Helphire EB1 Trustee Limited**	03852243	Pinesgate, Lower Bristol Road, Bath, BA2 3DP
NewLaw Legal Limited*	07200038	Helmont House, Churchill Way, Cardiff, CF10 2HE
NewLaw Trustees Limited**	08702402	Helmont House, Churchill Way, Cardiff, CF10 2HE
NG Finance Limited*	00545062 (Ireland)	6th Floor, South Bank House, Barrow Street, Dublin 4, Ireland
NLS Trustees Limited**	SC427064	7th Floor Delta House, 50 West Nile Street, Glasgow, G1 2NP
Northgate (GB) Limited**	07233528	Northgate Centre, Lingfield Way, Darlington, DL1 4PZ
Northgate (CB2) Limited**	07983969	Northgate Centre, Lingfield Way, Darlington, DL1 4PZ
Northgate (Europe) Limited*	05932194	Northgate Centre, Lingfield Way, Darlington, DL1 4PZ
Northgate (Malta) Limited*	C39845 (Malta)	Office 1, Verdala Business Centre, LM Complex, Brewery Street, Mrieħel, Birkirkara BKR3000, Malta
Northgate (MT) Limited*	C39847 (Malta)	Office 1, Verdala Business Centre, LM Complex, Brewery Street, Mrieħel, Birkirkara BKR3000, Malta
Northgate España Renting Flexible S.A.*	CIF A-28659423 (Spain)	Avd Isaac Newton, 3 Parque Empresarial La Carpetania, 28906 Getafe, Madrid, Spain
Northgate Holdings Limited*	12366193	Northgate Centre, Lingfield Way, Darlington, DL1 4PZ
Northgate Vehicle Hire (Ireland) Limited*	00333586 (Ireland)	6th Floor, South Bank House, Barrow Street, Dublin 4, Ireland
Northgate Vehicle Hire Limited	01434157	Northgate Centre, Lingfield Way, Darlington, DL1 4PZ
Northgate Vehicle Sales Limited**	02337128	Northgate Centre, Lingfield Way, Darlington, DL1 4PZ
Principia Law Limited*	08305964	Bowland House, Godbrook Business Centre, Rudheath, Northwich, Cheshire, CW9 7TN
Recovery Management Services Limited**	2948091	Broad Lea House, Dyson Wood Way, Bradley, Huddersfield, West Yorkshire, HD2 1GZ
Redde Limited*	03120010	Pinesgate, Lower Bristol Road, Bath, BA2 3DP
Total Accident Management Limited**	03156157	Pinesgate, Lower Bristol Road, Bath, BA2 3DP
Zigup Limited (formerly Moco Group Limited)**	9713395	Pinesgate, Lower Bristol Road, Bath, BA2 3DP

* Interest held indirectly by the Company

** The members of the Company have elected to take the exemption from audit available under §479A of the Companies Act 2006 relating to subsidiary companies for the year ended 30 April 2023. A guarantee has or will be provided by Redde Northgate plc as the ultimate Parent Company

* UK Unless stated otherwise

Company balance sheet

As at 30 April 2023

	Note	2023 £000	2022 £000
Non-current assets			
Investments		447,930	445,600
Deferred tax assets		3,749	1,589
Total non-current assets		451,679	447,189
Current assets			
Receivables and contract assets		1,112,041	1,054,052
Cash and bank balances		2,160	35
Total current assets		1,114,201	1,054,087
Total assets		1,565,880	1,501,276
Current liabilities			
Trade and other payables		338,786	369,091
Short term borrowings		-	8,265
Total current liabilities		338,786	377,356
Net current assets		775,415	676,731
Non-current liabilities			
Long term borrowings		537,712	421,822
Total non-current liabilities		537,712	421,822
Total liabilities		876,498	799,178
Net assets		689,382	702,098
Equity			
Share capital		123,046	123,046
Share premium account		113,510	113,510
Treasury shares reserve		(60,420)	(7,493)
Other reserves		325,030	325,030
Retained earnings			
At 1 May		148,005	141,185
Profit for the financial year		86,104	47,189
Other changes in retained earnings		(45,893)	(40,369)
At 30 April		188,216	148,005
Total equity		689,382	702,098

The Company balance sheet and accompanying notes on pages 195 to 206 were approved by the Board of Directors and authorised for issue on 5 July 2023.

They were signed on its behalf by:

Philip Vincen*

Chief Financial Officer



Company statement of changes in equity

For the year ended 30 April 2023

	Share capital and share premium ¹ £000	Treasury shares reserve ² £000	Other reserves ³ £000	Retained earnings ³ £000	Total £000
Total equity at 1 May 2021	236,556	—	325,030	141,185	702,771
Share options fair value charge	—	—	—	3,695	3,695
Net purchase of shares	—	(7,493)	—	—	(7,493)
Dividends paid	—	—	—	(43,897)	(43,897)
Deferred tax on share based payments recognised in equity	—	—	—	(167)	(167)
Total comprehensive income	—	—	—	47,189	47,189
Total equity at 30 April 2022 and 1 May 2022	236,556	(7,493)	325,030	148,005	702,098
Share options fair value charge	—	—	—	4,647	4,647
Net purchase of shares	—	(52,927)	—	—	(52,927)
Dividends paid	—	—	—	(52,220)	(52,220)
Deferred tax on share based payments recognised in equity	—	—	—	1,680	1,680
Total comprehensive income	—	—	—	86,104	86,104
Total equity at 30 April 2023	236,556	(60,420)	325,030	188,216	689,382

1 Further details can be found within Note 10 and 11.

2 Further details can be found within Note 12.

3 Other reserves comprise the other reserve, capital redemption reserve, revaluation reserve and merger reserve, further details on Other reserves can be found within Note 13.

Notes to the Company financial statements

1 General information

Basis of preparation

The Reddie Northgate plc Company balance sheet, Statement of changes in equity and related notes have been prepared in accordance with the Companies Act 2006 applicable to companies using FRS 101 Reduced Disclosure Framework, which applies the recognition and measurement bases of IFRS with reduced disclosure requirements. In the prior year the Company balance sheet and Statement of changes in equity were prepared under UK-adopted International Accounting Standards and no differences have been noted in the recognition and measurement of profit or net assets upon transition to FRS 101. The financial information has been prepared on an historical cost basis. The financial statements have been prepared on a going concern basis. The functional currency of the Company and the presentation currency adopted is UK Sterling.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options and how the fair value of goods or services received was determined)
- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - i. paragraph 79(a)(iv) of IAS 1, 'Presentation of financial statements'
 - ii. paragraph 73(e) of IAS 16, 'Property, plant, and equipment'
 - iii. paragraph 118(e) of IAS 38, 'Intangible assets (reconciliations between the carrying amount at the beginning and end of the period)'
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - i. 10(d), (statement of cash flows)
 - ii. 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements)
 - iii. 16 (statement of compliance with all IFRS)
 - iv. 38A (requirement for minimum of two primary statements, including cash flow statements)
 - v. 38B-D (additional comparative information)
 - vi. 40A-D (requirements for a third statement of financial position)
 - vii. 111 (cash flow statement information), and
 - viii. 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group. All of the Parent Company's inter-company transactions and balances are with wholly-owned subsidiaries of the Group.

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the Parent Company is not presented as part of these financial statements. The profit after tax for the year of the Parent Company amounted to £86,104,000 (2022: £47,189,000).

Notes to the Company financial statements *continued*

2 Principal accounting policies of the Company

A summary of the principal accounting policies is set out below. These accounting policies have been applied consistently.

Currency translation

The Company's functional currency is UK Sterling. Transactions in currencies other than the functional currency are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities, including amounts due from or to subsidiaries, denominated in currencies other than the functional currency (being UK Sterling) are retranslated at year end exchange rates. Gains and losses on retranslation are included in net profit or loss for the year.

Revenue recognition

Dividends proposed by subsidiaries are recognised as income by the Company when they represent a present obligation of the subsidiaries, in the period in which they are formally approved for payment.

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividends payable

Dividends proposed are recognised when they represent a present obligation, in the period in which they are formally approved for payment. Accordingly, an interim dividend is recognised when paid and a final dividend is recognised when approved by the Board of Directors.

Investments in subsidiaries

Investments in subsidiaries represent equity holdings in subsidiaries and long term amounts owed by subsidiaries. Such investments are valued at cost less any impairment provisions. Investments relating to equity holdings in subsidiaries are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable; the recoverable amount of the investment is the higher of fair value less costs of disposal and value in use. Investments relating to long term amounts owed by subsidiaries are reviewed to assess if a material expected credit loss provision is required in respect of these balances.

Liquid investments and cash and cash equivalents

Liquid investments represent highly liquid current asset investments such as term deposits and managed funds invested in high quality fixed income instruments. They do not meet the IAS 7 definition of cash and cash equivalents, normally because even if readily accessible, the underlying investments have an average maturity profile greater than 90 days from the date first entered into, or because they are held primarily for investment purposes rather than meeting short term cash commitments.

Cash and cash equivalents comprise cash on hand, deposits held on call with banks, highly liquid investments that are readily convertible into known amounts of cash, and which are subject to insignificant risk of changes in value and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes. The cash balance is presented net of bank overdrafts which are repayable on demand. Cash and cash equivalents have a maturity period of 90 days or less.

Borrowings

Interest-bearing loans and bank overdrafts are initially recorded at the proceeds received, net of direct issue costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis using the effective interest rate method.

Notes to the Company financial statements continued

2 Principal accounting policies of the Company continued

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Treasury shares

The Company makes open market purchases of its own shares in order to fund future investment. When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. The acquired shares are initially recognised at historical cost and then at each reporting date, adjustments are made to write down the carrying value of own shares when, in the opinion of the Directors, there is a significant market value reduction.

When treasury shares are sold, reissued, or transferred to the own shares reserve subsequently, the amount received is recognised as an increase in equity and the resulting proceeds on the transaction are presented within the consolidated income statement. Should the amount received exceed the purchase price paid by the Company, the excess is transferred to the Company's share premium account.

Own shares

The Company makes open market purchases of its own shares in order to satisfy the requirements of the Company's existing share schemes. Own shares are recognised at cost as a reduction in shareholder equity. The carrying values of own shares are compared with their market values at each reporting date and adjustments are made to write down the carrying value of own shares when, in the opinion of the Directors, there is a significant market value reduction.

Employee share schemes and share based payments

The Company issues equity settled awards to certain employees.

Equity settled employee schemes, including employee share options and deferred annual bonuses, provide employees with the option to acquire shares of the Company. Employee share options and deferred annual bonuses are generally subject to performance or service conditions.

The fair value of equity settled payments is measured at the date of grant and charged to the income statement over the period during which performance or service conditions are required to be met or immediately where no performance or service criteria exist. The fair value of equity settled payments granted is measured using the Black-Scholes or the Monte Carlo model. At the end of each reporting period, the Company revises its estimate of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to the original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The Company also operates a share incentive plan under which employees each have the option to purchase an amount of shares annually and receive an equivalent number of free shares. The Company recognises the free shares as an expense evenly throughout the period over which the employees must remain in employment of the Company in order to receive the free shares.

The Company operates a share save scheme under which employees have the option to convert savings to shares at an agreed exercise price. The Company recognises the option value evenly over the savings period.

Notes to the Company financial statements *continued*

3 Significant accounting estimates and judgements

The Directors do not consider there to be critical accounting judgements or key sources of estimation uncertainty which could have a significant risk of causing a material adjustment to the carrying amounts of the Company's assets and liabilities within the next financial year. We have set out below the most significant judgements and estimates applied in the preparation of the Company's balance sheet.

The most significant accounting judgement is whether there are impairment indicators in respect of the carrying value of the Company's investments in subsidiaries and amounts due from subsidiary undertakings.

The most significant accounting estimate is whether a credit loss provision is required in respect of any of the Company's receivable balances. Over 99% of the receivable balances relate to intercompany balances, primarily with Group holding companies which hold the Company's investments in the operating companies. There is not considered to be any significant risk of a relevant overstatement of these carrying values. In assessing this, the Company has considered the cash and operating assets held by the relevant Group companies and the level of earnings generated by the Group's operations.

4 Staff costs

The average monthly number of employees was 41 (2022: 32), engaged in management and administrative activities.

	2023 £000	2022 £000
Wages and salaries	4,452	5,346
Social security	1,273	984
Pensions	336	373
Share based payments	2,365	1,641
Staff costs	8,426	8,344

The above employee figures include Directors who receive Directors' fees from Redde Northgate plc. Details of fees payable to Directors are set out in the Remuneration Report.

Shared payments expense

The Group's and Company's various share incentive plans are explained in the Remuneration Report on pages 98 to 124 and in Note 29 of the Notes to the Groups financial statements.

All options granted under the DABP, MPSP, EPSP and EAB are nil cost options. Options granted under the SAYE Scheme have exercise prices ranging from £2.12 to £2.69.

The All Employee Share Scheme (AESS) has a 12 month accumulation period. Partnership shares are purchased by the employee at the end of the accumulation period from the amount contributed by the employee during that period. The Company allocates an amount of free matching shares equivalent to the number of partnership shares purchased. The vesting period for matching shares is three years.

Matching shares are forfeited if the employee either sells the related partnership shares or leaves the Company before the three years have lapsed.

The Board may make discretionary awards of free shares to eligible employees. Employees must remain in employment of the Company during the vesting period of three years in order to receive the free shares.

The SAYE Scheme has a three year savings period where employees save at an agreed rate. At the end of the savings period, employees can choose to either exercise options or withdraw their savings.

Notes to the Company financial statements continued

5 Investments

	Investment in subsidiary undertakings £000
Cost and carrying amount:	
At 1 May 2021	443,546
Capital contribution	2,054
At 30 April 2022 and 1 May 2022	445,600
Capital contribution	2,330
At 30 April 2023	447,930

Subsidiary holdings, included in the Group financial statements for the year ended 30 April 2023, are shown in Note 33 of the Group financial statements. All of these subsidiary holdings are wholly-owned, unless otherwise indicated in Note 33 of the Group financial statements. All operating subsidiaries' results are included in the Group financial statements.

6 Deferred tax assets

The following are the major deferred tax assets recognised by the Company and movements thereon during the current and prior year:

	Share based payments £000	Other temporary differences £000	Total £000
At 1 May 2021	1,017	51	1,068
Credit/(charge) to income	713	(25)	688
Charge to equity	(167)	–	(167)
At 30 April 2022 and 1 May 2022	1,563	26	1,589
Credit to income	348	132	480
Credit to equity	1,680	–	1,680
At 30 April 2023	3,591	158	3,749

Notes to the Company financial statements continued

7 Receivables and contract assets

	2023 £000	2022 £000
Amounts due from subsidiary undertakings	1,111,517	1,053,582
Other taxes	–	114
Other receivables and prepayments	524	356
	1,112,041	1,054,052

Amounts due from subsidiary undertakings are non-interest bearing and repayable on demand; the Company does not intend to call upon these amounts due in the 12 months following the date of issuance of the annual report.

8 Trade and other payables

	2023 £000	2022 £000
Trade payables	120	55
Amounts due to subsidiary undertakings	330,558	362,308
Social security and other taxes	240	215
Accruals and deferred income	7,868	6,513
	338,786	369,091

The Directors consider that the carrying amount of trade and other payables approximates to their fair value due to their short term nature.

Amounts due to subsidiary undertakings includes £196,628,000 (2022: £221,230,000) non-interest bearing and repayable on demand, a term loan repayable in June 2023 of £133,930,000 (2022: £131,009,000) which bears interest at 1.95% above SONIA (2022: 1.95%) and £nil balance (2022: £10,069,000) on a loan repayable in April 2025 which bears interest at a fixed rate of 3.25%.

Notes to the Company financial statements continued

9 Borrowings

The Directors consider that the carrying amounts of the Company's borrowings approximate to their fair value.

	2023 £000	2022 £000
Bank loans and overdrafts		
Loan notes	207,358	115,323
Cumulative preference shares	329,854	314,264
	500	500
	537,712	430,087

The borrowings are repayable as follows:

	2023 £000	2022 £000
On demand or within one year (shown within current liabilities)		
Bank loans and overdrafts	-	8,265
	-	8,265
In the second year		
Bank loans	-	-
Loan notes	-	-
	-	-
In the third to fifth years		
Bank loans	213,818	114,563
Loan notes	132,075	-
	345,893	114,563
Due after more than five years		
Loan notes	198,113	314,655
Cumulative preference shares	500	500
	198,613	315,155
Unamortised finance fees relating to the bank loans and loan notes	(6,794)	(7,896)
Total borrowings	537,712	430,087
Less: Amounts due for settlement within one year (shown within current liabilities)	-	8,265
Amounts due for settlement after more than one year	537,712	421,822

Notes to the Company financial statements continued

9 Borrowings continued

Loan notes

The Company has £330,188,000 (2022: £314,264,000) of loan notes which bear interest at a blended rate of 1.3% (2022: 1.3%). These are unsecured and are repayable in November 2027, November 2029 and November 2031.

Cumulative preference shares

The cumulative preference shares of 50p each entitle the holder to receive a cumulative preferential dividend at the rate of 5% on the paid up capital and the right to a return of capital at either winding up or a repayment of capital. The cumulative Preference shares do not entitle the holders to any further or other participation in the profits or assets of the Company. These shares have no voting rights other than in exceptional circumstances.

The total number of authorised cumulative Preference shares of 50p each is 1,300,000 (2022: 1,300,000), of which 1,000,000 (2022: 1,000,000) were allotted and fully paid at the balance sheet date.

Bank loans and overdrafts

Bank loans and overdrafts are unsecured and bear interest at rates of 0.95% to 1.95% (2022: 0.90% to 1.95%) above the relevant interest rate index, being SONIA for Sterling denominated debt and EURIBOR for Euro denominated debt, subject to a floor of 0%. Bank loans and overdraft facilities mature in November 2026.

10 Share capital

	Number of shares	£000
At 1 May 2021, 30 April 2022 and at 30 April 2023	246,091,423	123,046

The Company has one class of ordinary shares with a par value of 50p.

11 Share premium account

	£000
At 1 May 2021, 30 April 2022 and at 30 April 2023	113,510

Notes to the Company financial statements continued

12 Treasury shares reserve

Movements on the treasury shares reserve and own shares reserve are shown in the Statement of changes in equity, which can be seen on page 196. Further information on these reserves is given below:

Treasury shares reserve

The reserve for the Company's treasury shares comprises the cost of the Company's shares held by the Company. At 30 April 2023, the Company held 16,577,571 of the Company's shares (2022: 1,825,991). The total number of shares held in treasury represents 7% (2022: 0.7%) of the allotted and fully paid share capital of the Company.

13 Other reserves

	Capital redemption reserve £000	Revaluation reserve £000	Merger reserve £000	Other reserve £000	Total Other reserve £000
At 1 May 2021, 30 April 2022 and at 30 April 2023	40	–	63,159	261,831	325,030

The above shows the movements on the reserves classified as "Other reserves" on the Company's Statement of changes in equity. Movements on the translation reserve are shown in the Statement of changes in equity, which can be seen on page 196. Further information on certain of these reserves is given below:

Merger reserve

The merger reserve in the Company and Group arose from acquisitions in previous years.

Other reserve

In the year ended 30 April 2020, the consideration for the acquisition of Redde plc was settled through the issue of 112,858,905 ordinary shares of the Company. Holders of Redde plc shares received 0.3669 shares in the Company for each Redde plc share held by them. 112,858,197 shares were issued to holders of Redde plc shares, and where there were fractions of shares that could not be allocated to the holders of Redde plc shares, the total of these fractions of shares was sold in the market. The number of these shares was 708. The other reserve represents the excess of the share price on 21 February, 2020 over the nominal share price of 50p. The share premium represents the excess of the share price of 251p at the time of the sale of these shares over the nominal share price of 50p. The Company has recorded the premium for the issue of shares for the acquisition of Redde in other reserves in accordance with Section 612 of the Companies Act 2006 in respect of merger relief.

Notes to the Company financial statements continued

14 Related party transactions

Transactions with subsidiary undertakings

Transactions between the Company and its subsidiary undertakings, which are related parties, are £6,173,000 (2022: £2,703,000) interest payable, £6,974,000 (2022: £1,303,000) interest receivable and £9,284,000 (2022: £8,151,000) royalty charges receivable.

Balances with subsidiary undertakings at the balance sheet date are shown in Notes 7 and 8.

Transactions with other related parties

There were no transactions with other related parties in the current or prior years.

Remuneration of key management personnel

In the current and prior year, the Directors of the Company are determined to be the key management personnel of the Company. There are other senior executives in the Company who are able to influence the Company in the achievement of its goals. However, in the opinion of the Directors, only the Directors of the Company have significant authority for planning, directing and controlling the activities of the Company.

In respect of the compensation of key management personnel, the short term employee benefits, post employment (pension) benefits, termination benefits and details of share options granted are set out in the Remuneration report on pages 98 to 124.

The fair value charged to the income statement in respect of equity settled share based payment transactions with the Directors is £1,799,000 (2022: £672,000). There are no other long term benefits accruing to key management personnel, other than as set out in the Remuneration report.

Term	Definition	Term	Definition
AEDIVE	A trade association in Spain representing companies engaged in vehicle rental, leasing and fleet management	DfT	Department for Transport, a UK Government department
AGM	Annual general meeting of the Company	Disposal profit(s)	This is a non-GAAP measure used to describe the adjustment in the depreciation charge made in the year for vehicles sold at an amount different to their net book value at the date of sale (net of attributable selling costs)
Annual report on remuneration	That section of the Remuneration report which is subject to an advisory shareholder vote	Drive to Zero	A Group project related to the Group's targets to reduce emissions
Average capital employed	A two point average of capital employed at last day of the current and previous financial years	e-LCV	Electric LCV
Auxillis	A business within the Redde operating segment providing fault and non-fault accident management assistance and related services	EAB	Executive Annual Bonus scheme, a senior management share award scheme
B2C	Business to consumer	eAuction	The part of the Group which generates vehicles sales revenue through the Group's online sales platform
Blakedale	A business within the Northgate UK&I operating segment providing specialist traffic management services	EBIT	Earnings before interest and taxation. Underlying unless otherwise stated
BVRLA	A UK trade association representing companies engaged in vehicle rental, leasing and fleet management	EBITDA	Earnings before interest, taxation, depreciation and amortisation
Capex	Capital expenditure	EPS	Basic earnings per share. Underlying unless otherwise stated
Capital employed	Net assets excluding net debt of £694.4m (2022: £582.5m), goodwill of £113.9m (2022: £114.9m), acquired intangible assets of £124.1m (2022: £147.8m) and the cumulative impact of certain adjustments to depreciation of £46.5m (2022: nil)	EPSP	Executive Performance Share Plan, a senior management share award scheme
Car parc	Refers to the number of cars and other vehicles registered for use in a particular country	ESG	Environmental, social and governance
CDP	An organisation running a global disclosure system for investors, companies and other organisations	EV(s)	Electric vehicle(s)
CEO	Chief Executive Officer	Facility headroom	Calculated as facilities of £834m less net borrowings of £544m. Net borrowings represent net debt of £694m excluding lease liabilities of £157m and unamortised arrangement fees of £7m and are stated after the deduction of £12m of net cash and overdraft balances which are available to offset against borrowings
CFO	Chief Financial Officer	FCA	Financial Conduct Authority, a UK regulatory body
ChargedEV	A business within the Northgate UK&I operating segment providing EV charging and solar infrastructure and solutions	FMG	A business within the Redde operating segment providing fleet management services
Contract hire	IFRS 16 (leases) relating to vehicles where the funder retains the residual value risk	FMG RS	A business within the Redde operating segment providing vehicle repair services
DABP	Deferred Annual Bonus Plan, a senior management share award scheme	FRC	Financial Reporting Council, a UK regulatory body

Term	Definition	Term	Definition
Free cash flow	Net cash generated after principal lease payments and before the payment of dividends and payments to acquire treasury shares (comparative updated)	ISO 14001	An internationally agreed standard that sets out the requirements for an environmental management system
Fit&geXpress	A business within the Northgate UK&I operating segment providing specialist temperature-controlled vehicle services	KPIs	Key performance indicators
FY2020	The year ended 30 April 2020	LCV	Light commercial vehicle: the official term used within the European Union for a commercial carrier vehicle with a gross vehicle weight of not more than 3.5 tonnes
FY2021	The year ended 30 April 2021	Lease principal payments	Includes the total principal payment on leases including those recognised before and after adoption of IFRS 16
FY2022	The year ended 30 April 2022	Listing Rules	The Listing Rules of the FCA
FY2023	The year ended 30 April 2023	LTIP	Long term incentive plan, including the EPSP
FY2024	The year ending 30 April 2024	MPSP	Management Performance Share Plan, a senior management share award scheme (closed to new awards from 2013)
GAAP	Generally Accepted Accounting Practice, meaning compliance with IFRS	Net replacement capex	Net capital expenditure other than that defined as growth capex
Gearing	Calculated as net debt divided by net tangible assets	Net zero	As defined under The Paris Agreement, a legally binding international treaty on climate change
GHG	Greenhouse gas	NewLaw	A business within the Redde operating segment providing legal services
Growth capex	Growth capex represents the cash consumed in order to grow the total owned rental fleet or the cash generated if the fleet size is reduced in periods of contraction	Net tangible assets	Net assets less goodwill and other intangible assets
HMRC	The UK tax authority	NGOs	Non-government organisations
HP (leases)	Leases recognised on the balance sheet that would previously have been classified as finance leases prior to the adoption of IFRS 16	Non-GAAP	A financial metric used which is not defined under GAAP
ICE vehicles	Vehicles powered by an internal combustion engine	Non-ICE vehicles	Vehicles not powered by an internal combustion engine
IEA	The International Energy Agency providing data analysis and solutions on all fuels and technologies	Northgate	The part of the Group comprising the operating segments of Northgate UK&I and Northgate Spain. Also the part of the Group prior to the Acquisition of Redde plc
IFRS	International Reporting Standards, as adopted in the UK	Northgate Spain	The Northgate Spain operating segment located in Spain and providing commercial vehicle hire and ancillary services
IFRS 16 (leases)	Leases recognised on the balance sheet that would previously have been classified as operating leases prior to the adoption of IFRS 16	Northgate UK&I	The Northgate UK&I operating segment representing the commercial vehicle hire part of the Group located in the United Kingdom and the Republic of Ireland
IMI	The professional association for individuals working in the UK motor industry		
Income from associates	The Group's share of net profit of associates accounted for using the equity method		

Term	Definition
OEM(s)	Original equipment manufacturer(s): a reference to our vehicle suppliers
PBT	Profit before taxation. Underlying unless otherwise stated
PPU	Profit per unit/loss per unit – this is a non-GAAP measure used to describe disposals profits (as defined), divided by the number of vehicles sold
Profit & loss	Referring to the consolidated income statement
PwC	PricewaterhouseCoopers LLP
Q2	Referring to the second quarter (the fourth to sixth months) of the financial year
Redde	The Redde operating segment representing the insurance claims and services part of the Group providing a range of mobility solutions. Also the Redde plc company and its subsidiaries prior to the Merger
Redde Northgate	The Group
Rental margin	Calculated as rental profit divided by revenue (excluding vehicle sales)
Rental profit(s)	EBIT excluding disposal profits
ROCE	Underlying return on capital employed: calculated as underlying EBIT (see GAAP reconciliation) divided by average capital employed
Section 172	Referring to Section 172 of the Companies Act 2006
SAYE	The Company's all employee share saving scheme
SECR	Streamlined Energy & Carbon Reporting
SIP	The Company's HMRC approved share incentive plan, including the All Employee Share Scheme (AESS) and the YourShare programme
Spain	Referring to the Northgate Spain operating segment
SMMT	A UK trade association in the automotive sector
SONIA	An interest rate benchmark reference rate for UK Sterling currency
Steady state cash generation	Underlying EBITDA less net replacement capex and lease principal payments
TCFD	The Task Force on Climate-related Financial Disclosures
The Code	The UK Corporate Governance Code
The Company	Redde Northgate plc
The Group	The Company and its subsidiaries
The Merger/the merger	The acquisition by the Company of 100% of the share capital of Redde plc on 21 February 2020
UKAS	A UK government appointed accreditation body
UK&I	Referring to the Northgate UK&I operating segment
Underlying free cash flow	Free cash flow excluding growth capex
Utilisation	Calculated as the average number of vehicles on hire divided by average rentable fleet in any period
VOH	Vehicles on hire. Average unless otherwise stated
WACC	Weighted average cost of capital calculated using the capital asset pricing model
ZEV	Zero emissions vehicle

Classification

Information concerning day to day movements in the price of the Company's ordinary shares can be found on the Company's website at: www.reddenorthgate.com

The Company's listing symbol on the London Stock Exchange is REDD.

The Company's joint corporate brokers are Barclays Bank plc and Numis Securities Limited and the Company's ordinary shares are traded on the Stock Exchange Trading system for Money Market, (SETSmm).

The Company is registered in England and Wales.

Company number 00053171.

Financial calendar**December**

Publication of interim statement

January

Payment of interim dividend

July

Announcement of year end results
Report and financial statements available to shareholders

September

Annual general meeting
Payment of final dividend

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Calls are charged at the standard geographic rate and will vary by provider.

Calls outside the United Kingdom will be charged at the applicable international rate.

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