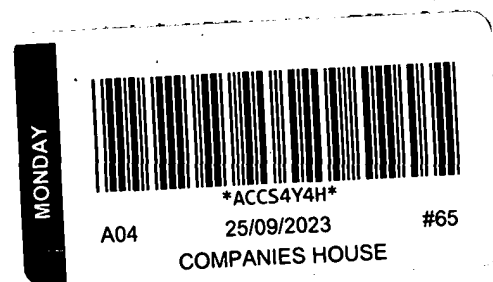


BENTLEY MOTORS LIMITED

Annual Report and Financial Statements

For the year ended 31 December 2022

Registered Number 992897



BENTLEY MOTORS LIMITED

Annual Report and Financial Statements

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Bentley Motors Limited

Strategic report for the year ended 31 December 2022

The directors present their strategic report on the company for the year ended 31 December 2022.

The company's operating profit for the financial year is £785.7m (2021: £580.0m operating profit).

The company's profit for the financial year is £697.0m (2021: £440.0m profit). This is after charging research and development expenditure of £221.6m (2021: £208.9m).

The directors do not recommend the payment of a dividend in relation to the current financial year (2021: nil).

Review of business

Bentley Motors achieved total car deliveries to customers of 15,174 in 2022, an increase of 4% over the previous record year (14,659) in 2021 and the first time Bentley has reached over 15,000 cars. This significant achievement was driven by new model introductions and increasing demand for Mulliner personalisation and Bentley's new hybridised models, introduced under Bentley's Beyond100 strategic path to full electrification by 2030.

The continued demand for SUVs ensured Bentayga remained Bentley's number one model, selling more in its sixth year of sales than ever before, accounting for 42% of total sales and establishing itself as the most successful luxury SUV in the world.

Furthermore, consistent appeal continued for the Continental GT and GT Convertible, accounting for nearly a third of sales, 30%, with the new, performance-orientated GT Speed, the most dynamic road car Bentley has ever built, taking a 31% high of the model mix.

Finally, the Flying Spur, the world's finest luxury four-door grand tourer reached 28% of total sales, thanks in part to the introduction of the new Hybrid model, the most advanced and environmentally-friendly Flying Spur ever. Since market entry, the Flying Spur Hybrid is 30% of the model mix, however in the UK, two thirds of all Flying Spurs sold are hybrid, the highest figure globally.

The Americas maintained its position as the biggest selling global market, selling more than ever before. Last year also recorded a significant increase for the oldest coachbuilder in the world, Bentley Mulliner, with the amount of personal commissions increasing fivefold in the past five years.

Future developments and strategic vision

Bentley Motors has outlined plans to become a global leader in sustainable luxury mobility with its Beyond100 strategy. With the promise to offer truly sustainable luxury, Bentley will reinvent every aspect of its business to become an end-to-end carbon neutral organisation. The target is driven by a transformation programme across Bentley's entire operations and products. This includes switching its model range to offer exclusively plug-in hybrid or battery electric vehicles by 2026, and full electric vehicles only by 2030.

The strategy highlights Bentley's plans to provide extraordinary mobility for the next century, evolving from the world's largest producer of 12-cylinder petrol engines to having no internal combustion engines within a decade. Furthermore, Bentley has announced an acceleration of its forward-thinking Beyond100 strategy. Key to the ambitious programme will be the Five-in-Five plan, which commits Bentley to launching a new electric model each year, from 2026, redefining Bentley's credentials as the benchmark manufacturer in sustainable luxury mobility.

The luxury marque also announced a £2.5 billion sustainable investment to realise this strategy, and confirmed that from 2026, the first Bentley electric vehicle will be designed, developed and produced at its headquarters in Crewe, England. This offers a significant boost to the team at Crewe, the region, and of course the UK as a sustainable base for high-value manufacturing. The investment will also allow a fundamental reinvention of the Crewe manufacturing infrastructure, and help secure Bentley's future at Crewe for the next generation of products and colleagues. Crewe will become a 'Dream Factory' - a digital, zero environmental impact, flexible and high-value manufacturing facility.

Bentley Motors Limited

Strategic report for the year ended 31 December 2022 (continued)

Key performance indicators

| | 2022 | 2021 | Defination, method of calculation and analysis |
|--|---------|---------|--|
| Sales revenue £m | 2,905.5 | 2,592.9 | Sales revenue |
| Research and development £m | (221.5) | (208.9) | Research and development (Note 3) |
| Operating result before R&D expenditure £m | 1,007.3 | 788.9 | Operating result before R&D expenditure |
| Return on sales % | 33.8% | 33.0% | Operating result before R&D expenditure as a percentage of sales revenue |

Section 172(1) Statement and Statement of Engagement with Employees and Other Stakeholders

Please refer to the Directors' report.

General risk management

The management of the business and the execution of the company's strategy are subject to a number of risks, both financial and non-financial. These risks are formally reviewed by the Board and, where appropriate, monitored and mitigated by suitable processes and controls. These risks are also formally reviewed by Volkswagen through the Governance, Risk and Compliance function. The risk management system is an integral part of the company's structure, processes and controls and is embedded in its daily business.

Financial risk management

The company's operations expose it to a number of financial risks. These risks are formally reviewed by the Board and where appropriate, monitored and mitigated by suitable processes and controls.

Foreign currency risk

Foreign currency risk is attributable to investments, financing measures and operating activities. The company hedges exchange exposure by using forward exchange contracts. These are used to limit the currency risk associated with forecast cash flows in US Dollars, Euros and Chinese Renminbi.

Liquidity risk

The company actively maintains a mixture of long-term and medium-term debt finance, which is designed to ensure that the company has access to sufficient available funds for ongoing working capital needs as well as planned capital investment and expansion generally. The amount of debt finance required is reviewed at least annually by the Directors.

Credit risk

The company limits exposure to credit risk by setting and monitoring credit limits. The credit limits set are based on the motor retailer's financial position, past experience and market risks. The company manages credit risk in a number of ways depending on risk. These include letters of credit, bank guarantees, floor plans and prepayments which are used to secure payment.

Interest rate risk

Interest rate risk results from changes in market interest rates. The company takes advantage of intra-group financing arrangements to minimise this risk with fixed interest rates.

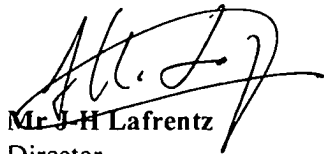
Bentley Motors Limited

Strategic report for the year ended 31 December 2022 (continued)

Ukraine risk

The ongoing conflict between Russia and Ukraine has had a significant impact on global economies and the conflict remains ongoing at the date of this report. To date, this has not had a significant impact on the operations or financial performance of the company and no material financial impact is anticipated in the future.

Approved by the Board and signed on its behalf



Mr J-H Lafrentz

Director

15 September 2023

Bentley Motors Limited

Directors' report for the year ended 31 December 2022

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

Research and development

A significant programme of design and development for existing and new products continues to be undertaken by the company with the announcement of a £2.5 billion investment in the factory and electrification of the model range.

Directors

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

Mr. P. Bosch (resigned 31.05.2023)
Mr. M. Duesmann (resigned 31.08.2023)
Mr A. Favey (resigned 31.05.2023)
Mr. A. Hallmark
Mr. J-H. Lafrentz
Dr. K. Lange
Dr. M. Rabe
Mr. J. Rittersberger
Mr A. J. Kiesling (appointed 19.07.2023)
Mr. A. Lehe (appointed 01.09.2023)

Directors' indemnities

Directors and officers of the company benefit from directors and officers liability insurance cover in respect of legal actions brought against them. In addition, the directors of the company are indemnified in accordance with the Company's articles of association and to the extent permitted by law. This insurance was in force during the financial year and up to the date of approval of the financial statements.

Section 172(1) Statement and Statement of Engagement with Employees and Other Stakeholders

In accordance with the Companies Act 2006 (as amended by the Companies (Miscellaneous Reporting) Regulations 2018) (the "Act") the Directors have set out how they have had regard to the matters set out in section 172(1) of the Act, when performing their duties to promote the success of the company.

Stakeholder Engagement

The board has a comprehensive stakeholder engagement programme and always aims to act in the best interest of the Company and all its different stakeholders. This report sets out how the board interacts with all such groups to ensure that strategic decisions are made in the long term interest of both the Company and its stakeholders to achieve long term sustainable success.

Stakeholder Engagement - Colleagues

The Company focuses on colleague engagement via a variety of information, consultation and participation activities. Information is shared via team briefings and the colleague news app, regular board member briefings, a well-managed intranet and highlights shown on TV screens across key site locations.

Our senior leaders are kept fully informed and engaged in the business progress and prioritisation through a series of leadership update meetings. These are underpinned by more formal briefings with the Bentley Board.

Bentley Motors Limited

Directors' report for the year ended 31 December 2022 (continued)

Stakeholder Engagement - Colleagues (continued)

Discussion forums with colleagues provide a regular opportunity for colleague dialogue with board members and leaders. In addition, we hold a "Company Council" - a cross-functional leadership group meeting regularly with trade union representatives - for the purposes of sharing information, consulting and negotiating. In addition to this, senior trade union officials also regularly have the opportunity to meet with board members directly.

Participation and involvement of colleagues in the operational efficiency and effectiveness of the business is fostered with activities aimed at creating leaner ways of working at all levels. Bonus reward systems are in place to encourage colleagues to connect closely with business results. Colleagues are encouraged to share their ideas on how to improve the business.

The company has, as one of its goals, to become an employer of choice. To achieve this, consultation of colleague opinion and attitudes is undertaken via an annual colleague survey. From the results, various departmental and cross-company project teams work to address any weaknesses identified and implement colleague suggestions for improvement. Progress is regularly reported to the Board which agrees the annual improvement targets.

The company is committed to helping its colleagues provide for their retirement. There is full representation at all levels of the company in the pension schemes - the trustees of the company pension schemes are made up of company appointed and member nominated trustees, there is also a professional trustee for the Rolls-Royce & Bentley Pension Fund.

Health and wellbeing is a growing means of colleague involvement in the company. An on-site leisure facility exists, along with a full campaign of health and wellbeing.

Diversity

The company is committed to employment policies, which follow best practice, based on equal opportunities for all colleagues, irrespective of race, gender, ethnicity, nationality, age, sexual orientation, mental and physical disability or any other attribute. The company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the company. If members of staff become disabled the company continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

Bentley employs colleagues from a wide and diverse cultural background and welcomes colleagues with a diverse and multi-cultural experience. We play an active part in global talent sharing within the global Volkswagen Group organisation. International experience is valued and encouraged as part of career progression and Bentley operates models to facilitate this.

Stakeholder Engagement - Customers

The board is very aware that the success of the brand is dependent on proactive engagement with its customers. To this end the Company has a comprehensive dealer support programme together with regular events to meet and interact with customer focus groups to introduce new models and canvass feedback on prototypes.

Stakeholder Engagement - Suppliers

The board is aware that a strong working relationship with our suppliers is critical. The Company therefore has numerous programmes to foster close connections such as regular meetings with key suppliers: both during the tender process and beyond. The board view ongoing relationships with suppliers as key to a long term mutually beneficial relationship and as part of this we ensure that we adhere to our suppliers payment terms and conduct regular performance reviews.

Bentley Motors Limited

Directors' report for the year ended 31 December 2022 (continued)

Stakeholder Engagement - Environment

The company recognises the impact the facility and its products can have on the local and global environment and that an effective management system is essential to maximise our contribution to environmental protection. The company is certified to ISO 14001, ISO 50001 and PAS 2060 Carbon Neutral standard as certified by the Carbon Trust.

Our Environmental Management System (EMS) continues to be audited to the International ISO 14001: 2015 and our Energy to ISO 50001: 2018 standards. In 2022 the surveillance audits took place and the assessment concluded that continual improvement had been demonstrated by many systematic and performance related improvements.

Bentley achieved the PAS 2060 Carbon Neutral certification again for its headquarters in Crewe. The certification from the Carbon Trust confirms that the company meets the internationally recognised standard for Carbon Neutrality, and reflects measures taken by the company to reduce the carbon emitted by its operations. These measures include the use of renewable electricity, as 100% of the headquarters in Crewe's electricity is either generated on-site or purchased as certified Green Electricity. In 2022 the Crewe Headquarters continued to utilise 100% Green Gas for its operations. To secure the PAS2060 certification, Bentley purchased Verra certified credits to offset the emissions that occur from our operational activities.

The company continues to remain on track to achieve its energy efficiency Climate Change Agreement target. Bentley has reduced energy per car manufactured from 22,896kWh in 2010 to 8,039kWh per car in 2022. Bentley continued in their commitment to reduce overall resource consumption from 45% to 75% by 2025 against a 2010 benchmark as part of the Beyond 100 strategy.

Energy and Emissions Report

In the year ended 31 December 2022, the company's fuel consumption was as follows:

| | 2022 | 2021 |
|--|-------------|-------------|
| UK Energy Use (kWh) (1) | 137,221,076 | 166,498,739 |
| Associated Greenhouse Gas Emissions (tCO ₂ e) (2) | 34,242 | 32,974 |
| Intensity Ratio (kg CO ₂ e per £1 turnover) | 0.55 | 13.78 |

(1) UK energy use covers electricity, gas and fuel consumption across the factory site in Crewe, of which Energy Renewably Sourced 135,752,810.49 kWh (98.93%).

(2) Associated greenhouse gases has been calculated in accordance with GHG Reporting Protocols - Corporate Standard.

Energy Efficiency actions which the company has adopted are detailed in the above report.

Bentley Motors Limited

Directors' report for the year ended 31 December 2022 (continued)

Statement of directors' responsibilities

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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102, "The Financial Reporting Standard Applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, 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 company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Bentley Motors Limited

Directors' report for the year ended 31 December 2022 (continued)

Going Concern

The directors have prepared these financial statements on a going concern basis.

The company's business activities, its future outlook and the principal risk and uncertainties affecting the company along with the steps taken to mitigate these risks have been summarised earlier in this report. Financial projections have been prepared to 31 December 2024 which show positive earnings, cash flow generation and significant headroom in loan facilities at each testing date. The company has applied downside sensitivities to these financial projections to assess the company's ability to continue operating as a going concern. This process included a reverse 'stress test' to identify the break points in the company's liquidity. The directors consider the break points identified in this exercise to be implausible scenarios and do not consider any mitigating cost control measures which could be taken by the company.

Accordingly, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence throughout the going concern period and they have adopted the going concern basis of accounting in preparing the financial statements. A more detailed assessment of going concern is provided in Note 1 of the Financial Statements.


Disclosure of information to auditors

So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware, and they have each 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 company's auditors are aware of that information.

Independent auditors

The auditors, Ernst & Young LLP, have indicated their willingness to continue in office and confirmed their independence and as such will be automatically reappointed.

Approved by the Board and signed on its behalf



Mr J. H. Lafrantz

Director

15 September 2023

Bentley Motors Limited

Independent auditors' report to the members of Bentley Motors Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Bentley Motors Limited for the year ended 31 December 2022 which comprise the Income Statement, Statement of Comprehensive Income, Balance Sheet, & Statement of Changes in Equity and the related notes 1 to 23, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with *International Standards on Auditing (UK) (ISAs (UK))* and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- We confirmed our understanding of Bentley Motors Limited's going concern assessment process as well as the review controls in place over the going concern model;
- We obtained the cash flow forecast models used by the Board in its assessment, checked their arithmetical accuracy and obtained evidence of Board approval;
- We considered the Company's historical forecasting accuracy;
- We confirmed the terms of the revolving credit facility and loan facility in place;
- We considered the adequacy of liquidity headroom under the base case and downside forecasts and applied sensitivity analysis;
- We considered a reverse stress test to determine the conditions under which Bentley Motors Limited would experience a liquidity shortfall;
- We assessed the appropriateness of the going concern disclosures in describing the directors' assessment of the Company's ability to continue as a going concern for a period until 31 December 2024

Bentley Motors Limited

Independent auditors' report to the members of Bentley Motors Limited (continued)

Conclusions relating to going concern (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 company's ability to continue as a going concern for a period to date 31 December 2024.

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

Other information

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

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

Bentley Motors Limited

Independent auditors' report to the members of Bentley Motors Limited (continued)

Matters on which we are required to report by exception (continued)

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

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

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

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

Explanations as to what extent the audit was considered capable of detecting irregularities, including fraud

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS102 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including health and safety, employees, data protection and anti-bribery and corruption.

Bentley Motors Limited

Independent auditors' report to the members of Bentley Motors Limited (continued)

Explanations as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

- We understood how Bentley Motors Limited is complying with those frameworks by making enquiries with management, those charged with governance, internal audit and those responsible for legal and compliance matters and also reviewing the entity code of conduct and whistle-blower hotline.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by assessing the risk of fraud absent of controls, and then identifying the controls which are in place at the entity level and whether the design of these controls is sufficient for the prevention and detection of fraud. We also consider the risk of management override and consider the design and implementation of controls at the financial statement level to prevent this.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. For direct laws and regulations, we considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statement items. For both direct and other laws and regulations, our procedures involved: making enquiries with those charged with governance and senior management for their awareness of non-compliance with laws and regulations, inquiring about policies that have established to prevent non-compliance with laws and regulations by officers and employees and how the company monitors this. In respect of the risk of management override, we performed tailored journal entry testing to identify a subset of the whole population that might pertain to fraud risk areas, performed procedures on revenue to a lower testing threshold and enquired of third parties in areas of significant judgment.

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

Use of our report

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

Ernst & Young LLP

Victoria Venning (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester
15 September 2023

Bentley Motors Limited

Income statement

for the year ended 31 December 2022

| | Note | 2022 £m | 2021 £m |
|---|------|------------|------------|
| Turnover | 2 | 2,905.6 | 2,392.8 |
| Cost of sales | | (1,725.7) | (1,463.5) |
| Gross profit | | 1,179.9 | 929.3 |
| Research and development expenses | | (221.6) | (208.9) |
| Distribution costs | | (23.5) | (21.2) |
| Administrative expenses | | (152.8) | (138.9) |
| Other operating income | | 12.6 | 22.7 |
| Other operating expenses | | (8.9) | (3.0) |
| Operating profit | | 785.7 | 580.0 |
| Net interest payable | 6 | (13.9) | (20.6) |
| Exchange gain / (loss) on hedging instruments | | (9.2) | 2.8 |
| Other finance costs | 21 | (1.9) | (1.5) |
| Profit before taxation | 3 | 760.7 | 560.7 |
| Tax on profit | 7 | (63.6) | (120.7) |
| Profit for the financial year | | 697.0 | 440.0 |

Statement of comprehensive income for the year ended 31 December 2022

| | | 2022 £m | 2021 £m |
|---|----|------------|------------|
| Profit for the financial year | | 697.0 | 440.0 |
| Other comprehensive (expense) / income: | | | |
| Cash flow hedges - change in value of hedging instrument | | 17.2 | (55.7) |
| Actuarial loss on pension scheme | 21 | (34.5) | (35.1) |
| Total tax on components of other comprehensive (expense) / income | 7 | 4.3 | 51.4 |
| Other comprehensive expense for the year, net of tax | | (13.0) | (39.4) |
| Total comprehensive income for the year | | 684.0 | 400.6 |

The income statement has been prepared on the basis that all operations are continuing operations.

Bentley Motors Limited

Balance sheet as at 31 December 2022

| | Note | 2022 £m | 2021 £m |
|---|------|---------------------|-----------------------|
| Fixed Assets | | | |
| Intangible assets | 8 | 7.7 | 6.4 |
| Tangible assets | 9 | 522.7 | 582.5 |
| Financial asset - derivative financial instrument | 10 | 7.2 | - |
| Investments | 11 | 0.2 | 0.2 |
| | | <u>537.8</u> | <u>589.1</u> |
| Current Assets | | | |
| Inventories | 12 | 194.2 | 167.1 |
| Financial asset - derivative financial instrument | 10 | 14.1 | 1.4 |
| Debtors | 13 | 279.2 | 145.5 |
| Cash at bank and in hand | | 553.8 | 109.2 |
| | | <u>1,041.3</u> | <u>423.2</u> |
| Creditors: amounts falling due within one year | 14 | (1,332.2) | (884.9) |
| Derivative financial liabilities: amounts falling due within one year | 10 | (45.1) | (32.9) |
| Net current liabilities | | <u>(336.0)</u> | <u>(494.6)</u> |
| Total assets less current liabilities | | 201.7 | 94.5 |
| Derivative financial liabilities: amounts falling due after one year | 10 | - | (8.5) |
| Creditors: amounts falling due after more than one year | 15 | - | (556.7) |
| Net pension liability | 21 | - | - |
| Provisions for liabilities | 16 | (87.4) | (98.9) |
| Net assets/ (liabilities) | | <u>114.4</u> | <u>(569.6)</u> |
| Capital and reserves | | | |
| Called up share capital | 18 | 947.1 | 947.1 |
| Share premium account | | 24.0 | 24.0 |
| Hedging reserve | | (16.6) | (29.5) |
| Profit and loss account | | (840.1) | (1,511.2) |
| Total shareholders' deficit | | <u>114.4</u> | <u>(569.6)</u> |
| Equity | | 114.3 | (569.7) |
| Non-equity | | 0.1 | 0.1 |
| | | <u>114.4</u> | <u>(569.6)</u> |

These financial statements, on pages 13 to 41, were approved by the Board of Directors on the 15 September 2023 and were signed on its behalf by:

Mr A. Hallmark
Director



Bentley Motors Limited: Registered No. 992897

Bentley Motors Limited

Statement of changes in equity
for the year ended 31 December 2022

| | Called up Share Capital (Ordinary Shares) £'m | Irredeemable preference shares £'m | Share Premium Account £'m | Profit & Loss Account £'m | Hedging Reserve £'m | Total Shareholders' Deficit £'m |
|--|---|---|------------------------------------|------------------------------------|---------------------------|--|
| Balance as at 1 January 2020 | 947.0 | 0.1 | 24.0 | (1,954.6) | 13.3 | (970.2) |
| Profit for the financial year | - | - | - | 440.0 | - | 440.0 |
| Other Comprehensive (expense) / income during the year: | | | | | | |
| - Actuarial losses on pension scheme | - | - | - | (35.1) | - | (35.1) |
| - Change in value of hedging instruments | - | - | - | - | (55.7) | (55.7) |
| - Deferred tax component on other comprehensive (expense) / income items | - | - | - | 38.5 | 12.9 | 51.4 |
| Total comprehensive (expense) / income for the year | - | - | - | 443.4 | (42.8) | 400.6 |
| Balance as at 31 December 2021 | 947.0 | 0.1 | 24.0 | (1,511.2) | (29.5) | (569.6) |
| Balance as at 1 January 2022 | 947.0 | 0.1 | 24.0 | (1,511.2) | (29.5) | (569.6) |
| Profit for the financial year | - | - | - | 697.0 | - | 697.0 |
| Other Comprehensive (expense) / income during the year: | | | | | | |
| - Actuarial losses on pension scheme | - | - | - | (34.5) | - | (34.5) |
| - Change in value of hedging instruments | - | - | - | - | 17.2 | 17.2 |
| - Deferred tax component on other comprehensive (expense) / income items | - | - | - | 8.6 | (4.3) | 4.3 |
| Total comprehensive (expense) / income for the year | - | - | - | 671.1 | 12.9 | 684.0 |
| Balance as at 31 December 2022 | 947.0 | 0.1 | 24.0 | (840.1) | (16.6) | 114.4 |

Bentley Motors Limited

Notes to the financial statements for the year ended 31 December 2022

1. Statement of accounting policies

General Information

Bentley Motors Limited is a company limited by shares and is incorporated and domiciled in England. The address of its registered office is Pym's Lane, Crewe, Cheshire, CW1 3PL.

The principal activity of Bentley Motors Limited is manufacturing of motor vehicles.

Statement of compliance

The financial statements of Bentley Motors Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006. The principal accounting policies are set out below and have been consistently applied throughout the year.

Basis of accounting

The financial statements have been prepared on the going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the later section of accounting policies note.

Consolidated financial statements

The company is a subsidiary of Volkswagen Finance Luxembourg S.A. and of its ultimate parent, Volkswagen Aktiengesellschaft. It is included in the consolidated financial statements of Volkswagen Aktiengesellschaft which are publicly available. Therefore the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

These financial statements are the company's separate financial statements.

Bentley Motors Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

1. Statement of accounting policies (continued)

Going concern

The company has a £1.0 billion revolving credit facility from Volkswagen International Belgium S.A. which includes a fixed notice period of eighteen months in the event of termination. In addition, as at year ended 31 December 2022, there was a long term loan facility of £0.5 billion fixed until 22 June 2023 with Volkswagen Aktiengesellschaft. This has now been repaid subsequent to the balance sheet date.

The directors have prepared these financial statements on a going concern basis.

The company's business activities, its future outlook and the principal risk and uncertainties affecting the company along with the steps taken to mitigate these risks have been summarised earlier in this report. Financial projections have been prepared to 31 December 2024 which show positive earnings, cash flow generation and significant headroom in loan facilities at each testing date. The company has applied downside sensitivities to these financial projections to assess the company's ability to continue operating as a going concern. This process included a reverse 'stress test' to identify the break points in the company's liquidity. The directors consider the break points identified in this exercise to be implausible scenarios and do not consider any mitigating cost control measures which could be taken by the company.

Accordingly, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence throughout the going concern period and they have adopted the going concern basis of accounting in preparing the financial statements.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions, have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. The Company is a qualifying entity as its results are consolidated into the financial statements of Volkswagen Aktiengesellschaft which are publicly available.

As a qualifying entity, the Company has taken advantage of the following exemptions:

- (i) from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
- (ii) from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102;
- (iii) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv) of FRS 102; and
- (iv) from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

Bentley Motors Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

1. Statement of accounting policies (continued)

Turnover

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the company and value added taxes. The company bases its estimate of returns on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Turnover represents sales net of value added tax and arises wholly from the sale of motor vehicles and parts.

Where the consideration receivable in cash or cash equivalents is deferred, and the arrangement constitutes a financing transaction, the fair value of the consideration is measured as the present value of all future receipts using the imputed rate of interest.

The company recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the company retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to each of the company's sales channels have been met. This is at the time when the goods are despatched.

Government grants

Government grants are recognised when there is reasonable assurance that the entity will comply with the relevant conditions and the grant will be received. Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

Warranty

Provision is made for estimated future costs in respect of warranty for products and services.

Leases

i) Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

ii) Lease incentives

Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

The company has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS 102 (1 January 2014) and continues to credit such lease incentives to the income statement over the period to the first review date on which the rent is adjusted to market rates.

Bentley Motors Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

1. Statement of accounting policies (continued)

Foreign currency

(i) Functional and presentation currency

The financial statements are presented in pound sterling and rounded to millions. The company's functional and presentation currency is the pound sterling.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

ii) Deferred taxation

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Bentley Motors Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

1. Statement of accounting policies (continued)

Fixed assets and depreciation

Tangible fixed assets are stated at cost.

Depreciation is provided by the company to write off the cost or valuation of tangible fixed assets over their estimated useful economic lives as follows:

| | |
|-----------------------------|---------------------|
| Freehold land and buildings | 2% - 4% per annum |
| Tooling | 10% - 30% per annum |
| Plant and other equipment | 10% - 33% per annum |

Intangible fixed assets - software development costs

Intangible fixed assets are stated cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful life of three years.

Research expenditure is written off as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Investments

Investments in subsidiaries are held at cost less any provision for impairment.

Bentley Motors Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

1. Statement of accounting policies (continued)

Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the income statement, unless the asset has been revalued when the amount is recognised in the other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the income statement.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, loans and advances to banks repayable on demand, money market deposits and securities, customers' deposits and bank overdrafts. Bank overdrafts, when applicable, are shown within creditors in current liabilities.

Financial instruments

The company recognises and measures financial instruments in accordance with IAS 39 (as amended following the publication of IFRS 9) and disclosure requirements of sections 11 and 12 of FRS 102.

(i) Classification

The company classifies its financial assets in the following categories:

- (a) measured at fair value through profit or loss (FVTPL)
- (b) measured at fair value through other comprehensive income (FVOCI); and
- (c) measured at amortised cost

Financial liabilities are classified in the following categories:

- (a) measured at fair value through profit or loss (FVTPL); and
- (b) measured at amortised cost

Bentley Motors Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

1. Statement of accounting policies (continued)

Financial instruments (continued)

(ii) Measurements

At initial recognition, the company measures a financial asset and liability as its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the income statement.

Assets classified as subsequently measured at amortised cost, the interest revenue, expected credit losses and foreign exchange gains or losses are recognised in profit or loss. On de-recognition, any gain or loss is recognised in profit or loss.

Assets classified as subsequently measured at fair value through other comprehensive income, the interest revenue, expected credit losses and foreign exchange gains or losses are recognised in profit or loss. Other gain and losses on re-measurement to fair value are recognised in other comprehensive income. On de-recognition, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

Assets classified as subsequently measured at fair value through profit and loss, all gains and losses are recognised in profit or loss.

Financial liabilities held for trading; derivatives; and financial liabilities designated as at fair value through profit or loss on initial recognition are subsequently measured at fair value with all gains and losses being recognised in profit or loss.

(iii) Derivative and hedging activities

The company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts and interest rate swaps. Further details of derivative financial instruments are disclosed in note 10 to the financial statements.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The company designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations.

The company designates certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

Bentley Motors Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

1. Statement of accounting policies (continued)

Financial instruments (continued)

(iii) Derivative and hedging activities (continued)

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the company documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Changes in the fair values of derivatives designated as cash flow hedges, and which are effective, are recognised in other comprehensive income and accumulated in reserves in equity. Any ineffectiveness in the hedging relationship (being the excess of the cumulative change in fair value of the hedging instrument since inception of the hedge over the cumulative change in the fair value of the hedged item since inception of the hedge) is recognised in the income statement.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

(iv) Impairment

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in income statement.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the income statement.

(v) Derecognition

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(vi) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Bentley Motors Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

1. Statement of accounting policies (continued)

Colleague benefits

The company provides a range of benefits to colleagues, including paid holiday arrangements and pension plans.

i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

ii) Defined contribution pension plans

The company operates a defined contribution plans for its colleagues. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid, the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered investment funds.

iii) Defined benefit pension plan

The company operates a defined benefit scheme, the assets of which are administered by a corporate trustee and are independent of the company's finances. A defined benefit plan defines the pension benefit that the colleague will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan. The pension costs relating to this scheme, including those related to past service, are assessed in accordance with the recommendations of independent actuaries. Annually the company engages independent actuaries to calculate the obligation with full actuarial valuations carried out every 3 years.

The scheme was closed to future accrual on 31st December 2018.

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at the reporting date. The defined benefit obligation is calculated annually by independent actuaries using the projected unit cost method. The present value of the defined benefit obligation is determined by reference to the estimated future cash outflows using interest rates on gilts and corporate bonds, which have terms of maturity approximating to the terms of the liability ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as 'Other finance expense'.

Bentley Motors Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

1. Statement of accounting policies (continued)

Inventories and work-in-progress

Inventories are stated at the lower of cost and estimated selling price less costs to sell. Inventories are recognised as an expense in the period in which the related revenue is recognised.

Cost is determined on the standard cost method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition.

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the income statement. Where a reversal of the impairment is required the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the income statement.

Critical judgements and estimates in applying the accounting policies

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

(i) Defined benefit pension scheme

The company has an obligation to pay pension benefits to certain colleagues. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 21 for the disclosures relating to the defined benefit pension scheme.

(ii) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual value of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 9 for the net carrying amount of the tangible assets, and note 1 for the useful economic lives for each class of asset.

(iii) Inventory provisioning

The company designs, manufactures and sells luxury cars and is subject to changing consumer demands, fashion trends and market competition. As a result, it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 12 for the net carrying amount of the inventory and associated provision.

Bentley Motors Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

1. Statement of accounting policies (continued)

Critical judgements and estimates in applying the accounting policies (continued)

(iv) Provisions

Provision is made for warranty obligations. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

2. Turnover

The turnover of the company is all derived from its principal activity. In accordance with Schedule 1 paragraph 68(5) of the Companies Act 2006, the directors have chosen not to disclose an analysis of turnover by geographical market, since they believe that the disclosure of such information would not be in the interests of the company.

3. Profit before taxation

| | 2022 | 2021 |
|---|---------|---------|
| | £m | £m |
| Profit is stated after charging/(crediting) : | | |
| Audit services | 0.2 | 0.2 |
| Amortisation charge to intangible assets | 2.8 | 3.8 |
| Depreciation and other amounts charged to tangible fixed assets - owned | 137.1 | 128.5 |
| Loss on disposal of fixed assets | 8.9 | 1.4 |
| Foreign exchange (gain) / loss on hedging instruments | 9.2 | (2.8) |
| Wages and salaries - (note 5) | 293.8 | 245.6 |
| Research and development expenditure | 221.6 | 208.9 |
| Inventory recognised as an expense | 1,150.1 | 1,027.1 |
| Operating lease rentals charges | 6.2 | 6.3 |

Bentley Motors Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

4. Remuneration of directors

| | 2022 | 2021 |
|-----------------------|------|------|
| | £m | £m |
| Directors' emoluments | 5.1 | 5.0 |

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £1,112,008 (2021: £1,104,404).

| | 2022 | 2021 |
|---|------|------|
| | No. | No. |
| Retirement benefits were accruing to the following number of directors under: | | |
| Defined contribution schemes | - | 1 |

5. Staff numbers and costs

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

| | 2022 | 2021 |
|--|--------------|--------------|
| | No. | No. |
| Production | 1,320 | 1,295 |
| Selling, distribution and administration | 2,665 | 2,616 |
| | <u>3,985</u> | <u>3,911</u> |

| | 2022 | 2021 |
|---|--------------|--------------|
| | £m | £m |
| The aggregate payroll costs of these persons were as follows: | | |
| Wages and salaries | 238.9 | 196.8 |
| Social security costs | 19.4 | 17.1 |
| Other pension costs - defined contribution scheme (note 21) | 35.4 | 31.7 |
| | <u>293.8</u> | <u>245.6</u> |

Bentley Motors Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

6. Net interest payable

| | 2022 | 2021 |
|---|-------------|-------------|
| | £m | £m |
| Interest payable to group undertakings | 19.0 | 17.4 |
| Interest receivable from group undertakings | (7.2) | - |
| External interest payable | 2.1 | 3.2 |
| Net interest charged to the income statement | 13.9 | 20.6 |

7. Tax on profit

(a) Tax charge included in profit or loss

| | 2022 | 2021 |
|--|----------------|----------------|
| | £m | £m |
| Current tax : | | |
| Current tax charge | (96.9) | (59.0) |
| Adjustments in respect of previous periods | (12.6) | 3.2 |
| Total current tax | (109.4) | (55.8) |
| Deferred tax : | | |
| Origination and reversal of timing differences | 10.9 | (36.1) |
| Impact of change in tax rate | 5.7 | 0.5 |
| Adjustments in respect of previous periods | 29.2 | (29.3) |
| Total deferred tax (note 17) | 45.8 | (64.9) |
| Tax charge on profit before taxation | (63.6) | (120.7) |

(b) Tax income included in other comprehensive income

| | 2022 | 2021 |
|--|------|------|
| | £m | £m |
| Total current and deferred tax relating to items of other comprehensive (expense) / income | 4.3 | 51.4 |

Bentley Motors Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

7. Tax on profit (continued)

(c) Reconciliation of tax charge

| | 2022 | 2021 |
|--|---------------|--------------|
| | £m | £m |
| Profit before taxation | <u>760.7</u> | <u>560.7</u> |
| Profit before taxation multiplied by standard rate of corporation tax in the UK of 19.0% (2021: 19.0%) | (144.5) | 106.4 |
| <i>Effects of:</i> | | |
| Expenses not deductible for tax purposes | - | 1.9 |
| Income not taxable | 59.0 | (13.0) |
| Adjustments in respect of previous periods | 16.6 | (3.7) |
| Other permanent differences | (0.4) | (0.2) |
| Impact of change in tax rate | 5.7 | 29.3 |
| Total tax charge for the year | <u>(63.6)</u> | <u>120.7</u> |

The standard rate of UK corporation tax is 19%, which took effect on 1 April 2017. This will increase to 25% from 1 April 2023 as a result of the Finance Act 2021, which was substantively enacted on 24 May 2021.

Bentley Motors Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

8. Intangible assets

| | Software Developmen £m |
|---------------------------------|------------------------------|
| Cost | |
| At beginning of year | 53.8 |
| Additions | 4.5 |
| Disposals | (0.4) |
| At year end | <u><u>57.9</u></u> |
| Accumulated amortisation | |
| At beginning of year | 47.4 |
| Charge for the year | 2.8 |
| Disposals | - |
| At year end | <u><u>50.2</u></u> |
| Net book value | |
| At 31 December 2022 | <u><u>7.7</u></u> |
| At 31 December 2021 | <u><u>6.4</u></u> |

Amortisation of intangible assets is included within line item administrative expenses in the income statement.

9. Tangible assets

| | Freehold land and buildings | Plant and other equipment | Tooling | Total |
|---------------------------------|-----------------------------------|---------------------------------|------------------------|------------------------|
| | £m | £m | £m | £m |
| Cost or valuation | | | | |
| At beginning of year | 106.38 | 393.49 | 1,480.23 | 1,980.10 |
| Additions | 20.53 | 19.50 | 48.77 | 88.80 |
| Disposals | (0.1) | (5.3) | (15.5) | (21.0) |
| Transfers | (6.6) | 7.0 | - | 0.4 |
| At end of year | <u><u>120.14</u></u> | <u><u>414.70</u></u> | <u><u>1,513.49</u></u> | <u><u>2,048.32</u></u> |
| Accumulated depreciation | | | | |
| At beginning of year | 35.1 | 254.7 | 1,107.8 | 1,397.5 |
| Charge for the year | 3.7 | 35.4 | 98.0 | 137.1 |
| Disposals | - | (4.9) | (4.2) | (9.1) |
| Transfers | - | - | - | - |
| At end of year | <u><u>38.8</u></u> | <u><u>285.1</u></u> | <u><u>1,201.7</u></u> | <u><u>1,525.6</u></u> |
| Net book value | | | | |
| At 31 December 2022 | <u><u>81.3</u></u> | <u><u>129.6</u></u> | <u><u>311.8</u></u> | <u><u>522.7</u></u> |
| At 31 December 2021 | <u><u>71.3</u></u> | <u><u>138.8</u></u> | <u><u>372.5</u></u> | <u><u>582.6</u></u> |

Bentley Motors Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

10. Derivatives

Derivatives are only used for economic hedging purposes and not as speculative investments. The company has the following derivative financial instruments:

| | 2022 | 2021 |
|---|-------------|-------------|
| | £m | £m |
| Current assets | | |
| Forward foreign exchange contracts – cash flow hedges | 14.1 | 1.4 |
| Total current derivative financial instrument assets | <u>14.1</u> | <u>1.4</u> |
| Non-current assets | | |
| Forward foreign exchange contracts – cash flow hedges | 7.2 | - |
| Total non-current derivative financial instrument assets | <u>7.2</u> | <u>-</u> |
| Current liabilities | | |
| Forward foreign exchange contracts – cash flow hedges | 45.1 | 32.9 |
| Total current derivative financial instrument liabilities | <u>45.1</u> | <u>32.9</u> |
| Non-current liabilities | | |
| Forward foreign exchange contracts – cash flow hedges | - | 8.5 |
| Total current derivative financial instrument liabilities | <u>-</u> | <u>8.5</u> |

(i) Classification of derivatives

Derivatives are classified as held for trading and accounted for at fair value through profit or loss unless they are designated as hedges. They are presented as current assets or liabilities if they are expected to be settled within 12 months after the end of the reporting period.

The company's accounting policy for its cash flow hedges is set out in note 1. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

(ii) Fair value measurement

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates.

11. Investments

| | 2022 | 2021 |
|-----------------------------------|------------|------------|
| | £m | £m |
| Shares in subsidiary undertakings | <u>0.2</u> | <u>0.2</u> |

Bentley Motors Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

11. Investments (continued)

The company's wholly-owned subsidiaries are as follows:

| | Country of registration or incorporation | Principal Activity | Class of shares held |
|---------------------------------------|--|--------------------------------|----------------------|
| Bentley Motors Canada Limited | Canada | Sale of Bentley motor products | Common |
| Bentley Motor Cars Export Limited | England and Wales | Dormant | Ordinary |
| Bentley Insurance Services Limited | England and Wales | Dormant | Ordinary |
| Crewe Genuine Limited | England and Wales | Dormant | Ordinary |
| H J Mulliner & Co. Limited | England and Wales | Dormant | Ordinary |
| Park Ward & Co. Limited | England and Wales | Dormant | Ordinary |
| Bentley Motor Export Services Limited | England and Wales | Dormant | Ordinary |
| Bentley Motors Germany GmbH | Germany | Sale of Bentley motor products | Ordinary |
| Bentley Motors FZE, Dubai | United Arab Emirates | Dormant | Ordinary |

The directors believe that the carrying value of the investments is supported by their underlying net assets.

The registered address of Bentley Motors Canada Limited is : 1170 Rue Peel, Porte 500, Montreal, Quebec, H3B 4S8, Canada.

The registered address of Bentley Motors Germany GmbH is : Zeppelinstrasse 1, 85399 Hallbergmoos, Germany.

The registered address of Bentley Motors FZE is : Dubai Airport Free Zone Authority, Dubai, United Arab Emirates.

The registered address of all other companies above is : Pym's Lane, Crewe, Cheshire. CW1 3PL.

Bentley Motors Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

12. Inventories

| | 2022 | 2021 |
|-------------------------------------|--------------|--------------|
| | £m | £m |
| Raw materials and consumables | 71.0 | 74.9 |
| Work-in-progress | 39.5 | 31.9 |
| Finished goods and goods for resale | 83.7 | 60.3 |
| | <u>194.2</u> | <u>167.1</u> |

There is no significant difference between the replacement cost of the inventory and its carrying amount. Inventories are stated after provisions for impairment of £25.5m (2021: £23.3m).

13. Debtors

| | 2022 | 2021 |
|---|--------------|--------------|
| | £m | £m |
| Amounts falling due within one year | | |
| Trade debtors | 48.4 | 35.2 |
| Amounts owed by group undertakings | 54.6 | 47.0 |
| Group relief receivable | 3.6 | 4.4 |
| R&D tax debtor | 4.8 | 4.8 |
| Deferred tax asset - other timing differences (note 17) | 4.3 | 3.7 |
| Deferred tax asset - hedging (note 17) | 10.6 | 6.3 |
| Deferred tax asset - accelerated capital allowances (note 17) | 18.4 | 4.9 |
| V.A.T debtor | 2.8 | - |
| Corporation tax debtor | - | 6.4 |
| Prepayments and accrued income | 42.0 | 17.7 |
| Other debtor | 30.0 | - |
| | <u>219.5</u> | <u>130.4</u> |

The Other debtor represents a jointly controlled account between the Company and the RRBPF Trustee. The RRBPF Trustee holds a fixed charge over the account. The account is governed by a deed between Bentley Motors Limited and the Trustee.

Amounts falling due after one year

| | | |
|---|-------------|-------------|
| Deferred tax asset - hedging (note 17) | 7.6 | 2.1 |
| Deferred tax asset - accelerated capital allowances (note 17) | 52.0 | 13.0 |
| | <u>59.6</u> | <u>15.1</u> |

| | | |
|---------------|--------------|--------------|
| Total debtors | <u>279.2</u> | <u>145.4</u> |
|---------------|--------------|--------------|

Amounts owed by group undertakings are unsecured, have no fixed date of repayment and are repayable on demand.

Bentley Motors Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

14. Creditors: Amounts falling due within one year

| | 2022 | 2021 |
|--|----------------|--------------|
| | £m | £m |
| Trade creditors | 464.8 | 223.0 |
| Amounts owed to group undertakings | 89.4 | 102.5 |
| Loan from group undertakings | 556.7 | 278.2 |
| Other creditors | 104.2 | 78.4 |
| VAT Liability | - | 3.0 |
| Taxation and social security | 9.4 | 6.4 |
| Deferred tax liability - hedging (note 17) | 13.2 | 0.3 |
| Accruals and deferred income | 94.5 | 193.1 |
| | <u>1,332.2</u> | <u>884.9</u> |

The company has a £1.0 billion revolving credit facility with Volkswagen International Belgium S.A. which includes a fixed notice period of eighteen months in the event of termination. This revolving credit facility is flexible as and when drawdowns are required or repayments are made.

The company had a fixed term loan of £0.5 billion with Volkswagen Aktiengesellschaft which was repaid On 22 June 2023. The rate of interest on this loan was fixed at 2.214% per annum.

The company also has a fixed term loan of £56.7m with Volkswagen International Luxemburg S.A. which is fixed until 21 Jan 2024. The rate of interest on this loan is at a fixed interest rate of 0.915% per annum.

15. Creditors: Amounts falling due after more than one year

| | 2022 | 2021 |
|------------------------------|----------|--------------|
| | £m | £m |
| Loan from group undertakings | - | 556.7 |
| | <u>-</u> | <u>556.7</u> |

Bentley Motors Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

16. Provisions for liabilities

Warranty : provision is made for expected costs which will be incurred under the warranty agreements provided on the company's products. Warranty costs are expensed through cost of sales within the income statement.

| | 2022 | 2021 |
|----------------------|-------------|-------------|
| | £m | £m |
| At beginning of year | 98.9 | 76.5 |
| Utilised during year | (54.0) | (43.1) |
| Charge in the year | 42.5 | 65.5 |
| At end of year | <u>87.4</u> | <u>98.9</u> |

The warranty period granted on each car sale is for a period of three years and the provision is therefore expected to be utilised over this period.

| 17. Deferred tax | 2022 | 2021 |
|---|-------------|-------------|
| | £m | £m |
| <i>Deferred tax asset in respect of :</i> | | |
| Accelerated capital allowances | 70.4 | 17.9 |
| Other timing differences | 4.3 | 3.7 |
| Cash flow hedges | 18.2 | 8.4 |
| | <u>93.0</u> | <u>30.0</u> |
| Net deferred tax asset at end of year | <u>93.0</u> | <u>30.0</u> |

| | | |
|---|-------------|------------|
| <i>Deferred tax liabilities in respect of :</i> | | |
| Cash flow hedges | 13.2 | 0.3 |
| Net deferred tax liability at end of year | <u>13.2</u> | <u>0.3</u> |

| | | |
|---|-------------|-------------|
| As at 1 January | 29.7 | 43.3 |
| Deferred tax charged to the profit and loss account (note 7) | 45.8 | (65.0) |
| Deferred tax credited to the statement of other comprehensive expense | 4.3 | 51.4 |
| Deferred tax asset at end of the year | <u>79.8</u> | <u>29.7</u> |

Deferred tax has been calculated at the rate the relevant balance is expected to unwind, and therefore is provided at both 23.5% (the blended rate for calendar year 2023) and 25%.

Bentley Motors Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

| 18. Called up share capital | 2022 | 2021 |
|---|--------------|--------------|
| | £m | £m |
| <i>Authorised</i> | | |
| 947,000,000 (2020: 947,000,000) ordinary shares of £1 each | 947.0 | 947.0 |
| 2,738,085,000 (2020: 2,738,085,000) irredeemable preference shares of 1p each | 27.4 | 27.4 |
| | 974.4 | 974.4 |
| | | |
| | 2022 | 2021 |
| | £m | £m |
| <i>Allotted, issued, called up and fully paid</i> | | |
| 947,000,000 (2020: 947,000,000) ordinary shares of £1 each | 947.0 | 947.0 |
| 11,848,946 (2020: 11,848,946) irredeemable preference shares of 1p each | 0.1 | 0.1 |
| | 947.1 | 947.1 |

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

The 11,848,946 irredeemable preference shares are to James Young Limited. They do not carry any voting rights, are non-participating in profits, but as regards capital, on a return of assets on liquidation or otherwise, the assets of the company to be returned shall be applied first in repaying the holders of the preference shares.

The company's other reserves are as follows:

The share premium reserve contains the premium arising on issue of equity shares.

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

The hedging reserve represents the cumulative portion of gains and losses on hedging instruments deemed effective in hedging variable interest rate risk of recognised financial instruments or foreign exchange risk in firm commitments or highly probable forecast transactions. Amounts accumulated in this reserve are reclassified to profit or loss in the periods in which the hedged item affects profit or loss or when the hedging relationship ends.

Bentley Motors Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

19. Contingencies

The company has given guarantees to its bankers as security for deferred import duty payments and government grants. The outstanding guarantees at 31 December 2022 amounted to £13.4m (2020: £12.0m).

20. Commitments

The company had the following future minimum lease payments in respect of property under non-cancellable operating leases for each of the following periods:

| Payments Due | 2022 | 2021 |
|---|-------------|-------------|
| | £m | £m |
| - Not later than one year | 4.8 | 4.0 |
| - Later than one year and not later than five years | 7.4 | 6.5 |
| - Later than five years | 0.6 | 1.2 |
| | <u>12.8</u> | <u>11.7</u> |

Bentley Motors Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

21. Pension scheme

Defined contribution scheme

The company operates a defined contribution scheme. Contributions to the fund have been invested through individual member accounts in a range of pooled funds administered by Redington Capital Limited.

The pension cost charged for the year was £35.4m (2021 : £31.7m), there were no outstanding amounts owed as of 31 December 2022.

Defined benefit scheme

The company operates the Rolls-Royce & Bentley Pension Fund. This is a defined benefits scheme, and the pension costs relating to the scheme are assessed in accordance with the advice of qualified independent actuaries using the projected unit cost method. The assets of the scheme are held separately from those of the group in a trustee administered fund. The scheme is subject to valuations at intervals of not more than three years.

The scheme was closed to future accrual on 31st December 2018.

These financial statements are prepared using the actuarial valuation of the Rolls-Royce & Bentley Pension Fund as at March 2019 and the assumptions that have the most significant effect on the results of the valuation are the rate of return on investments and the rates of increases in salaries and pensions. It was assumed that investment returns would be 2.66% p.a. pre-retirement and 1.96% p.a. post-retirement. Salary increases (inflationary and promotional) would average 3.43% p.a.. Present and future pensions would increase at the rate of 3.22% p.a. for post 1996 pensions, at the rate of 2.47% p.a. for pre 1996 pensions and at the rate of 2.11% p.a. for post 1988 GMP pensions.

Bentley Motors Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

21. Pension scheme (continued)

Defined benefit scheme

The company made the following changes to contributions payable following the results of the 2019 actuarial valuation and the scheme closure:

The company will pay contributions in respect of the scheme expenses which will increase by 3.7% p.a. on each 1 January with the next increase due on 1 January 2023. The 2023 contribution to scheme expenses will be £1.93m.

The scheme was closed to future accrual on 31 December 2018 at which time all remaining active members moved to deferred status and joined the defined contribution scheme.

The company also made a £30 million prepayment of contributions in December 2022

The pension cost charged for the current year was £4.9m (2021 : charge of £3.3m).

The major assumptions used by the actuary were:

| | 31 December | |
|---|-------------|------|
| | 2022 | 2021 |
| | % | % |
| Rate of increase in payments to pensioners | 3.30 | 3.50 |
| Discount rate for: | | |
| Past service liabilities | 4.80 | 1.80 |
| Inflation assumption | 3.55 | 3.60 |
| Rate of revaluation on pre April 2005 CARE benefits | 3.55 | 3.60 |

The mortality assumptions used were as follows:

| | | |
|--|------|------|
| Longevity at age 65 for current pensioners | | |
| - Men | 21.2 | 21.2 |
| - Women | 23.1 | 23.1 |
| Longevity at age 65 for future pensioners | | |
| - Men | 22.4 | 22.4 |
| - Women | 24.7 | 24.7 |

Bentley Motors Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

21. Pension scheme (continued)

Actuarial gains and losses

The cumulative amount of actuarial losses recognised in the statement of other comprehensive income is £34.5m (2021 : £35.1m).

The assets in the scheme and the expected rates of return were:

| | Long-term rate of return expected at 31 December 2022 % | Value at 31 December 2022 £m | Long-term rate of return expected at 31 December 2021 % | Value at 31 December 2021 £m | Long-term rate of return expected at 31 December 2020 % | Value at 31 December 2020 £m |
|----------|--|---------------------------------------|--|---------------------------------------|--|---------------------------------------|
| | Equities | 4.80 | 13.0 | 1.80 | 11.9 | 1.40 |
| Bonds | 4.80 | 106.8 | 1.80 | 138.2 | 1.40 | 107.2 |
| Property | 4.80 | 24.4 | 1.80 | 26.5 | 1.40 | 24.0 |
| Other | 4.80 | 698.1 | 1.80 | 1,206.9 | 1.40 | 1058.0 |
| | | 842.3 | | 1,383.5 | | 1,202.1 |

The overall return is determined by looking at the likely range of net portfolio returns over a specified projection period using asset return assumptions for each constituent asset class, cross correlations between asset classes, the portfolio allocation and the expected expenses. The asset returns are forward looking and are based upon AON's globally consistent model.

Asset returns at 31 December 2022 are shown equal to the discount rate for all asset classes, in line with IAS19.

The actual return on scheme assets in the year was £(539.7)m (2021: £68.5m). This was a result of the increase in discount rates 1.8% p.a. to 4.8% p.a.

Included within the 'Other assets' category is a negative asset of £63.9m (2021: £94.1m) in relation to the cost of the longevity swap entered into in 2013. The pension scheme entered into a deal to hedge the longevity risk associated with £400m of its liabilities. The longevity swap covered all the scheme's pensioner members as of 31 March 2013.

The movements in the pension deficit during the year are as follows:

| | 2022 £m | 2021 £m |
|--|------------|------------|
| Deficit in scheme at the beginning of the year | - | (119.4) |
| Contributions | 39.4 | 157.8 |
| Other finance costs | - | (1.5) |
| Administrative expenses | (4.9) | (1.8) |
| Actuarial gain / (loss) | (34.5) | (35.1) |
| Surplus/ (Deficit) in scheme at end of the year | 0.0 | 0.0 |

Bentley Motors Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

21. Pension scheme (continued)

Details of experience gains and losses:

| | 2022 | 2021 |
|--|---------|--------|
| | £m | £m |
| Actual return less expected return on scheme assets | (564.2) | 51.8 |
| Percentage of scheme assets at end of year | -67% | 3.7% |
| Experience gains and losses on scheme liabilities | 0.9 | (7.4) |
| Percentage of present value of scheme liabilities | 0.1% | 0.6% |
| Changes in assumptions underlying the present value of the liabilities | 490.1 | (4.1) |
| Percentage of present value of scheme liabilities | 61.1% | 0.3% |
| Total amount recognised in other comprehensive expense | (34.5) | (35.1) |
| Percentage of present value of scheme liabilities | 4.3% | 2.7% |

The movement of the present value of the scheme liabilities:

| | 2022 | 2021 |
|---|-----------|-----------|
| | £m | £m |
| Present value of liabilities at beginning of the year | (1,308.1) | (1,321.5) |
| Interest costs | (23.1) | (18.1) |
| Actuarial (loss) / gain | 491.9 | (11.5) |
| Benefits paid from plan/company | 39.0 | 43.0 |
| Liabilities at the end of the year | (800.3) | (1,308.1) |

The movement of the present value of the assets:

| | 2022 | 2021 |
|--|---------|---------|
| | £m | £m |
| Present value of assets at beginning of the year | 1,383.5 | 1,202.1 |
| Expected return on plan assets | 24.5 | 16.6 |
| Employer contributions | 39.4 | 157.8 |
| Actual expenses paid | (4.9) | (1.8) |
| Benefits paid from plan/company | (39.0) | (43.0) |
| Actuarial gain / (loss) | (564.2) | 51.8 |
| Assets at end of the year | 839.3 | 1,383.5 |
| Unrecognised asset due to asset ceiling | (39.0) | (75.4) |
| Recognised assets at end of the year | 800.3 | 1,308.1 |

Future Contributions

The total employer contributions expected to be made to the pension scheme in the year to 31 December 2022 is £9.4m.

Bentley Motors Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

22. Ultimate parent company

The parent undertaking is Volkswagen Finance Luxembourg S.A..

The ultimate parent undertaking and controlling party is Volkswagen Aktiengesellschaft, a company incorporated in Germany.

Volkswagen Aktiengesellschaft is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2022. The consolidated financial statements of Volkswagen Aktiengesellschaft are available from Volkswagen Aktiengesellschaft, Brieffach 1848-2, D-38436 Wolfsburg, Germany.

23. Related-party transactions

The company is exempt from disclosing other related party transactions under section 33.1A of FRS 102 "Related party transactions" as they are with other companies that are wholly owned within the Group.