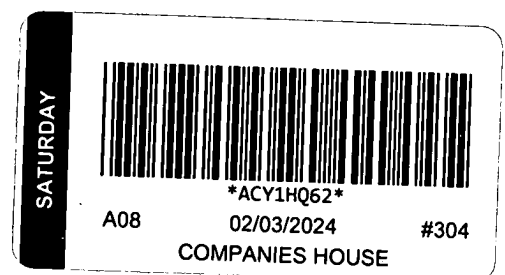


Registration number: 1397939

# LeasePlan UK Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2022



**LeasePlan UK Limited (registered number: 1397939)**  
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**LeasePlan UK Limited (registered number: 1397939)**  
**Company Information**

<b>Directors</b>	A Martinez R Cellier
<b>Company secretary</b>	S Carlin
<b>Registered office</b>	165 Bath Road Slough Berkshire SL1 4AA
<b>Auditor</b>	KPMG LLP One Snowhill Snow Hill Queensway Birmingham B4 6GH

**LeasePlan UK Limited (registered number: 1397939)**  
**Strategic Report for the Year Ended 31 December 2022**

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

**Principal activity**

The principal activity of LeasePlan UK Limited ("LeasePlan" or "the Company") is vehicle leasing and fleet management. The core business, known as Car-as-a-service, involves managing the entire vehicle lifecycle for our customers, from purchasing, insurance and maintenance to the remarketing of leased vehicles. The company operates in several segments, comprising Corporate, SME, Public Sector, Consumer and Commercial Vehicle markets. These segments enjoy strong positions in their own specific markets, each offering a comprehensive range of vehicle funding and management services to meet the needs of all fleets, ranging from consumers and smaller businesses to multi-nationals and public sector organisations.

**Fair review of the business**

LeasePlan UK Limited delivered a profit for the financial year of £123.8m (2021: £29.4m). Similar to the prior year, the key drivers continued to be the profit on disposal of vehicles, driven by the increases in second-hand car market prices over the course of 2022 and in-house cost control measures.

Operating income increased by £112.7m (81.9%) and operating expenses increased by £2.1m (2.2%) resulting in an increase in profit after tax of £94.3m (320.3%). By comparison, in 2021 operating income decreased by £38.5m (21.8%) and operating expenses increased by £21.1m (28.2%), resulting in a decrease in profit after tax of £51.3m (63.5%) compared to 2020.

**Key performance indicators**

LeasePlan monitors its performance through key performance indicators, which are set out in the table below.

The directors analyse and review the key performance indicators monthly to understand the development, performance and position of the company, and, where applicable, of each segment. A management reporting pack encompassing all key performance indicators is produced monthly to highlight areas for the board to monitor and control. Every month, the LeasePlan Group Board members review the LeasePlan UK financials with local Board members. Indicators tracked cover performance (profitability per vehicle, ratios such as operating expenses over operating income and profitability over risk adjusted capital) and exposure to risk (including residual value risk, credit risk, liquidity risk and interest rate risk).

	<b>Unit</b>	<b>2022</b>	<b>2021</b>
Revenue	£m	1,121	1,132
Profit for the year	£m	124	29
Book value of vehicles under operating lease	£m	2,118	2,130
Finance lease receivables	£m	480	493
Total equity	£m	384	304
Number of vehicles in lease portfolio		177,724	187,377
		<b>2022</b>	<b>2021</b>
			<b>Restated</b>
<b>Ratios</b>			
Operating expenses / Operating income		39.21%	69.77%
Return on equity		32.78%	9.69%

**LeasePlan UK Limited (registered number: 1397939)**  
**Strategic Report for the Year Ended 31 December 2022 (continued)**

**Strategy**

LeasePlan UK is part of LeasePlan Corporation N.V. one of the world's leading fleet management, vehicle management and leasing companies. As one of the Group's largest operating countries, our strategy is centralised on the following strategic pillars:

- **Delivery of NGDA (New Generation Digital Architecture):** our digital roadmap to enhance the in-life operation of our fleet and the ease in which our customers interact with us.
- **ALD Automotive:** progress on the LeasePlan acquisition to create a leading global player in mobility.
- **Customer:** provide a customer-centric culture with focus on mission critical fleets.
- **Evolve the Net Zero proposition:** take mitigating actions to reduce its environmental footprint.
- **Control & Compliance:** enhance processes surrounding consumer duties, credit acceptance and counterparty due diligence.

**Company strengths**

The LeasePlan group, headed by LeasePlan Corporation N.V., operates in 28 countries with 1.6m vehicles worldwide. The group's structure enables LeasePlan UK Limited to service smaller, regional clients, while also offering a global and coordinated product to international customers.

Both our scale and shared expertise enables the Company to leverage buying power when purchasing new vehicles and investing in new products or services to support mobility trends and deliver efficient processes. Meanwhile, our independence from any automotive or financial institution allows the Company to offer a wide variety of makes and models to our customers at attractive price points.

**Market Trends**

The LeasePlan group is dedicated to ensuring its continued adaptation to the ever-changing market, in order to keep our customers as mobile as possible. We are investing in core products to support the changing mobility market, including flexible leasing and subscription-based products, electric vehicle infrastructure and funding options. Our team of experts, specialised in the challenging dynamics of today's and tomorrow's mobility market, has identified the following key market trends:

- Growth in electric vehicles, as demonstrated by the 58% increase in pure electric vehicles in the funded fleet in 2022 versus prior year;
- Increase in passenger cars on the fleet (+0.5%), offset by decrease in commercial vehicles (-2.9%) as supply issues remained throughout 2022;
- Geopolitics, particularly trade barriers and import tariffs, will define global trade;
- New car registrations outlook expect an increase of 11.1% on 2022 volume

Looking at the broader regulatory landscape, we continue to see an increase in governance from the Financial Conduct Authority and its efforts to reshape the industry. LeasePlan's dedicated Privacy Officer and Global Data Protection office continue their work to ensure data protection policies, processes and systems are maintained and updated in compliance with the General Data Protection Regulations ("GDPR"). No changes in IFRS regulations significantly affected external reporting for 2022.

LeasePlan UK Limited places customer satisfaction and loyalty at the heart of its strategy and approach to business, evident in our Customer First Attitudes and behaviours:

- Expert
- What's Next
- Be the Promise
- U & Us
- Efficient
- Wow!

We continue to actively request, monitor and use customer feedback to develop products and services in ways that truly meet our customers' needs.

**LeasePlan UK Limited (registered number: 1397939)**  
**Strategic Report for the Year Ended 31 December 2022 (continued)**

**Future developments**

*Outlook for 2023*

LeasePlan UK Limited entered 2023 with continued confidence in the resilience of its business, including the acquisition of the LeasePlan group by ALD Automotive which was successfully completed on 22 May 2023.

LeasePlan UK Limited's strategy is to lead the growing trend from ownership to usership of vehicles, as observed in the markets. We aim to provide the future of mobility, through our "any car, any time, anywhere" service, allowing our customers to focus on their own future and endeavours. The automotive industry is likely to continue to see the growth of shared mobility services such as ride-sharing and car-sharing, allowing people to access transportation on an as-needed basis, rather than owning a vehicle outright. The growth of shared mobility services is likely to have a significant impact on the way people use and think about transportation in 2023.

Regarding electrification of vehicles, our latest research (the 2022 Car Cost Index) shows that the total cost of usership of battery electric vehicles (BEVs) is now comparable to internal combustion engine (ICE) vehicles, while our EV Readiness Index demonstrated that tax incentives and infrastructure are well established in many markets, making electric vehicles more accessible than ever. Taken together, these factors point to pure electric vehicles making even more advancements in 2023.

*Semiconductor shortage*

The global automotive economy continues to suffer from a semi-conductor shortage, which originated in 2020. These had a negative effect on delivery (lead) times, as manufacturers adjusted their production schedules or had to find alternative suppliers for source materials. Coming into 2023, lead times remain much longer than they used to be - but there are signs of improvement. The semi-conductor crisis seems to have reached its peak and the production of new cars and vans is returning. However, it's important to note that lead times can vary widely and are likely to be influenced by a range of factors, including demand, production capacity, location and supply chain disruptions.

The impact of longer lead times on the business model have been limited by its knock-on effect on both extensions of existing vehicles and performance on the second-hand vehicle markets in 2022. Existing customers tend to extend their current lease while waiting for the delivery of their new vehicle. As a result, LeasePlan UK Limited continues to derive revenue from these customers despite the delays in the supply chain.

*Ukraine-Russian War*

The Ukraine-Russia war is a key contributing factor to the significant increase in energy prices and the wider cost of living crisis affecting the UK and wider Europe. Refer to Note 30 for further details.

*ALD acquisition*

As discussed in note 30, ALD Automotive successfully completed the acquisition of LeasePlan on 22nd May 2023 for a total consideration of EUR 4.8 billion, paid through a combination of cash and ALD shares.

**Section 172 (1) statement**

Under section 172(1) of the UK Companies Act 2006 ("Section 172"), the directors of LeasePlan UK Limited confirm that they have acted and continue to act in the way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and in doing so have regard (amongst other matters) to:

- The likely consequences of any decision in the long-term;
- The interests of the company's employees;
- The need to foster the company's business relationships with suppliers, customers and others;
- The impact of the company's operations on the community and the environment;
- The desirability of the company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between members of the company.

**LeasePlan UK Limited (registered number: 1397939)**  
**Strategic Report for the Year Ended 31 December 2022 (continued)**

*Long-term consequences of decisions made*

As part of our established long-term corporate strategy, the directors conduct regular business reviews. These reviews include the progression of LeasePlan UK Limited towards the accomplishment of its strategic pillars, which are central to decisions made and/or acted upon by senior management. Investment in digitalisation and key systems are an additional priority to enhance both in-life operation of the Company's fleet and ease communication with customers.

The successful stewardship of the Board of Directors is demonstrated by the five awards and one commendation won by LeasePlan UK Limited in 2022:

- WhatVan? Awards 2022: Leasing Company of the Year (Award)
- Business Van Awards 2022: Best Van Leasing Award (Award)
- GreenFleet Awards 2022: Leasing Company of the Year (Award)
- Fleet News Awards 2022: Reader Recommended (Award)
- FN50 Awards 2022: Wellbeing Award (Award)
- Great British Fleet Awards 2022: Innovation in Electric Vehicles (Highly Commended)

The continued strong performance of LeasePlan UK Limited led the Board of Directors to recommend and approve the payment of a £50million (2021: £84million) dividend to its sole shareholder, Inula Holdings Limited. This decision was taken after careful consideration of the available reserves, profitability and going-concern of the company - including its ability to pay its debts as they fall due. The dividend was approved during the Board of Directors' meeting on 15 September 2022 and settled on 20 September 2022.

*Employees' interests*

Our employees are critical to the continued growth and success of LeasePlan UK Limited. The Company is thus committed to creating an environment of inclusion, where all our employees can reach their full potential.

Talent Management and Success Planning processes balance the Company's business needs with individual employee aspirations in order to ensure that we have the right talent, at the right place, at the right time. This includes the promotion of an inclusive hiring policy, further detailed within the "Employment of disabled persons" and the "Diversity" sections of the Directors' Report. The overall employee development strategy is developed upon within the "Employee involvement" portion of the Directors' Report.

LeasePlan UK Limited ensures that employees' interests are taken into consideration and that all employees are kept informed of the developments in the Company's operations and strategy. The means employed by senior management to accomplish both aims are detailed within the "Employee engagement" section of the Directors' Report. These include Employee Discussion Groups ("EDG") discussions, which enable employees to raise matters of concern to senior management, monthly divisional meetings and weekly all-employee briefings conducted by Board Members.

**LeasePlan UK Limited (registered number: 1397939)**  
**Strategic Report for the Year Ended 31 December 2022 (continued)**

*Fostering business relationships with suppliers and customers*

Fostering and promoting business relationships with suppliers and customers is a key focus of LeasePlan UK Limited's directors. This is accomplished both via internal processes and initiatives, as well as actively sharing ideas and best practices with other LeasePlan entities.

Relationships with suppliers are the remit of the Head of Supplier Management, who provides a point of contact for communication to and from suppliers. Dedicated teams support the supplier network and work to ensure that LeasePlan UK Limited is operating as efficiently as possible. The importance of supplier relationships is reinforced internally through training and the internal recognition scheme. Indeed, the latter places suppliers and customers at the centre of the policy, with an aim to highlight best practice within the company's employees.

LeasePlan UK Limited uses Net Promoter Score (NPS) surveys to measure customer satisfaction and ensure that any learnings from its outcomes are applied going forwards. Monthly communications with customers as to the developments of LeasePlan further allows communication channels to remain open. Further, ongoing training is provided to our franchisee network in order to further the quality of service they can deliver to customers

*Impact of operations on the community and the environment*

LeasePlan UK Limited is committed to having a positive impact on its community and the environment.

The Head of Employee and Community Engagement is also responsible for charity and community activities, including partnership fundraising, community support and internal CSR campaigns. In 2019, the Company launched our fourth two-year charity partnership, this time with Mind, as voted for by employees. The partnership was extended in 2021 due to the ongoing mental health requirements of the post-pandemic workforce. The charitable contributions and donations made by LeasePlan UK Limited and its employees are further detailed within further sections of the Strategic Report.

*Maintaining high standards of business conduct*

LeasePlan UK Limited is regulated by the FCA. The conduct rules are followed by all employees in their day-to-day work. These comprise the requirement to act with integrity, due skill, care and diligence, be open and cooperative with regulators, observe proper standards of market conduct and pay due regard to the interests of customers and treat them fairly.

Beyond the requirements set by the FCA, compliance with all applicable laws and regulations is at the root of policies in place at LeasePlan UK Limited. Employees are provided with training and regular refreshes / updates in the requirements placed upon them by all applicable external regulations and internal policies. Employees are subsequently duty bound to uphold every aspect of all relevant laws and conduct business in accordance with the practices of fair competition and the prevention of corruption.

LeasePlan UK Limited's Corporate Governance Framework is set-up and reviewed annually to ensure that it promotes compliance with applicable laws and regulations. Further details on the Framework are included within the "Corporate Governance Code" section of the Strategic Report.

*Acting fairly between members of the Company*

LeasePlan UK Limited is a single-member company, whose sole shareholder is Inula Holdings Limited. The latter's shares are wholly owned by LeasePlan Corporation N.V., the company's ultimate parent, which operates within the same industry as LeasePlan UK Limited. The directors are thus not exposed to conflicts in acting fairly between members of the company as it pertains to sections 172(1).

**LeasePlan UK Limited (registered number: 1397939)**  
**Strategic Report for the Year Ended 31 December 2022 (continued)**

**Environmental matters**

***Streamlined Energy & Carbon Reporting (SECR)***

In accordance with new reporting requirements introduced by the UK government for accounting periods beginning on or after 1 April 2019, the greenhouse gas ("GHG") emissions and energy use by LeasePlan UK Limited's operations in the UK during the financial year ending 31 December 2022 are recorded below:

Energy consumption used to calculate emissions (kWh)	<b>2022</b>	<b>2021</b>
Transportation (Scope 1 & 2)	1,301,052	1,389,575
Gas (kWh) (Scope 1)	403,685	856,048
Electricity (kWh) (Scope 2)	844,340	1,206,064

LeasePlan UK Limited Scope 1 and 2 direct emissions (combustion of natural gas and transportation fuels) for this year of reporting are 332.92 tCO<sub>2</sub>e, resulting from the direct combustion of 1,704,737 kWh of fuel. This represents a carbon reduction of 30.31% from last year.

Scope 2 indirect emissions (purchased electricity) for this year of reporting are 163.28 tCO<sub>2</sub>e, resulting from the consumption of 844,340 kWh of electricity purchased and consumed in day-to-day business operations. This represents a carbon reduction of 36.24% from last year.

Our operations have an intensity metric of 0.5 tCO<sub>2</sub>e per £m turnover for this reporting year. This represents a reduction in operational carbon intensity of 23.85% from our previous reporting year.

All energy consumption disclosed above relate to the usage made by our offices in the UK.

***Greenhouse gas emissions***

Total emissions from 2022 consumption was 496 tCO<sub>2</sub>e (2021: 733 tCO<sub>2</sub>e). The following table expresses our annual emissions in relation to quantifiable factors associated with our activities.

Intensity ratios (tonnes of CO<sub>2</sub>e per unit):

	<b>2022</b>	<b>2021</b>
Ratio of carbon emissions to total revenue (£k revenue)	0.001	0.001
Ratio of carbon emissions to operating income (£k operating income)	0.002	0.005
Ratio of carbon emissions to employees (average headcount)	0.98	1.42

**LeasePlan UK Limited (registered number: 1397939)**  
**Strategic Report for the Year Ended 31 December 2022 (continued)**

LeasePlan UK Limited's primary operations of leasing vehicles to private, corporate and public sector bodies has unintended negative effects on the environment, as many of the vehicles in our fleet produce CO2 emissions, thereby contributing to air pollution. The Company's ongoing efforts are regularly recognised by the GreenFleet Awards for contribution to awareness and education relating to carbon impacts and options available to fleets to mitigate these impacts. The Company is fully committed to the LeasePlan group of companies' target of transforming its funded fleet into a net zero tailpipe-emission operation by 2030. This importance of this objective to LeasePlan UK Limited is demonstrated by it being one of the five key strategic pillars for the company. As further evidence, LeasePlan corporation has committed to medium & long term targets setting based on Science Based Targets initiative. The only widely recognised approach to independent verifiable climate action from companies.

LeasePlan UK Limited's commitment to the policy starts at home, with an ongoing transition of all employee vehicles to Battery Electric Vehicles (BEVs). LeasePlan Corporation N.V. have signed a declaration at COP26 on accelerating the transition to 100% zero emission cars and vans. By the end of 2022, all eligible company car drivers have transitioned to fully battery electric vehicles and in addition, an attractive all employee scheme was launched to encourage other employees to adopt BEV vehicles.

**Energy Efficiency Improvements**

We are committed to year-on-year improvements in our operational energy efficiency. As such, a register of energy efficiency measures available to us has been compiled, with a view to implementing these measures in the next 5 years.

**Measures ongoing and undertaken through 2022:**

*Slough Office Refurbishment*

LeasePlan UK is undergoing significant office refurbishment, including reporting on environmental waste; increased use of recycled & re-used materials, and reduction in server room consumption. A range of environmentally effective measures were included in the refurbishment including the replacement of all lighting to new LED lighting, and the conversion of a gas supplied kitchen to an induction electric centric kitchen.

**Other Improvements**

- LeasePlan UK's first Carbon Reduction Plan has been approved by Crown Commercial Services (CCS) ahead of the future tender. Work will recommence on preparing a general CRP for other customers.
- Launch of a Sustainable Procurement Plan, strengthened by a Sustainable Procurement Policy and a Sustainable Procurement Standard.
- ISO 14001:2015 recertification for 3 years retained in Jan 2022, giving continuity of certification since 2010.

**Reporting methodology**

Energy consumption and CO2e emission data were calculated in line with the 2019 UK Government environmental reporting guidance based on Companies (Directors' report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. LeasePlan UK Limited used Net Zero Compliance, a division of inspired Energy PLC, who prepared the report on our behalf.

Scope 1, 2 and 3 consumption and CO2e emissions data has been calculated in line with the 2019 UK Government environmental reporting guidance. Emissions Factor Database 2022 version 1 has been used, utilising the published kWh gross calorific value (CV) and kgCO2e emissions factors relevant for reporting period 01/01/2022 - 31/12/2022.

All consumption data for LeasePlan UK Limited was complete for the reporting year, and as such no estimations were required. Intensity metrics have been calculated using total tCO2e figures and the selected performance indicator agreed with LeasePlan UK Limited for the relevant report period.

**LeasePlan UK Limited (registered number: 1397939)**  
**Strategic Report for the Year Ended 31 December 2022 (continued)**

*Corporate Social Responsibility*

Our commitment to sustainability is a vital enabler of our overall strategy towards all stakeholder groups. We want to build a future-proof company that balances the needs of people, planet, and profit. Within this context, our sustainability strategy is based on three priority areas:

- Shaping the future of low-emission mobility
- Strengthening our contribution to societal well-being
- Reducing our own environmental impact

Climate change is the biggest challenge we face as a planet, and as road transport accounts for around 20% of global CO2 emissions, we're determined to play our part. That's why we support the goal of carbon neutrality by 2050. But we also think we can do better. We want to achieve zero tailpipe emissions from our entire funded fleet by 2030, starting with our employees' vehicles.

**LeasePlan in the Community**

LeasePlan UK's Community Day scheme allows all employees to take one day a year to help in our local community in and around Slough, primarily through our ongoing membership of the Slough Business Community Partnership.

This led to employees delivering over 900 hours of community volunteering during 2022.

**Company employees**

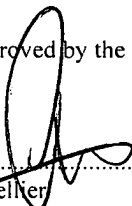
The company had 534 employees as at 31 December 2022 (2021: 500).

**Charitable donations**

During the year, the company made charitable donations of £84,679 (2021: £31,954). Charitable donations were split between:

	£	£
BEN	30,300	-
MIND	4,300	19,134
Thames Hospice Vehicle	-	12,620
Abbeyfield Pirbright & District	-	200
Ukraine DEC Appeal	46,779	-
Pakistan Floods DEC Appeal	3,300	-
	<hr/>	<hr/>

Approved by the Board on 29 February 2024 and signed on its behalf by:

  
.....  
R Cellier  
Director

**LeasePlan UK Limited (registered number: 1397939)**  
**Directors' Report for the Year Ended 31 December 2022**

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

**Directors of the company**

The directors who held office during the year, were as follows:

A Martinez

R Cellier

**Business review**

***Fair review of the business***

Please refer to page 3 for the fair review of the business.

***Dividends***

Please refer to page 6 for details of dividend paid during the year.

**Going concern**

These financial statements have been prepared on a going-concern basis. This basis of preparation was agreed upon following a detailed assessment of the Company's ability to continue as a going-concern for a period of at least 12 months from the date of approval of the financial statements ("the going-concern period").

LeasePlan UK Limited's business environment was significantly disrupted in 2020 by the Coronavirus Health Crisis, the emerging global semi-conductor shortage and Brexit and associated trading agreements. The Company continued to be affected by the pandemic and semi-conductor shortage in 2021, and indeed into 2022. Additionally, the war and rise in energy prices continue to provide strain on the fleet. The established risk function and dedicated teams continue to closely monitor developments on all three events, as well as potential new effects, to ensure that LeasePlan UK Limited can respond to changes in its business environment.

Thanks to a multi-year cycle, LeasePlan UK Limited has a built-in resilience to short-and-medium-term external shocks. This resilience is reinforced by the Company's access to funding, particularly from the ultimate parent undertaking, LeasePlan Corporation N.V., which has confirmed its intention not to withdraw any funding facility in the foreseeable future. Further sources of funding include the sale of securitised assets through the Bumper programme, uncommitted bank loans and a short-term overdraft facility.

In assessing the Company's ability to continue trading, management have prepared cashflow forecasts for a period of at least 12 months from the date of approval of these financial statements. They demonstrate that LeasePlan UK Limited will have sufficient funds to meet its liabilities as they fall due.

**LeasePlan UK Limited (registered number: 1397939)**  
**Directors' Report for the Year Ended 31 December 2022 (continued)**

**Corporate governance**

Corporate governance arrangements are in place at LeasePlan Corporation N.V., the Company's ultimate parent. These serve as a foundation and framework to LeasePlan UK Limited's own regularly reviewed corporate governance, elaborated in compliance with the Companies (Miscellaneous Reporting) Regulations 2018.

Lines of defence

The Corporate Governance Framework is based on the three lines of defence model. These three lines of defence underpin the governing body, which bears the ultimate responsibility for ensuring that Corporate Governance arrangements within LeasePlan UK Limited are sufficient and appropriate. The Board of Directors is supported by the various local management committees described below.

The first line of defence is composed of the control activities carried by business line management, largely as part of controls embedded within day-to-day processes. These activities are overseen by the LeasePlan UK Limited Managing Board.

The second line of defence is entirely internal to LeasePlan UK Limited. It challenges and monitors the activities of the first line of defence. The Privacy, Compliance and Risk functions, including Information Security, are the key members of this second line of defence.

The third line of defence are bodies that provide independent and objective assurance of the effectiveness of the firm's systems of internal control established by the first and second lines of defence. These bodies can be either internal to the LeasePlan group of companies, such as the Group Audit function, or external.

Board Leadership and Company Purpose

LeasePlan UK Limited's stated vision is to provide a "Flexible digital-led vehicle leasing solutions and an excellent customer experience enabling any car, any time, anywhere" service.

The Board of Directors, chaired by the Managing Director, is the governing body of LeasePlan UK Limited and is entrusted with the delivery of this vision. Its members are the directors of the company's key functions. The Board of Directors reviews the Corporate Governance Framework annually and meets monthly to discuss:

- Implementing the overall strategy and development
- Achieving the strategic and operational objectives
- Supporting and supervising local management
- Considering and proposing inherent risks for approval by LeasePlan Corporation N.V.
- Formulating the Company's risk appetite, in-line with the wider Corporate Governance arrangements of LeasePlan Corporation N.V.
- Oversight of the risk owners' systems and ensuring that they monitor and report compliance with risk appetite
- Promoting knowledge transfer within business functions and the wider Company
- Co-ordinating the activities in areas with more than one business unit.

The Board of Directors reports to LeasePlan Corporation N.V., whose Supervisory Board is the ultimate governing body of the LeasePlan group of companies.

Division of Responsibilities

In performing its duties, the Board of Directors is supported by eight local committees:

**LeasePlan UK Limited (registered number: 1397939)**  
**Directors' Report for the Year Ended 31 December 2022 (continued)**

*Committee of management*

The Committee of management is chaired by the Managing Director and meets monthly. It is the formal oversight managing board of LeasePlan UK Limited and is responsible for:

- Reviewing and confirming approval of the minutes of any local management committee or council meetings held since its own last meeting
- Ratifying decisions, expenditure and business cases from each Board sponsor in the past month.

*Quality management council*

The Quality management council is chaired by the Quality Manager and meets quarterly. The council is responsible for:

- Changes in external and internal issues that are relevant to QMS, including the needs and expectations of interested parties and the risk & opportunities.
- The extent to which the quality objectives have been met.
- Information on trends relating to quality performance.

*Entity risk committee*

The Entity Risk Committee is chaired by the Managing Director and meets monthly. The committee:

- Sets the risk appetite of the company
- Ensures local execution is in-line with risk appetite and relevant policies and procedures
- Monitors and manages risk within LeasePlan UK Limited
- Handling the transactional element of risk management, such as incidents, reports, credit proposals, collections strategies and self-assessments.
- Ensures appropriate risk awareness levels at all levels of the organisation.

*Environmental committee*

The Environmental committee is chaired by the HR & Legal Director and meets quarterly.

- Changes in external and internal issues that are relevant to EMS, including the needs and expectations of interested parties and the risk & opportunities.
- Opportunities for continuous improvement.

*Pricing Council*

The Pricing Council is jointly chaired by the Finance Director and the Commercial Director. It meets annually. The council's responsibilities are to:

- Review and agree the LeasePlan UK Limited pricing policy
- Review the delegation of authority
- Review the deal profitability model.

*Remuneration Committee*

The Remuneration Committee is chaired by the Managing Director and meets quarterly or as required. The committee is responsible for:

- Carrying out the annual review of salary payments and company's incentive scheme
- Recommending the level and structure of remuneration for senior management
- Reviewing the company's reward policy, in conjunction with LeasePlan Corporation N.V. reward policy

The reward policy applicable to LeasePlan UK Limited and the wider role of the remuneration committee are in-line with the policies and scope defined by LeasePlan Corporation N.V., the entity's ultimate parent. Employees' remuneration, including base salary, is reviewed annually, with special provision for large pay rises.

**LeasePlan UK Limited (registered number: 1397939)**  
**Directors' Report for the Year Ended 31 December 2022 (continued)**

*RV & RMT Determination Council*

The RV & RMT Determination Council is chaired by the Managing Director and meets quarterly. It is responsible for reviewing:

- The key points in the RV & RMT setting process
- The RMT market forecast
- Used car market forecast
- RV & RMT methodology and controls

*Tax Committee*

The Tax Committee is chaired by the Finance Director and meets quarterly. It focuses on:

- Defining and maintain the Company's tax policy and tax governance framework
- Certifying the appropriateness of tax accounting arrangements to HMRC

**Principal risk and uncertainties**

The directors of LeasePlan UK Limited recognise nine main risk areas, which are aligned with those set out by the ultimate parent, LeasePlan Corporation N.V, adapted at the local entity level. These nine risk areas can be broadly divided into two categories: financial and non-financial risks.

Financial risks:

*Asset risk*

Asset risk is defined as the combination of residual value (RV) risks and risks on RMT services. Residual value risk is considered the main risk and is defined as the Group's exposure to potential losses due to the resale value of assets declining below the estimates made at lease inception minus risk mitigation. On a quarterly basis, the Company assesses its exposure to asset risk and evaluates the outcomes against its risk appetite.

*Credit risk*

As a result of its normal business activities, LeasePlan UK Limited is exposed to credit risk, which is the risk that the value of a debt obligation will decline due to a change in the borrower's ability to make payments. Credit risk mainly relates to lease receivables from clients, including trade receivables and amounts receivable under finance lease contracts. For amounts receivable under finance lease contracts, credit risk is mitigated materially by the underlying value of the available collateral (i.e. the leased vehicle).

The maximum credit risk at 31 December 2022 approximates to the carrying value of receivables from customers (note 18). There are no significant concentrations of credit risk due to the large number of customers.

For 2022, a customer is deemed in default when either on or both of the following events occur:

- LeasePlan UK Limited considers the customer unlikely to pay (UTP) and/or
- The customer is past due more than 90 consecutive days on any material credit obligation

LeasePlan UK Limited distinguishes between corporate clients, retail clients, governments, banks and others. In this respect, retail clients are from a regulatory point of view defined as small and medium entities (SMEs) and private households. Except for retail clients, which are assessed whenever a credit application is received, the credit risk of all counterparties is assessed at least once a year. For corporate counterparties, all entities of the LeasePlan group follow an internal system, segmented into 14 non-default rating classes reflecting the range of default probabilities defined for each rating class. For government, bank and other retail customers' counterparty exposures, the Group does not use internal models, but relies on external ratings.

**LeasePlan UK Limited (registered number: 1397939)**  
**Directors' Report for the Year Ended 31 December 2022 (continued)**

*Treasury risk*

Treasury risk consists of three individual risks, being liquidity risk, interest rate risk and currency risk. Liquidity risk is the risk that the Company is not able to meet its obligations for (re)payments. Interest rate risk is the risk that the profitability and shareholders' equity of LeasePlan UK Limited are affected by movements in interest rates. Currency risk is the risk that currency fluctuations have an adverse impact on the Company's capital ratios, result and shareholders' equity.

Liquidity risk: LeasePlan UK Limited deems its exposure to liquidity risk to be low. This assessment is based on the funding facility provided to it by its ultimate parent, LeasePlan Corporation N.V., combined with an overdraft facility at Lloyds Bank.

Interest rate risk: LeasePlan UK Limited accepts and offers lease contracts to clients at both fixed and floating interest rates, for various durations. The interest rate risk policy is set to match the interest rate risk profile of the lease contract portfolio with a corresponding interest rate funding profile to minimise the interest rate risk.

Currency risk: LeasePlan UK Limited conducts the majority of its business operations in its functional currency, the British pound sterling (GBP). Transactions in foreign currencies, mainly Euro (EUR), occur with other entities of the LeasePlan Group.

Non-financial risks:

*Operational risk*

Operational risk within LeasePlan UK Limited involves the risk of a positive, negative or potential loss resulting from inadequate or failed internal processes, human behaviour, and systems or external incidents. Business continuity risk, financial reporting risk, model risk, and human resources risk are also classified as operational risk categories. Some of the risk categories have separate policies and standards.

The operational risk team is assisted in its efforts by the Risk Champions, individuals nominated within each team to ensure that the first line is both aware of and compliant with internal policies and expectations.

The overall impact of the mitigating activities implemented at all levels is assessed by analysing the frequency and impact of operational losses prior to and after implementation of the additional controls. Based on the Company's risk profile, experience and appetite, insurance coverage is in place for the main impact, low likelihood events that are inherent to the environment LeasePlan UK Limited is operating in. Current insurance policies are typically contracted by the ultimate parent, with participation by LeasePlan UK Limited.

*Information risk*

Information risk is the risk of breaching confidentiality, integrity or availability of information, due to human error or misbehaviour, inadequate processes or failing technology, leading to losses, financial misstatements, reputational damage or regulatory sanctions.

The first line of defence is responsible for the implementation of policies and standards. The second line is represented by the Information Security Officer (ISO), supporting secure implementation, facilitating risk management processes and challenging first line decisions. The ISO is supported by the Information Risk Management and Non-Financial Risk Management functions present within the ultimate parent's organisation.

During the reporting year, there have been no significant or material information risk incidents.

**LeasePlan UK Limited (registered number: 1397939)**  
**Directors' Report for the Year Ended 31 December 2022 (continued)**

*Strategic risk*

The risk function performs regular exercises in the identification and assessment of risks that the Company is exposed to. This process considers the current business, external trends and emerging developments, as well as the impact of these risks on the foreseeable future.

Within each division of the company, the first line is responsible for creating detailed business continuity plans, which are reviewed and approved by both the dedicated Board member and the Risk function before being implemented. This exercise is performed annually or as required.

*Reputational risk*

Reputational risk is defined as the current or prospective risk to earnings, liquidity and/or capital arising from an adverse perception of the image of LeasePlan UK Limited or the wider LeasePlan group on the part of current or prospective employees, clients, counterparties, shareholders, investors/media and regulators. It is a risk which is a derivative of possible exposures in other risk areas.

*Compliance risk*

Compliance risk is the threat posed to a company's financial, organisational or reputational standing resulting from violations of laws, regulations, codes of conduct, or organisational standards of practice. LeasePlan UK Limited applies a structured approach to meet the needs of its customers, suppliers, employees, and other stakeholders, as well as all applicable legal and regulatory obligations. The Company seeks to abide by high ethical standards to give its stakeholders the confidence to work with LeasePlan.

Specific objectives of its privacy and compliance efforts include:

- Employees: all employees uphold high standards of integrity and business ethics
- Products & services: to meet market demand, compliance with all relevant laws and regulations, and applying a duty of care
- Counterparties: LeasePlan UK Limited engages in business with relations that maintain high standards of integrity
- Organisation: conduct business with honesty and trust, respect for the law, human rights, privacy and data protection and corporate social responsibility

These efforts are embodied by the Local Compliance Officer (LCO), Local Privacy Office (LPO) and Local Anti-Money Laundering Officer (AML). They seek to safeguard LeasePlan UK Limited's integrity and reputation, protecting it against financial loss and reputational damage, and thereby also protect the interests of customers, drivers, suppliers and employees. Other key activities include:

- Supporting LeasePlan to ensure a proper control environment is in place for complying with applicable laws, rules, regulations and internal standards
- Helping prepare LeasePlan for emerging trends and new requirements
- Supporting the business with managing day-to-day compliance risks
- Serving as trusted business partners and supporting the full integration and digitisation of privacy and compliance in daily business activities and strategic planning
- Setting measurable quality goals for each project, product and process and ensuring privacy and compliance by design is embedded by default within business processes
- Using automation and artificial intelligence to proactively detect, prevent and monitor privacy and compliance threats and risks

**LeasePlan UK Limited (registered number: 1397939)**  
**Directors' Report for the Year Ended 31 December 2022 (continued)**

*Legal risk*

To ensure legal risks for LeasePlan UK Limited are sufficiently addressed and key stakeholders are adequately supported, Legal is focused on the following areas:

- Commercial contracting, by supporting in dealings with clients and partners. This includes assisting in the on-boarding of new customers and leasing partners and renewing existing contracts
- Competition, by providing day-to-day advice, trainings and reminders to support the business teams with fair competition
- Employment services, including employee representation and related business decisions
- Digital and indirect procurement programmes
- Supporting on strategic projects

**Employee engagement**

Employee engagement is vitally important to LeasePlan, and there is a long history of prioritising employee engagement activity across LeasePlan UK.

Using a quarterly all-employee Pulse survey, LeasePlan have continued to track our employee Net Promoter Score (eNPS) for the past five years. In fact, consolidating on our already impressive scores in 2021, LeasePlan achieved an average across our four surveys of +45.0 for 2022, and also achieved what are currently LeasePlan's three highest-ever individual quarterly scores. The quarterly Pulse surveys also include a qualitative section where employees can make comments on how they are currently feeling about our products and working at the company. These verbatim comments are shared among the Managing Board for consideration.

LeasePlan have continued to train up colleagues to join the cohort of 12 Mental Health First Aiders ("MHFA's"). They provide a confidential service of first line mental health support to employees, as well as direction to the most appropriate next level of resource for employees and their families. Having a comprehensive Health and Wellbeing plan in place has helped ensure that LeasePlan continue to support colleagues mentally, physically and financially. We expanded our scope of delivery in 2022 to focus on financial support for colleagues, as well as launching a Menopause network and adding Menopause support to our benefits package, available to any female employees who want it, regardless of tenure (i.e. probationary exclusion). Having been short-listed in 2021 in the category's debut, LPUK went one better in 2022, collecting the Fleet News Award for Wellbeing.

In spring 2022 LeasePlan was once again awarded Investors in People's (IiP) Gold accreditation. This latest three-year award means that, by 2025, LPUK will have been an IiP Gold employer for an incredible 15 consecutive years. Retaining our Gold IiP status is very important to us at LeasePlan. It means that LeasePlan are recognised externally for the quality of our people, and the investment LeasePlan puts into them and their development. LeasePlan's internal "Your Voice" forums, which act as significant drivers of local engagement activity within their divisions, have grown from strength to strength. The valuable work undertaken by our cross-divisional Employee Dialogue Group (EDG) has continued to feed into several aspects of our work this past year, most significantly around the extensive renovation of our offices, the majority of which was concluded by the end of 2021.

Additionally, in 2021 LeasePlan launched a UK-wide Diversity, Equality + Inclusion (DE+I) network, which met its first key milestone in summer 2022 of publishing and implementing a comprehensive DE+I Strategy. The network's members promote internal awareness of DE+I issues and is a welcoming home for both members of minority communities and their allies.

LeasePlan continues to support the official charity partner, mental health charity Mind. LeasePlan entered into a partnership with them in 2020 (which was extended into 2022) where fundraising efforts are boosted by their insight, campaign activity, and dedicated support.

**LeasePlan UK Limited (registered number: 1397939)**  
**Directors' Report for the Year Ended 31 December 2022 (continued)**

**Employee involvement**

At LeasePlan, we are committed to create an environment in which all individuals can reach their full potential by ensuring that everyone gets the development they need. Everybody should be given the opportunity to succeed in their role and contribute to the success of LeasePlan.

Through our Talent Management and Succession Planning processes we aim to have the right talent at the right place at the right time whilst at the same time balancing business needs with individual employee aspirations. We use the Korn Ferry methodology to identify our talent and develop them for future opportunities. We also challenge each employee to stretch themselves through objectives set every 6 months.

We currently run several development programmes, including SHINE – our entry-level management development programme and ASPIRE – our senior leadership development programmes and Essential Leadership Skills programme for existing team managers.

As part of our strategy to establish a growth culture within LeasePlan over the past few years we have launched two learning solutions to all LeasePlan employees: Workday Learning and LinkedIn Learning. Workday Learning is our central Learning Platform where employees find all available learning within LeasePlan. The learning offering ranges from classroom courses, webinars, e-learning and on the job assignments. LinkedIn Learning offers thousands of video-based learning courses in Workday Learning. It is an on-demand learning solution designed to help employees gain new skills and advance their careers.

**Diversity and Inclusion**

In 2022 we continued our work on diversity to ensure we provide equal opportunities to all current and potential future employees. In order to promote our inclusive culture, LeasePlan UK Limited focuses on:

- Gender: We promote an ongoing environment within which females are inspired to strive for a top position and lead, thus encouraging an increased balance. Our stakeholders also require promoting a balance in gender.
- LGBTQIA+: We encourage an environment within which everybody can be themselves at work, regardless of their orientation or self-identification.
- Cultural diversity: We stand against all forms of discrimination and racial bias and promote the inclusion of all employees.
- Disability: We promote the inclusion of all people, who are motivated to work and use their talent to contribute to society.

**Employment of disabled persons**

The LeasePlan group is committed to employment policies which follow best practice and are based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The group gives full and fair consideration to applications for employment from disabled persons. Appropriate arrangements are made for the continued employment, training, career development and promotion of disabled persons employed by the group. If employees become disabled the group continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

LPUK has recently registered with the UK government's Disability Confident scheme. There are three levels of accreditation that an employer can achieve; LeasePlan is Disability Confident Committed – which is where employers make a commitment to work towards becoming disability confident and to actively seek out and recruit people with disabilities – and is working towards being recognised as a Disability Confident Employer in 2023.

**LeasePlan UK Limited (registered number: 1397939)**  
**Directors' Report for the Year Ended 31 December 2022 (continued)**

**Directors' liabilities**

Qualifying third party indemnity provisions for the benefit of the directors were in force during the year under review and remain in force as at the date of approval of the Directors' Report and financial statements.

**Disclosure of information to the auditor**

Each director has taken 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 auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

**Reappointment of external auditor**

KPMG LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

**Other information**

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on pages 4 and 5.

Approved by the Board on 29 February 2024 and signed on its behalf by:

  
.....  
R Cellier  
Director

165 Bath Road  
Slough  
Berkshire  
SL1 4AA

**LeasePlan UK Limited (registered number: 1397939)**  
**Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **Independent Auditor's Report to the Members of LeasePlan UK Limited**

### **Opinion**

We have audited the financial statements of LeasePlan UK Limited (“the Company”) for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state 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 UK accounting standards, including FRS 101 Reduced Disclosure Framework; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company’s financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements (“the going concern period”).

We used our knowledge of the Company, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Company’s financial resources or ability to continue operations over the going concern period. The risk that we considered most likely to adversely affect the Company’s available financial resources over this period was the potential removal of parental support and recall of the Company’s borrowings.

We considered whether this risk could plausibly affect the liquidity in the going concern period by considering the ability and intent of the Company’s parent to continue its support of the Company alongside the level of available financial resources indicated by the Group’s financial forecasts.

We considered whether the going concern disclosure in note 2 to the financial statements gives a full and accurate description of the directors’ assessment of going concern, including the identified risks and dependencies.

Our conclusions based on this work:

- we consider that the directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors’ assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company’s ability to continue as a going concern for the going concern period; and
- we found the going concern disclosure in note 2 to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

## **Independent Auditor's Report to the Members of LeasePlan UK Limited (continued)**

### **Fraud and breaches of laws and regulations - ability to detect**

#### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected, or alleged fraud.
- Reading Board and other committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk that management may be in a position to make inappropriate accounting entries;
- the risk of bias in accounting estimates and judgements such as assessment of impairment and prospective depreciation of the lease portfolio; and
- the risk that revenue is overstated/understated through recording revenues in the wrong period.

We also identified fraud risk related to valuation of operating lease contracts on account of judgements in estimating the residual value of the underlying vehicle.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of the Company wide fraud risk management controls.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted and approved by the same individual, journals made to unrelated accounts or containing key words, unusual or unexpected debit or credit entry to cash or borrowings, and manual journals posted to specific accounts.
- Test of details over relevant data inputs to the calculation of residual values and prospective depreciation, using appropriate sampling methodology.

#### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management as required by auditing standards, and from inspection of the Company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably. Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation

## **Independent Auditor's Report to the Members of LeasePlan UK Limited (continued)**

legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's license to operate. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 20, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## **Independent Auditor's Report to the Members of LeasePlan UK Limited (continued)**

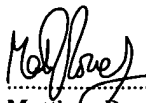
### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

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.



.....  
**Matthew Rowell (Senior Statutory Auditor)**  
**For and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

29 February 2024

**LeasePlan UK Limited (registered number: 1397939)**  
**Statement of Comprehensive Income for the Year Ended 31 December 2022**

	Note	2022 £ 000	2021 £ 000
Revenue	4	1,120,589	1,132,305
Cost of revenues	5	(866,659)	(1,005,831)
(Impairment)/Recovery charges on loans and receivables	6	(4,670)	10,915
Unrealised gain on financial instruments	27	<u>1,149</u>	<u>292</u>
Gross Profit		<u>250,409</u>	<u>137,681</u>
Total operating income		<u>250,409</u>	<u>137,681</u>
Staff expenses	8	(37,836)	(36,650)
Administrative expenses		(56,466)	(56,686)
Depreciation, amortisation and loss on disposal of other property and equipment	14, 12	<u>(3,874)</u>	<u>(2,719)</u>
Total operating expenses	7	<u>(98,176)</u>	<u>(96,055)</u>
Profit before tax		152,233	41,626
Tax on profit on ordinary activities	11	<u>(28,474)</u>	<u>(12,181)</u>
Profit for the year		<u>123,759</u>	<u>29,445</u>
		<b>2022</b>	<b>2021</b>
		<b>£ 000</b>	<b>£ 000</b>
Total comprehensive income for the year		<u>123,759</u>	<u>29,445</u>

The above results were derived from continuing operations, and the Company had no other income or expenses for the year ended 31 December 2022 and 31 December 2021. Therefore no separate Statement of Other Comprehensive Income has been prepared.

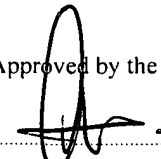
**LeasePlan UK Limited (registered number: 1397939)-  
Statement of Financial Position as at 31 December 2022**

	Note	2022 £ 000	2021 £ 000 Restated
<b>Non-current assets</b>			
Intangible assets	12	672	2,657
Investments	28	150,000	150,000
Deferred tax assets	11	15,496	20,067
Property and equipment under operating lease	13	2,118,352	2,129,669
Other property and equipment	14	8,554	8,275
Assets for short term rental	15	107,896	25,888
Receivables from customers	18	381,243	403,606
Other receivables and prepayments	19	1,410	5,009
		<u>2,783,623</u>	<u>2,745,171</u>
<b>Current assets</b>			
Inventories	16	135,187	29,559
Other receivables and prepayments	19	78,952	85,996
Income tax asset	11	2,625	-
Cash and cash equivalents	17	1,275	-
Receivables from customers	18	135,815	134,940
Derivative financial instruments	27	1,397	250
		<u>355,251</u>	<u>250,745</u>
<b>Total assets</b>		<u><b>3,138,874</b></u>	<u><b>2,995,916</b></u>
<b>Equity</b>			
Share capital	20	14,500	14,500
Profit and loss account		<u>363,029</u>	<u>289,270</u>
		<u>377,529</u>	<u>303,770</u>
<b>Non-current liabilities</b>			
Long term lease liabilities	22	5,299	7,640
Loans and borrowings	21	1,699,164	1,529,609
Provisions	23	707	647
Other non-current financial liabilities		<u>2,844</u>	<u>2,548</u>
		<u>1,708,014</u>	<u>1,540,444</u>
<b>Current liabilities</b>			
Current portion of long term lease liabilities	22	1,130	1,323
Trade and other payables	24	329,237	273,840
Loans and borrowings	21	714,945	857,539
Income tax liability	11	-	10,731
Provisions	23	1,264	1,533
Derivative financial instruments	27	6,755	6,736
		<u>1,053,331</u>	<u>1,151,702</u>
<b>Total liabilities</b>		<u><b>2,761,345</b></u>	<u><b>2,692,146</b></u>
<b>Total equity and liabilities</b>		<u><b>3,138,874</b></u>	<u><b>2,995,916</b></u>

The notes on pages 29 to 63 form an integral part of these financial statements.

**LeasePlan UK Limited (registered number: 1397939)-  
Statement of Financial Position as at 31 December 2022 (continued)**

Approved by the Board on 29 February 2024 and signed on its behalf by:



.....  
R Cellier  
Director

**LeasePlan UK Limited (registered number: 1397939)**  
**Statement of Changes in Equity for the Year Ended 31 December 2022**

	<b>Share Capital £000</b>	<b>Retained Earnings £000</b>	<b>Total £ 000</b>
At 1 January 2022	14,500	289,270	303,770
Profit and total comprehensive income	-	123,759	123,759
Dividends	-	(50,000)	(50,000)
At 31 December 2022	<u>14,500</u>	<u>363,029</u>	<u>377,529</u>
	<b>Share Capital £ 000</b>	<b>Retained Earnings £ 000</b>	<b>Total £ 000</b>
At 1 January 2021	14,500	343,825	358,325
Profit and total comprehensive income	-	29,445	29,445
Dividends	-	(84,000)	(84,000)
At 31 December 2021	<u>14,500</u>	<u>289,270</u>	<u>303,770</u>

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2022**

## **1 General information**

The company is a private company limited by share capital, incorporated and domiciled in England.

The address of its registered office is:

165 Bath Road  
Slough  
Berkshire  
SL1 4AA

These financial statements were authorised for issue by the Board on 29 February 2024.

## **2 Accounting policies**

### **Summary of significant accounting policies and key accounting estimates**

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

### **Basis of preparation**

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

These financial statements are presented in 'pounds sterling', which is the company's functional and presentational currency. Financial information presented in sterling has been rounded to the nearest thousand, unless otherwise indicated.

### **Summary of disclosure exemption**

These financial statements have been prepared under UK GAAP, applying FRS 101 "Reduced Disclosure Framework" as LeasePlan UK Limited is a qualifying entity. As a result, the Company applies the recognition, measurement and disclosure requirements per UK-adopted international accounting standards ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006. The accounting policies set out within this note have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. The available FRS101 disclosure exemptions used in preparing these financial statements are listed below:

- **IAS 1 "Presentation of Financial Statements"**: Exemption from providing comparative movement schedules for share capital, intangible assets, investment properties and property, plant and equipment (including those under operating leases and short-term asset rentals), as well as presenting comparative information for narrative disclosures and information going beyond the disclosure requirements of IFRS standards.
- **IAS 1 "Presentation of Financial Statements"**: Exemption from presenting a statement of cash flows, from making an explicit and unreserved statement of compliance with IFRS standards and from the capital management disclosure requirements of the standard.
- **IAS 7 "Cash Flow Statement"**: Complete exemption from preparing a cash flow statement and the related notes
- **IAS 8 "Accounting policies, changes in accounting estimates and errors"**: Exemption from the disclosure of new or revised IFRSs that have not been amended, as well as the disclosure of their likely impact
- **IAS 24 "Related Party Disclosures"**: Disclosure exemption for related party transactions entered into between two or more members of a group that are fully owned subsidiaries of a common ultimate parent.
- **IAS 24 "Related Party Disclosure"**: Exemption from disclosure of compensation for key management personnel

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

- **IAS 36 “Impairment of Assets”:** Available exemptions from disclosures at the cash generating unit level, including as it pertains to assumptions and sensitivity analysis.
- **IFRS 2 “Share Based Payments”:** Exemption relating to group-settled share based payments
- **IFRS 7 “Financial Instruments”:** Complete exemption of the disclosures mandated by the standard, other than where required to comply with legal requirements
- **IFRS 13 “Fair value measurement”:** Complete exemption of the disclosures mandated by the standard, other than where required to comply with legal requirements
- **IFRS 15 “Revenue from contracts with customers”:** Partial exemption from the new disclosure requirements set out by the standard.
- **IFRS 16 “Leases”:** Partial exemption from the detailed disclosure requirements as they pertain to both lessees and lessors

Taking up these disclosure exemptions is made possible by the inclusion of equivalent disclosures within the consolidated financial statements of LeasePlan Corporation N.V., the ultimate parent of LeasePlan UK Limited. A copy of the consolidated financial statements of LeasePlan Corporation N.V., prepared under IFRSs as adopted by the EU, can be obtained from the aforementioned entity’s registered office: Gustav Mahlerlaan 360, 1082 ME Amsterdam, The Netherlands.

**Going concern**

These financial statements have been prepared on a going-concern basis. This basis of preparation was agreed upon following a detailed assessment of the Company’s ability to continue as a going-concern for a period of at least 12 months from the date of approval of the financial statements (“the going-concern period”).

LeasePlan UK Limited’s business environment was significantly disrupted in 2020 by the Coronavirus Health Crisis, the emerging global semi-conductor shortage and Brexit and associated trading agreements. The Company continued to be affected by the pandemic and semi-conductor shortage in 2021 and into 2022. The established risk function and dedicated teams continue to closely monitor developments on all three events, as well as potential new effects, to ensure that LeasePlan UK Limited is able to respond to changes in its business environment.

Thanks to a multi-year cycle, LeasePlan UK Limited has a built-in resilience to short- and medium-term external shocks. This resilience is reinforced by the Company’s access to funding, particularly from the ultimate parent undertaking, LeasePlan Corporation N.V., which has confirmed its intention not to withdraw any funding facility in the foreseeable future. Further sources of funding include the sale of securitised assets through the Bumper programme, uncommitted bank loans and a short-term overdraft facility.

In assessing the Company’s ability to continue trading, management have prepared cashflow forecasts for a period of at least 12 months from the date of approval of these financial statements. This forecast demonstrates that LeasePlan UK Limited will have sufficient funds to meet its liabilities as they fall due.

As per the nature of its business model, LeasePlan UK Limited incurs a significant cash outflow upon the purchase and addition of a new vehicle to the fleet, which is subsequently recovered over the period of the lease. Reducing the new fleet additions would thus create a significant reduction in the short-term cash requirements and outflows of the business. In the event of an extreme downturn beyond the forecast scenarios, LeasePlan UK Limited could thus reduce, or even temporarily halt, the cash outflow on new vehicles and focus on cash collection activities from its pre-existing multi-year fleet.

Given the availability of funding and the Company’s ability to flex operational performance to offset downside risks, the directors do not believe that a material uncertainty exists regarding the ability of the Company to continue as a going-concern or its ability to continue with the current funding arrangements provided by the ultimate parent undertaking. LeasePlan UK Limited therefore continues to adopt the going-concern basis in preparing its financial statements.

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

**Revenue recognition**

The company earns revenue from the sale of vehicles from terminated lease contracts. Vehicle sales revenue is recognised when the vehicles are sold and the carrying value of terminated vehicles is disclosed separately within cost of revenues.

The company also earns revenue from the provision of services relating to lease rentals, interest income on operating leases, interest income on finance leases, lease services, management fees, rental, insurance income and other revenue.

**Lease Rentals**

Lease Rentals relate to the invoiced depreciation on operating leases, which is recognised on a straight line basis over the lease term. Bonuses received on purchases of vehicles for operating lease contracts are recognised separately on the Statement of Financial Position. The bonus is then amortised over the life of the contract. Bonuses received on purchase of vehicles for finance lease contracts are invoiced separately and recognised immediately in the Statement of Comprehensive Income.

Commission expenses include incentive payments and commissions paid for the agreement of a lease are included in the purchase consideration of the asset as lease originating costs and are depreciated over the term of the contract in line with the recognition of the lease income.

**Interest income and Interest expenses**

Interest income on operating leases and finance leases relates to the interest earned on lease contracts.

Interest and similar income and interest expenses and similar charges for all interest bearing assets and liabilities are recognised in the statement of comprehensive income on an accruals basis using the effective interest rate method. The effective interest rate is the rate that discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability to the carrying amount of the financial asset or liability.

The calculation of the effective interest rate includes all fees paid or received, transaction costs and discounts or premiums.

The interest income component in operating lease instalments is recognised on a straight-line basis and is reported as part of interest and similar income.

Interest income on finance lease contracts is recognised in the statement of comprehensive income on the basis of accruing interest income on the net investment (using the effective interest rate method). The receipts under the lease are allocated by the lessor between reducing the net investment and recognising interest income, so as to produce a constant rate of return on the net investment.

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

***Lease services***

Lease services income relates to invoiced turnover for lease services at risk. For all service categories the criterion is whether LeasePlan takes risk on these services resulting in economic benefits, as only in those circumstances does the income qualify as revenue.

Income related to repair and maintenance services is recognised over the term over the lease contract. The allocation of expected income over the term is based on the normal repair and maintenance cost profile supported by historical statistics and expected service costs. Cost profiles are reviewed periodically in order to ensure they remain a fair representation of historical repair and maintenance expenditures, adjusted for reasonable expectations of changes in cost profiles.

Lease instalments may include pass-through costs such as fuel, road taxes and other taxes. These are amounts collected on behalf of third parties and are therefore not presented as revenues. The margin and any bonuses earned in connection with pass-through costs are classified as Lease service expenses and are recognised during the period in which they are earned.

***Management fees***

Management fees relates to fees charged to customers for managing business assets (i.e. contract related and included in the monthly recurring lease instalment; there is no individual assignable cost in return). Management fees is recognised on a straight line basis over the lease term.

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

**Rental**

Rental relates to the income earned in relation to the short-term rental of vehicles and is recognised on a straight line basis over the lease term.

**Insurance income**

Insurance income relates to premiums charged to customers under motor insurance schemes through third parties; rebates received from these insurance brokers; local risk retention schemes net of compensation received from external insurance companies on total loss vehicles and the cost of the vehicle; accident management rebates; the sale of warranties on sold vehicles through a third party and any other insurance related income. These are recognised over the lifetime of the contract.

**Other revenue**

Other revenue relates to income which can not be included in the categories above, such as sale of driver kits and administration fees for processing customer fines and penalties. Driver kit revenue is recognised on a straight line basis over the lease term and all other revenue is recognised when the services are rendered.

**Foreign currency transactions and balances**

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period end date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing when the fair values were determined.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

The following significant exchange rates to the Company's sterling functional currency are illustrative of the rates applied during the current and prior year.

	<u>Average rate</u>		<u>Closing rate</u>	
	Year ended 31 December 2022	Year ended 31 December 2021	31 December 2022	31 December 2021
<b>£1 GBP equivalent</b>				
Euro	1.173	1.163	1.132	1.191

**Tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

**Property and equipment under operating lease**

Leases are disclosed in line with IFRS 16 "Leases", which was implemented by LeasePlan UK Limited on 1 January 2019.

Lessor accounting

Leases are measured at historical purchase cost, less accumulated depreciation and impairment losses. The cost of assets includes directly attributable incremental costs incurred in their acquisition. The assets subject to operating leases are presented in the statement of financial position according to the nature of the asset.

The leased assets are depreciated on a straight-line basis over their contract period to their residual value. The contract period ranges on average between 2 to 5 years.

Upon termination of the lease or rental contract, the relevant assets are reclassified to "Inventories" at book value.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Lessee accounting

Leases are measured at historical purchase cost, less accumulated depreciation and impairment losses. The cost of assets includes directly attributable incremental costs incurred in their acquisition. The assets subject to operating leases are presented in the statement of financial position according to the nature of the asset.

Leases are recognised through a right-of-use asset, representing its right to use the underlying lease asset, and a corresponding lease liability representing its obligation to make lease payments.

The aforementioned right-of-use assets are initially measured at cost. Subsequent measurement is at cost less any accumulated depreciation and impairment losses over the contractual term. Right-of-use assets are adjusted for specific re-measurements of the lease liabilities.

These lease liabilities are initially measured at the present value of lease payments not yet paid as at the commencement date and are discounted using LeasePlan UK Limited's incremental borrowing rate. The resulting liability is subsequently increased by the interest accretion to the lease liability and decreased by lease payments made.

Remeasurements occur upon changes in future lease payments or changes in assessment of execution of certain extension or termination options in the contracts. Management of LeasePlan UK Limited applies professional judgement in determining the lease term of lease contracts that contain renewal options.

Depreciation charges and financial charges relating to operating lease expenses are disclosed within the Statement of Profit or Loss.

Exemption

LeasePlan UK Limited applies the recognition exemption pertaining to both short-term and low-value leases.

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

**Assets for short term rental**

Assets for short term rental contrary to property and equipment under operating lease, have no relationship between the duration of any customer contract and the economic useful life for assets under short-term rental. This is because the duration of rental agreements is often short (often less than 6 months) with the minimum term of 1 day. The assets are depreciated on a straight-line basis over their useful economic life to their residual value. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

These rental contracts are valued at cost less accumulated depreciation less any accumulated impairment losses where the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and its value in use. The value in use is the present value of the future cash flows expected to be derived from that asset.

**Other property and equipment**

Other property and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Subsequent expenditure on equipment is recognised in the carrying amount of the item only when it increases the future economic benefits embodied in the specific asset to which it relates and its costs can be measured reliably. All other expenditure is expensed when incurred.

Residual values and useful lives are reviewed and adjusted, if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in operating income in the statement of comprehensive income during the year of disposal.

The costs of the day-to-day servicing of equipment are recognised as maintenance expenditures in the statement of comprehensive income as incurred.

**Depreciation**

The cost of equipment is depreciated to its estimated residual value and recognised in the statement of comprehensive income on a straight-line basis over the estimated useful life. Leased assets are depreciated over the shorter of the lease term and their useful lives.

The estimated useful lives for the current and comparative periods are as follows:

<b>Asset class</b>	<b>Straight line depreciation</b>
Furniture and fixtures	Over 5-10 years
Computer hardware	Over 3-5 years

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

**Intangible assets**

Capitalised software relates to purchased software from third parties and to internally developed software for own use.

Expenditure on research activities undertaken to gain new technical knowledge and understanding is recognised in the statement of comprehensive income when incurred.

Expenditure on development of software is recognised as an asset when the company is able to demonstrate its intention and ability to complete the development and use of the software in a manner that will generate future economic benefits and can measure the costs to complete the development. The capitalised cost of internally developed software includes all costs directly attributable to developing software and is amortised over its useful life. Capitalised internally developed and externally purchased software are measured at cost less accumulated amortisation and any accumulated impairment.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. When subsequent expenditure is capitalised, the carrying value of any replaced part is derecognised. All other expenditure is expensed when incurred.

**Amortisation**

Intangible assets are amortised and recognised in the statement of comprehensive income on a straight-line basis over the estimated useful lives of the intangible assets from the date they are available for use.

The capitalised intangible assets have no estimated residual value. The estimated useful life for software is:

<b>Asset class</b>	<b>Straight line amortisation</b>
Computer software	Over 3-6 years

**Investments**

Investments in debt securities are classified on initial recognition at cost and subsequently measured at amortised cost using the effective interest method less any impairment losses. Transaction costs (including qualifying fees and commissions) are part of the amortised cost.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

An expected credit loss (ECL) is also recognised upon initial recognition of a financial asset and subsequently remeasured at each reporting date, as detailed in the dedicated note. For investment in debt securities, the Company applies the General Approach using the low credit risk assumption for its investments in bonds and notes. At each reporting date, the Company assesses the appropriateness of this exemption.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and in bank.

**Trade Receivables**

Trade receivables includes lease instalments receivable from the finance and operating lease portfolios and receivables arising from other business activities. These receivable balances are shown after allowances for credit losses and are initially measured at fair value and subsequently at amortised cost using the effective interest rate method.

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

**Other receivables and prepayments**

For certain other receivables (Rebates and bonuses and Interest to be received) with a remaining term well below one year, the carrying value is deemed to reflect the fair value.

**Inventories**

Upon termination of the lease contract the relevant assets are reclassified from 'Property and equipment under operating lease' to 'Inventories' at book value, also known as vehicles from terminated lease contracts.

Inventories also include new vehicles, which are new cars not yet assigned to a specific lease contract. Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the applicable variable selling expenses.

**Trade creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Current trade creditors are recognised initially at the transaction price. The carrying value of these balances will equate to the fair value due to its short-term nature.

Non-current liabilities are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

**Borrowings**

Financial liabilities are initially recognised at fair value incurred and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the financial liability using the effective interest method.

**Provisions**

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

**Leases contracts (as a lessor)**

**Classification**

The lease classification is determined on a contract-by-contract basis, taking into consideration the substance of the transaction and the specific details of each leasing contract. The key factor is whether or not substantially all of the risks and rewards incidental to ownership are transferred and various criteria are used to determine the lease classification of which the two most important are:

- whether the lease term is for the major part the economic life of the asset; and
- whether the present value of minimum lease payments amounts to at least substantially all of the fair value of the asset.

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

**Finance Lease portfolio**

Leases where substantially all the risks and rewards of ownership of an asset are transferred to the lessee are classified as finance leases. The company as a lessor records a finance lease receivable at the amount of its net investment which equals the present value of the future minimum lease payments receivable (including any guaranteed residual value by the lessee) and the unguaranteed residual value accruing to the company, after any allowance for credit losses. The finance lease receivables are presented within 'Receivables from customers'.

The finance lease instalments comprise various components with each having its own revenue recognition criteria. The instalments are classified and presented in the following categories in the statement of comprehensive income: (i) finance income (the difference between the gross receivable and the present value of the receivable is unearned finance income and is recognised over the term of the lease using the effective interest rate method) and (ii) lease revenues (to the extent that services are included in the lease).

**Operating Lease portfolio**

An operating lease is different from a finance lease and is classified as such if it does not transfer substantially all the risk and rewards of ownership. The company as a lessor presents the assets subject to operating leases in the statement of financial position according to the nature of the asset.

The carrying amount of property and equipment under operating lease and rental fleet is depreciated to its estimated residual value during the lease term or the useful life of the asset. The depreciation charge is recognised in the statement of profit or loss. Meanwhile, the instalments are classified and presented in the following categories in the statement of comprehensive income: (i) lease revenues and (ii) finance income (effective interest rate method).

The company leases assets to its customers for durations that normally range between 2-5 years. In almost all cases, the leased assets are returned to the company at the end of the contract term. In case of early termination, a settlement is invoiced to the customer, who bears part of the risk.

There are two main types of operating lease products offered:

**(a) Closed calculation contracts**

Closed calculation contracts are typically leasing contracts whereby the client is charged a fixed fee for the use of the asset over a period of time. At the end of the lease, the asset is normally returned to LeasePlan UK Limited and then sold in the second-hand car market. In all cases, the overall risk on the result of the contract, both positive and negative, is borne by the Company.

**(b) Open calculation contracts**

Open calculation contracts are leasing contracts whereby the client, under particular circumstances, may share a portion of any positive upside resulting at the conclusion of the lease contract. Although the specifics of each contract can vary by client, in most cases, the result on service income and the sale of the leased asset at the end of the lease are combined and a net positive result is (partially) returned to the client. Most contracts contain certain requirements that the client must fulfil in order to receive the net positive result, such as taking on a certain number of new leased vehicles during the year and/or that a certain number of leased vehicles must be included in the calculation of the net result. Open calculation contracts are classified as operating leases based on the (negative) risks being borne by LeasePlan UK Limited.

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

**Impairment of non-financial assets**

**(a) Impairment losses on leased assets and assets for own use**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

In the annual assessment of whether there is any indication that an asset may be impaired, the company considers both external as well as internal sources of information. If such indication for impairment exists, an impairment loss is recognised in the statement of comprehensive income to the extent that the carrying value of the asset or cash generating unit under an operating lease exceeds the recoverable amount, being the higher of the fair value less costs to sell and its value in use. In most cases the fair value less costs to sell will not be relevant as the company is legally and contractually not able to sell the object or cash generating unit, as these vehicles are subject to an operating lease which can in general only be terminated upon the initiative of the lessee. The company will therefore base the conclusion on impairment in most cases on its value in use, which is determined as the present value of the future cash flows expected to be derived from the object or cash generating unit.

**(b) Reversal of impairment**

In respect of all other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent of the asset's carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

**Dividends**

Interim dividends are recognised as a distribution from retained earnings in the period in which they are paid.

Final dividends are recognised as a distribution from retained earnings in the period in which they are approved by the shareholders.

**Defined contribution pension obligation**

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans contributions are paid publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

**Share based payments**

Selected managers of LeasePlan Corporation N.V. Group, ("Group") and LeasePlan UK Limited participate in the share capital of an indirect parent company of the Group. On realisation of an exit, the shares will be settled in cash by the acquirer. The Company or another group entity will under no circumstances be required to settle in cash.

This arrangement is classified as an equity-settled share-based payment arrangement. The fair value of shares at the grant date is determined and, if applicable, an expense for the services received over the service period with a corresponding increase in the equity of the Group is recognised.

The total amount to be expensed is determined by reference to the fair value of the awards granted; including the impact of any non-vesting conditions and market conditions. For this purpose, a comparison is done whether the price paid by a manager is in line with the market price of the shares acquired. If a positive difference exists between (i) the actual market value of the shares and (ii) the purchase price; this results in a fair value to be reported as a share-based payment expense. This analysis is performed at each grant date.

Service conditions and non-market performance conditions are taken into account in the number of awards expected to vest. At each reporting date, the estimate of the number of awards that are expected to vest is revised. The impact of the revision of vesting estimates, if any, is recognised in the income statement for the period.

**Financial instruments**

**Initial recognition**

The Company's main financial instruments comprise Cash and cash equivalents; Loans and borrowings; Interest rate swaps and credit compensation deals (derivatives); Investments in securitisation entities; Trade and finance lease receivables; and Trade and other payables.

Financial assets and financial liabilities are initially recognised on the settlement date. Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

Classification and subsequent measurement of financial assets is driven by the business model for managing the financial assets and the contractual cash flow characteristics of those financial assets.

Long-term financial assets are subsequently measured at amortised cost and adjusted for any credit loss allowance, as they are held solely for the collection and payment of contractual cash flows, being payments of principal and interest where applicable. The effect of discounting on trade and other receivables is not considered to be material.

Loans and borrowings and trade payables are subsequently measured at amortised cost with any interest cost calculated in accordance with the effective interest rate method.

Derivatives are subsequently measured at fair value through Profit or Loss ("FVTPL") as they are managed on a fair value basis in accordance with a documented strategy. The derivatives do not meet the SPPI criterion (solely payments of principal and interest) and accordingly are mandatorily measured at FVTPL under IFRS 9. The Company does not classify any derivatives as hedges in a hedging relationship.

Realised gains and losses arising on the derecognition of financial assets and liabilities are recognised in the period in which they arise.

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

**Modification of financial assets and financial liabilities**

*Financial assets*

If the terms of a financial asset are modified, the company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to the cash flows from the original financial asset are deemed to expire. In this case the original financial asset is derecognised and a new financial asset is recognised at either amortised cost or fair value.

If the cash flows are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the company recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of income.

*Financial liabilities*

If the terms of a financial liabilities are modified, the company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual obligations from the cash flows from the original financial liabilities are deemed to expire. In this case the original financial liabilities are derecognised and new financial liabilities are recognised at either amortised cost or fair value.

If the cash flows are not substantially different, then the modification does not result in derecognition of the financial liabilities. In this case, the company recalculates the gross carrying amount of the financial liabilities and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of income.

**Impairment of financial assets**

*Measurement of Expected Credit Losses*

The company recognises allowances for expected credit losses ("ECL") on financial instruments that are not measured at FVPTL, namely:

- Financial assets that are debt instruments;
- Accounts and other receivables;
- Financial guarantee contracts issued; and
- Loan commitments issued.

A customer shall consider to be in default when either one or both of the following events occur:

- the Local LP entity considers the customer unlikely to pay ('UTP'), and / or
- the customer is past due more than 90 consecutive days on any material credit obligation ('90DPD').

The company classifies its financial instruments into stage 1, stage 2 and stage 3, based on the applied impairment methodology, as described below:

Stage 1: for financial instruments where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired on origination, the company recognises an allowance based on the 12-month ECL.

Stage 2: for financial instruments where there has been a significant increase in credit risk since initial recognition but they are not credit-impaired, the company recognises an allowance for the lifetime ECL.

Stage 3: for credit-impaired financial instruments, the company recognises the lifetime ECL.

LPUK's ECL model definition of SICR (significant increase in credit risk) is as follows:

Stage 1: 12-months expected credit losses This stage includes financial assets that have not had a significant increase in credit risk since initial recognition and that are not credit impaired upon origination. For these financial assets, the expected credit losses that result from default events that are expected within 12 months after the reporting date are recognised.

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**Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

Stage 2: Lifetime expected credit losses - not credit impaired. For credit exposures where there has been a significant increase in credit risk since initial recognition of the financial asset but that are not credit impaired, a lifetime expected credit loss is recognised. At each reporting date, it is assessed whether there has been a significant increase in credit risk for financial assets since initial recognition. Both quantitative and qualitative information is used to determine if there is a significant increase in credit risk based on the characteristics of the financial asset. Quantitative information could be a decrease in credit rating below investment grade. Qualitative information is obtained from the monitoring of existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant (negative) change in the debtor's ability to meet its obligations towards the company. A backstop of 30 days past due as an automatic trigger for significant increase in credit risk. The company has exposures to internal counterparties consisting of financial guarantees, loans to subsidiaries and loans to joint ventures entities. As the credit risk is highly dependent on the financial performance of the underlying lease portfolios, these credit risk exposures are monitored following qualitative factors in assessing the significant increase in credit risk:

- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant (negative) change in the entity's ability to meet its debt obligations towards LeasePlan; and
- An actual or expected significant (negative) change in the operating results of the entity.

In addition, the internal credit rating scale is used to apply quantitative factors in assessing whether there is a significant increase in credit risk. It is considered that the credit risk has increased if the internal credit rating has significantly deteriorated at the reporting date relative to the original internal rating. If a significant increase in credit risk is identified, this triggers in general a transfer for all instruments in scope held with this counterparty from stage 1 to 2.

The company measures loss allowances at an amount equal to the lifetime ECL, except for the following, for which they are measured as a 12-month ECL:

- debt securities that are determined to have a low credit risk (equivalent to investment grade rating) at the reporting date; and
- other financial instruments on which the credit risk has not increased significantly since their initial recognition.

The company considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'.

A 12-month ECL is the portion of the ECL that results from default events on a financial instrument that are probable within 12 months from the reporting date.

Allowance for credit losses are recognised in the statement of income and are reflected in accumulated provision balances against each relevant financial instruments balance.

*Credit-impaired financial assets*

Evidence that the financial asset is credit-impaired include the following;

- Significant financial difficulties of the borrower or issuer;
- A breach of contract such as default or past due event;
- The restructuring of the loan or advance by the company on terms that the company would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for the security because of financial difficulties; or
- There is other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the company, or economic conditions that correlate with defaults in the company.

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

*Credit-impaired trade receivables*

For trade receivables, the company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The expected loss rates are based on the payment profiles of transactions over a period of 36 months before 31 December 2022 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The company has identified the inflation, interest rate and the unemployment rate to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

**Derivative financial instruments**

Derivative financial instruments are contracts, the value of which is derived from one or more underlying financial instruments or indices, and include interest rate swaps.

Derivative financial instruments are recognised in the statement of financial position at fair value. Fair values are derived from prevailing market prices, discounted cash flow models or option pricing models as appropriate.

In statement of financial position, derivative financial instruments with positive fair values ("unrealised gains") are included as assets and derivative financial instruments with negative fair values ("unrealised losses") are included as liabilities.

The changes in the fair values of derivative financial instruments entered into for trading purposes are included in trading income.

**3 Critical accounting judgements and key sources of estimation uncertainty**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

It is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from the assumption could require a material adjustment to the carrying amount of the asset or liability affected. In all cases the entity discloses the carrying amount and nature of the assets or liabilities affected by the assumption.

Key sources of estimation uncertainty:

The main estimates and underlying assumptions relate to the residual values at the end of the contract date and the assessment of the impairment of both the operating lease and finance lease portfolios.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period of the revision or in any future periods affected, if the revision affects both current and future periods.

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

**Residual values**

The company has an advanced management information system that closely monitors changes in the contractual residual values used in lease contracts. The existing residual value risks are periodically assessed at vehicle level by means of Fleet Risk Assessment - see details below.

**Critical judgements**

The main judgement relate to the assessment of the impairment of both the operating lease and finance lease portfolios.

**Impairment of operating lease portfolio and prospective adjustments to depreciation**

The basis for the depreciation of a lease contract is the investment value at cost less the estimated residual value as included in the contract. The residual value of a vehicle is estimated by the Company at the inception of the lease and may differ from actual market value of the vehicle at the end of the contract. A change in this accounting estimate of residual value leads to a change in depreciation that has an effect in the current period and/or is expected to have an effect in subsequent periods. The risk is influenced by many internal and external factors.

Residual values are reviewed on an annual basis by means of a Fleet Risk Assessment, through comparison to independent market value data and with reference to prevailing economic conditions. This assessment compares the original residual values to the revised residual values expected at contract termination. The results of this exercise are used to assess the prospective adjustment to depreciation relating to operating leases. Adjustments are accounted for in order to match to the expected market value at contract end and to mitigate any market risk.

Assets are reviewed for indications of impairment annually and the company considers both external and internal sources of information. If such an indication of impairment exists, an impairment loss is recognised in the statement of comprehensive income to the extent that the carrying value of the asset exceeds the recoverable amount, being the higher of the fair value less costs to sell and its value in use. As the assets under operating leases can not be sold until the termination of the lease, the company usually bases the conclusion on impairment on its value in use, which is determined as the present value of the future cash flows expected to be derived from the object.

**Impairment of finance lease portfolio**

For finance leases contracts, the lessor recognises lease receivables rather than the lease asset itself. In an annual assessment it is determined whether there is any objective evidence that a financial asset is impaired or uncollectible. The customer can choose to return the car on termination, therefore the basis for impairment is the difference between the carrying value of the asset and the recoverable amount, discounted at the original effective interest rate. A change in this accounting of the recoverable amount leads to an impairment.

The measurement of the ECL allowance for financial assets is an area that requires the use of complex models and significant assumptions and data about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). For its credit risk management, the Company distinguishes between corporate clients, retail clients, governments, banks and others. In this respect, retail clients are from a regulatory point of view defined as small and medium entities (SMEs) and private households. Except for retail clients, which are assessed whenever a credit application is received, the credit risk of all counterparties is assessed at least once a year. Judgement is required from management for applying appropriate models and setting assumptions for the measurement of ECL. The methodology, assumptions and data, including any forecasts of future economic conditions, are reviewed regularly by management.

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

**4 Revenue**

The analysis of the company's turnover for the year from continuing operations is as follows:

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Vehicle sales revenue	454,642	481,164
Lease Rentals	386,370	398,227
Interest income on operating leases	105,852	106,548
Interest income on finance leases	24,402	24,296
Lease services	62,591	61,112
Management fees	36,188	28,871
Short-term Rentals	36,242	22,936
Insurance income	8,685	4,007
Other revenue	5,617	5,144
	<u>1,120,589</u>	<u>1,132,305</u>

**5 Cost of revenues**

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Depreciation on leases	383,487	453,885
Cost of vehicles sold	324,743	407,010
Lease services expenses	52,022	53,086
Interest expense	56,494	53,211
Rental	33,088	24,182
Insurance expenses	(1,150)	(3,206)
Impairment of property and equipment under operating lease	(15,863)	(16,603)
Commission expenses	29,977	32,682
Other	3,861	1,584
	<u>866,659</u>	<u>1,005,831</u>

**6 (Recovery)/Impairment charges on loans and receivables**

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
(Recovery)/Impairment of trade receivables	2,348	(6,491)
(Recovery)/Impairment of lease receivables	2,322	(4,424)
	<u>4,670</u>	<u>(10,915)</u>

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

**7 Operating profit**

Arrived at after charging

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Depreciation expense	1,888	1,512
Amortisation expense	1,483	1,816
Impairment loss on intangible assets	502	80
Foreign exchange (gains)/losses	(164)	341
Operating lease expense - property	-	238
Profit on disposal of property, plant and equipment	-	(689)
Expense on low value leases	<u>16</u>	<u>21</u>

**8 Staff expenses**

The aggregate payroll costs (including directors' remuneration) were as follows:

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Wages and salaries	28,952	29,308
Social security costs	3,603	3,369
Pension costs, defined contribution scheme	1,584	1,421
Other employee expense	<u>3,697</u>	<u>2,552</u>
	<u>37,836</u>	<u>36,650</u>

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

	<b>2022</b>	<b>2021</b>
	<b>No.</b>	<b>No.</b>
Sales and marketing	134	134
Operations	249	256
Finance and administration	<u>122</u>	<u>127</u>
	<u>505</u>	<u>517</u>

The decrease in the number of persons employed by LeasePlan UK Limited between 2021 and 2022 is driven by resources utilised on projects affecting the entire LeasePlan group, and thus are now on the ultimate parent's payroll.

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

**9 Directors' remuneration**

The directors' remuneration for the year was as follows:

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Remuneration	650	527
Benefits in kind	79	62
Company contributions to defined contribution pension schemes	52	65
	<u>781</u>	<u>654</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	<b>2022</b>	<b>2021</b>
	<b>No.</b>	<b>No.</b>
Accruing benefits under money purchase pension scheme	<u>2</u>	<u>2</u>

In respect of the highest paid director:

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Remuneration	434	414
Company contributions to defined contribution pension schemes	38	40
	<u>472</u>	<u>454</u>

During the year the highest paid director received or was entitled to receive shares under a long term incentive scheme.

Bonus payments made to key management personnel during the year amounted to £102,686 (2021: £79,669).

The directors are considered to be key management personnel.

**10 Auditor's remuneration**

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Audit of the financial statements	<u>569</u>	<u>469</u>
<b>Non-audit fees</b>		
Audit-related assurance services	<u>210</u>	<u>135</u>

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

**11 Income tax**

Tax charged in the statement of comprehensive income

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Current taxation</b>		
UK corporation tax	23,278	19,448
UK corporation tax adjustment to prior periods	625	7,469
	<u>23,903</u>	<u>26,917</u>
<b>Deferred taxation</b>		
Arising from origination and reversal of temporary differences	6,065	(15,386)
Arising from changes in tax rates and laws	328	(4,047)
Prior year adjustment to deferred tax charge	(1,822)	4,697
	<u>4,571</u>	<u>(14,736)</u>
Total deferred taxation	<u>4,571</u>	<u>(14,736)</u>
Tax expense in the statement of comprehensive income	<u>28,474</u>	<u>12,181</u>

The tax on profit before tax for the year is lower (2021: higher) than the standard of corporation tax in the UK of 19% (2021 - 19%).

The differences are reconciled below:

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Profit before tax	<u>152,233</u>	<u>41,626</u>
Corporation tax at standard rate	28,924	7,909
Decrease from effect of different UK tax rates on some earnings	-	(3,861)
Increase from effect of expenses not deductible in determining taxable profit (tax loss)	637	15
Decrease in current tax from unrecognised tax loss or credit	(218)	-
(Decrease)/increase in current tax from unrecognised temporary difference from a prior period	(1,197)	12,165
Deferred tax expense/(credit) relating to changes in tax rates or laws	328	(4,047)
Total tax charge	<u>28,474</u>	<u>12,181</u>

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

**Deferred tax**

Deferred tax movement during the year:

	At 1 January 2022 £ 000	Recognised in income £ 000	At 31 December 2022 £ 000
RV and impairment provisions	7,297	(15,476)	(8,179)
Timing differences on leased assets	13,452	9,200	22,652
Timing differences on property, plant and equipment	(682)	1,705	1,023
	<u>20,067</u>	<u>(4,571)</u>	<u>15,496</u>

Deferred tax movement during the prior year:

	At 1 January 2021 £000	Recognised in income £000	At 31 December 2021 £000
RV and impairment provisions	(19,292)	26,589	7,297
Timing differences on leased assets	20,635	(7,183)	13,452
Timing differences on property, plant and equipment	-	(682)	(682)
Other timing differences	3,988	(3,988)	-
	<u>5,331</u>	<u>14,736</u>	<u>20,067</u>

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

**12 Intangible assets**

<b>Cost or valuation</b>	<b>Internally generated software development costs £ 000</b>	<b>Purchased software £ 000</b>	<b>Total £ 000</b>
At 1 January 2022	20,984	23	21,007
At 31 December 2022	20,984	23	21,007
<b>Amortisation</b>			
At 1 January 2022	18,327	23	18,350
Amortisation charge	1,483	-	1,483
Impairment	502	-	502
At 31 December 2022	20,312	23	20,335
<b>Carrying amount</b>			
At 31 December 2022	672	-	672
At 31 December 2021	2,657	-	2,657

**13 Property and equipment under operating lease**

	<b>2022 £ 000</b>
<b>Cost</b>	
Balance as at 1 January 2022	2,924,608
Additions	868,487
Disposals	(858,795)
<b>At 31 December 2022</b>	<b>2,934,300</b>
<b>Accumulated depreciation and impairment</b>	
Balance as at 1 January 2022	(794,479)
Depreciation charge for the year	(398,963)
Disposals	381,484
Impairment charge	(1,765)
<b>At 31 December 2022</b>	<b>(813,723)</b>
<b>Carrying amount</b>	
At 31 December 2021	2,130,129
<b>At 31 December 2022</b>	<b>2,120,577</b>

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

This balance excludes the ECL provision, which totals £2.2m (2021: £0.5m).

In accordance with IAS 16, residual values have been reviewed at the balance sheet date for any changes to used vehicle prices and the depreciation adjusted prospectively over the remaining lease term, in accordance with IAS 8. In addition to this, the assets have been tested for impairment and where appropriate impairment losses recognised in the financial statements.

An approximation of the future minimum lease receivables for vehicles under operating leases is summarised below:

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Not longer than 1 year	524,041	406,699
Longer than a year, less than five years	316,926	441,692
Longer than five years	2,998	1,855
	<u>843,965</u>	<u>850,246</u>

An approximation of the unguaranteed residual values accruing to the benefits of the lessor for vehicles under operating leases is summarised below:

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Not longer than 1 year	942,918	658,882
Longer than a year, less than five years	570,251	838,929
Longer than five years	5,395	1,918
	<u>1,518,564</u>	<u>1,499,729</u>

**14 Other property and equipment**

	<b>Land and buildings £ 000</b>	<b>Furniture, fittings and equipment £ 000</b>	<b>Total £ 000</b>
<b>Cost or valuation</b>			
At 1 January 2022	10,827	6,007	16,834
Additions	-	3,587	3,587
Disposals	(1,420)	-	(1,420)
At 31 December 2022	<u>9,407</u>	<u>9,594</u>	<u>19,001</u>
<b>Depreciation</b>			
At 1 January 2022	3,111	5,448	8,559
Charge for the year	969	919	1,888
At 31 December 2022	<u>4,080</u>	<u>6,367</u>	<u>10,447</u>
<b>Carrying amount</b>			
At 31 December 2022	<u>5,327</u>	<u>3,227</u>	<u>8,554</u>
At 31 December 2021	<u>7,716</u>	<u>559</u>	<u>8,275</u>

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

**Depreciation**

Depreciation has been charged under 'Depreciation expense' in the Income statement (note 7), which includes depreciation, amortisation and impairment charges, as well as all gains and losses on disposal of capitalised assets.

**Disposals**

The disposal figure relates to the reduction of a leased building, in agreement with the building owner.

**15 Assets for short-term rental**

	<b>2022</b> <b>£ 000</b>
<b>Cost</b>	
At 1 January 2022	49,457
Additions	86,802
Disposals	<u>(10,806)</u>
<b>At 31 December 2022</b>	<u><u>125,453</u></u>
<b>Accumulated depreciation and impairment</b>	
At 1 January 2022	(23,569)
Depreciation charge for the year	(13,021)
Fleet risk adjustment	15,863
Disposals	<u>3,170</u>
<b>At 31 December 2022</b>	<u><u>(17,557)</u></u>
<b>Carrying amount</b>	
At 31 December 2021	<u>25,888</u>
<b>At 31 December 2022</b>	<u><u>107,896</u></u>

The Fleet risk adjustment refers to prospective depreciation recognised due to a reassessment of the residual value accounting estimate.

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

**16 Inventories**

There is no material difference between the balance sheet value of inventories and their replacement cost.

The increase in inventory of new vehicles is linked to both fleet size and value, especially with EVs having higher initial investment cost.

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Vehicles from terminated contracts	21,196	9,576
New vehicles	113,991	19,983
	<u>135,187</u>	<u>29,559</u>

**17 Cash at bank and in hand**

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Cash at bank	1,275	-
Bank overdrafts (see Note 21)	(13,413)	(15,142)
Cash and cash equivalents	<u>(12,138)</u>	<u>(15,142)</u>

**18 Receivables from customers**

This item includes amounts receivable under finance lease contracts and trade receivables, after deduction of allowances for impairment.

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Non-current assets</b>		
Amounts receivable under finance lease contracts	381,243	403,606
<b>Current assets</b>		
Amounts receivable under finance lease contracts	104,284	98,431
Trade receivables	40,640	43,951
Impairment of receivables	(9,109)	(7,442)
	<u>135,815</u>	<u>134,940</u>
<b>Total receivables from customers</b>	<u>517,058</u>	<u>538,546</u>

**(i) Impairment**

The movement in impairment of receivables is as follows:

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Balance as at 1 January	7,442	11,714
Net movement in impairment of receivables	6,137	(3,652)
Receivables written off during the year as uncollectable	(4,470)	(620)
Balance as at 31 December	<u>9,109</u>	<u>7,442</u>

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

(ii) **Finance Lease contracts**

The total receivables from customers include finance lease receivables, which may be analysed as follows:

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Gross investment in finance leases, with remaining maturities:</b>		
- not longer than 1 year	202,410	117,632
- longer than a year, less than five years	339,011	410,548
- longer than five years	-	-
	<u>541,421</u>	<u>528,180</u>
Unearned finance income on finance leases	(61,325)	(34,698)
Present value of minimum lease payments receivable	<u><u>480,096</u></u>	<u><u>493,482</u></u>
<b>Present value of minimum lease payments receivable, with remaining maturities:</b>		
- not longer than 1 year	190,845	96,168
- longer than a year, less than five years	289,251	397,314
Balance as at 31 December	<u><u>480,096</u></u>	<u><u>493,482</u></u>
<b>Unguaranteed residual values accruing to the benefits of the lessor, with remaining maturities:</b>		
- not longer than 1 year	12,952	21,464
- longer than a year, less than five years	21,693	157,099
- longer than five years	-	-
Balance as at 31 December	<u><u>34,645</u></u>	<u><u>178,563</u></u>

**19 Other receivables and prepayments**

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Non-current assets</b>		
Loans to related parties	1,200	2,520
Other receivables	62	2,307
Prepayments	148	182
	<u>1,410</u>	<u>5,009</u>
<b>Current assets</b>		
Receivables from related parties	15,947	11,467
Loans to related parties	800	27,768
Prepaid road tax	16,975	15,560
Prepayments	13,017	8,789
Other Receivables	21,308	11,858
Rebates and bonuses receivable	10,905	10,554
	<u>78,952</u>	<u>85,996</u>

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The company's policy towards exposure to credit and market risks, including impairments and allowances for credit losses, relating to trade and other debtors is disclosed in the financial risk management and impairment section of note 2 "Accounting policies".

**20 Share capital**

**Allotted, called up and fully paid shares**

	No. 000	2022 £ 000	No. 000	2021 £ 000
Ordinary shares of £1 each	<u>14,500</u>	<u>14,500</u>	<u>14,500</u>	<u>14,500</u>

**Rights, preferences and restrictions**

Ordinary shares have the following rights, preferences and restrictions:

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

A dividend of £3.45 per share (2021: £5.79), totalling £50m (2021: £84m) was paid during the year to the parent entity.

**21 Loans and borrowings**

	2022 £ 000	2021 £ 000
<b>Non-current</b>		
Borrowings from group undertakings	1,504,331	1,106,086
Borrowings from other group companies	<u>194,833</u>	<u>423,523</u>
	<u>1,699,164</u>	<u>1,529,609</u>
<b>Current</b>		
Bank overdrafts	13,413	15,142
Borrowings from group undertakings	495,747	482,768
Borrowings from other group companies	<u>205,785</u>	<u>359,629</u>
	<u>714,945</u>	<u>857,539</u>

The maturity profile of these borrowings is as follows:

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**Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Borrowings from group undertakings</b>		
- three months or less	20,163	37,970
- longer than three months, less than a year	475,584	444,798
- longer than a year, less than five years	<u>1,504,331</u>	<u>1,106,086</u>
<b>Balance as at 31 December</b>	<u><u>2,000,078</u></u>	<u><u>1,588,854</u></u>
<b>Borrowings from other group companies</b>		
- three months or less	45,090	41,905
- longer than three months, less than a year	160,695	317,724
- longer than a year, less than five years	<u>194,833</u>	<u>423,523</u>
<b>Balance as at 31 December</b>	<u><u>400,618</u></u>	<u><u>783,152</u></u>

**22 Leases**

**Leases included in creditors**

Leases included in creditors relate to the amounts owed under IFRS16 for the leases on the Slough offices used by LeasePlan UK Limited.

The balances as at year-end are displayed below:

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Current portion of long term lease liabilities	1,130	1,323
Long term lease liabilities	<u>5,299</u>	<u>7,640</u>
<b>Total lease liabilities</b>	<u><u>6,429</u></u>	<u><u>8,963</u></u>

**Lease liabilities maturity analysis**

A maturity analysis of lease liabilities is reported in the table below:

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Less than one year	1,130	1,323
Between 1 and 5 years	4,692	5,493
More than 5 years	<u>607</u>	<u>2,147</u>
<b>Total lease liabilities</b>	<u><u>6,429</u></u>	<u><u>8,963</u></u>

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

**23 Other provisions**

	<b>Total £ 000</b>
At 1 January 2022	2,180
Additional provisions	38
Provisions used	(198)
Unused provision reversed	(49)
	1,971
At 31 December 2022	1,971
Non-current liabilities	707
Current liabilities	1,264

LeasePlan UK Limited has elected to disclose its provisions relating to legal proceedings, employee benefits and lease restoration costs within this note.

Movements within "unused provision reversed" relate to provisions released to the Statement of Profit or Loss during the year. This release relates to the dilapidations provision of a lease which terminated during the year.

The non-current portion of other provisions are dilapidation accruals relating to the Slough offices, which are included within Note 14. The current portion of these provisions is largely attributable to tax-related matters currently under resolution with HMRC.

**24 Trade and other payables**

	<b>2022 £ 000</b>	<b>2021 £ 000</b>
Trade creditors	37,865	25,365
Deferred leasing income	62,151	66,224
Advance lease instalments received	46,592	51,772
Social security and other taxes	976	1,488
Accruals and deferred income	133,063	89,772
Amounts owed to group undertakings	14,432	6,247
Amounts owed to other group companies	26,231	26,147
Down payments	7,927	6,825
	329,237	273,840

Deferred leasing income relates to amounts received in advance, as part of the monthly lease instalments, to cover lease expenses in a subsequent year.

Advance lease instalments received relates to periodical rentals received in advance.

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**Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

**25 Pension and other schemes**

**Defined contribution pension scheme**

The company operates a Group Personal Pension Scheme, a defined contribution scheme in which all benefits and risks are secured as individual policies and are independent of LeasePlan UK Limited. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £1,584,153 (2021 - £1,420,525).

The contributions amounting to £152,205 (2021: £165,601) were outstanding as at 31 December 2022 and are included in other staff accruals.

**26 Commitments**

**Capital commitments**

The total amount contracted for but not provided in the financial statements was £420,774,823 (2021 - £286,865,150). Commitments relate to vehicles ordered by LeasePlan UK Limited ahead of the year-end, but not yet received from the manufacturers.

**27 Derivative financial instruments**

The company has entered into an interest rate swap transaction with LeasePlan Corporation N.V. as the swap counterparty. The swap under the terms of the agreement the company is receiving a floating rate of interest in exchange for a fixed rate in order to hedge the interest rate differential on its financial assets and floating rate debt securities.

The fair value of interest rate derivatives held is set out below. The statement of financial position also includes interest payable on the interest rate swap.

Additionally, the company has entered into credit compensation deals with LeasePlan Corporation N.V. (the "ultimate parent"), in relation to Bumper (UK) 2021-1 Finance Plc. Under the overall group financing strategy, funds obtained by LeasePlan UK Limited were transferred to its ultimate parent, allowing LeasePlan Corporation N.V. to fund the business of the LeasePlan group's various entities. This transfer was performed via credit compensation deals, whereby pre-existing inter-company loans with similar terms as the transaction were deemed to be early-settled, but the related interest charges at fixed rate continue to apply. Simultaneously, upfront and actual funding costs borne by LeasePlan UK Limited for Bumper (UK) 2021-1 Finance Plc, are compensated by LeasePlan Corporation N.V. at the applicable variable interest rate. The resulting fair value of interest rate derivative held is set out below.

Derivative financial instruments held by the company are not held for trading purposes, but are intended to be held-to-maturity.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data ("unobservable input").

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

The company did not have any defaults of principal or interest or other breaches with respect to its debt securities during the years ended 31 December 2022 and 31 December 2021.

	Level 1	Level 2	Level 3	Total
<b>2021</b>				
<i>In thousands of sterling</i>				
Interest rate swap	-	4,828	-	4,828
Credit compensation deals	-	(11,313)	-	(11,313)
	<u>-</u>	<u>(6,485)</u>	<u>-</u>	<u>(6,485)</u>
<b>2022</b>				
<i>In thousands of sterling</i>				
Interest rate swap	-	(6,755)	-	(6,755)
Credit compensation deals	-	1,397	-	1,397
	<u>-</u>	<u>(5,358)</u>	<u>-</u>	<u>(5,358)</u>

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

**28 Related party transactions**

**Transactions with British Car Auctions Ltd**

As of 21<sup>st</sup> March 2016, LP Group B.V. became the shareholder of LeasePlan UK Limited's ultimate parent, LeasePlan Corporation N.V.. LP Group B.V. represents a group of long-term responsible investors, which include ADIA, ATP, Broad Street Investments, GIC, PGM and TDR Capital. None of these investors has a(n indirect) controlling interest in the Company.

On 6<sup>th</sup> November 2019, TDR Capital, one of the aforementioned investors, acquired a controlling interest in British Car Auctions Limited ("BCA"). As a result, BCA became a related party of the wider LeasePlan group, and thus of LeasePlan UK Limited.

From January 2021, LeasePlan UK Ltd entered a new arm's length supply agreement with BCA, with BCA becoming the sole 3rd party supply channel for vehicle disposals. The terms of this agreement are such that BCA now acts as a principal for the majority of the Company's vehicle disposals and as an agent for some miscellaneous vehicles (which are auctioned) and any vehicles sold direct to the original lease holder (driver sale).

The transactions between the Company and British Car Auctions Limited during the financial year were:

<b>2022</b>	<b>BCA acting as principal</b>	<b>BCA acting as agent</b>	<b>Total</b>
Net sales result (excluding selling costs)	130,138,723	8,637,948	138,776,671
Net commission paid to BCA	-	-	(3,321,532)
	-	-	<u>135,455,139</u>
<b>2021</b>	<b>BCA acting as principal</b>	<b>BCA acting as agent</b>	<b>Total</b>
Net sales result (excluding selling costs)	99,628,000	7,723,000	107,351,000
Net commission paid to BCA	-	-	(4,780,000)
	-	-	<u>102,571,000</u>

Net sales results correspond to the vehicle sales proceeds, less their net book value prior to the sale. The net commission paid to BCA consists of disposal costs, which include inspection, collection, sale and processing costs.

The balances due in respect of British Car Auctions Limited as at 31 December were:

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Trade receivables	3,448	7,350
Trade payables	<u>(141)</u>	<u>(2)</u>
	<u>3,307</u>	<u>7,348</u>

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

**Transactions with Bumper (UK) 2021-1 Finance PLC**

In March 2021, the company conducted a securitisation program under the name Bumper (UK) 2021-1 Finance PLC, whereby £550 million of future lease instalment receivables and associated residual value receivables originated by LeasePlan UK Limited (the “originator”) were sold to Bumper (UK) 2021-1 Finance PLC, a bankruptcy remote limited liability entity incorporated under the laws of England and Wales and specifically incorporated for the purpose of the securitisation transaction, of which LeasePlan UK acquired £150 million of it. Debt securities were issued by Bumper (UK) 2021-1 Finance PLC to finance this transaction. The title to the underlying vehicles is retained by the originator (except for vehicles under an Employee Car Ownership Scheme) and the portfolio was valued at £382,845,490 as at 31 December 2022.

The notes issued under this securitisation programme have a term of ten years and a revolving period that is due to end in 2023. During this revolving period, Bumper (UK) 2021-1 Finance PLC can apply the principal collections on the loan receivable to purchase, subject to certain conditions, further eligible receivables from the Originator. The notes are divided into a number of classes and further information including ratings by external agencies is given below:

Class	Original Amount	S&P Rating	Fitch Rating	DBRS Rating	Interest Rating
Class A Notes	£400,000,000	AAA	AAA	AAA	Compounded Daily SONIA + 0.50%
Class B Notes	£150,000,000	NR	NR	NR	174bps

The A notes are listed on the Irish Stock Exchange and held by external investors and the B notes are held by LeasePlan UK Limited. In terms of priority of order of payments, the B notes are subordinated to the A notes.

The transactions between the Company and Bumper (UK) 2021-1 Finance PLC during the financial year were:

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Net interest expense on borrowings with other group companies	2,696	2,117

The balances due in respect of Bumper (UK) 2021-1 Finance PLC as at 31 December were:

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Deemed loan	(231,151)	(397,359)
Amounts due to Bumper 2021-1 Finance PLC	(18,111)	(263)
Accrued interest on Class B notes	86	86
	<u>(249,176)</u>	<u>(397,536)</u>

**Transactions with directors**

The Directors do not control any of the voting shares of the company. There have been no transactions with the directors in 2022 outside of the payment of their emoluments, as set out in Note 9.

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

**Management Investment Plan**

Selected members of the Managing board members have been provided with an opportunity to make an indirect investment alongside a consortium of financial investors in LeasePlan through a Management Investment Plan (the 'MIP'). In order to facilitate the allocation of the MIP investment to individual employees, the investment in the MIP is held indirectly via a management holding company ('ManCo'). ManCo issues shares to a specially incorporated foundation that issues depositary receipts to each participant as evidence of his/her MIP investment. These depositary receipts entitle a participant to the full economic benefit of the underlying shares held by ManCo in an indirect parent company of LeasePlan.

At the launch of the MIP (November 2016) Management indirectly invested €825,000 via ManCo in LeasePlan Corporation N.V.

Leavers and joiners to the MIP have been listed in previous Statutory Accounts. In 2022 a previous participant transferred to LeasePlan's US entity and subsequently moved with that entity at the point it was sold. He remains a participant in the MIP - his shares were not repurchased by ManCo.

As at 31.12.22, the total investment of LeasePlan UK Limited management (past and present) in the MIP was unchanged from the year-end 2021 figure at €735,000. Of that amount the total aggregated investment amount of key management personnel amounted to €350,000 (unchanged from 2021 year-end). The acquisition price of the ordinary shares in ManCo represents the fair market value of those shares, being the same subscription price as paid by the Consortium for their interest in the ordinary shares.

In July 2021 existing MIP participants who were also current LeasePlan employees were invited to participate in an investment in CarNext (which at that time was wholly owned by LeasePlan) via the same ManCo as the MIP. Two participants invested a total of €45,000 via a loan provided by ManCo - note, this is different to the MIP where the loan was provided by LeasePlan. As at 31.12.22 the total outstanding loan to participants was €48,622.23. Only one participant was classified as key management personnel so the total listed as invested has not been split, for reasons of personal confidentiality.

Accordingly, there is no impact on the company's results or its financial position from the MIP.

Borrowings from other group entities are in respect of deemed loans issued by the Company's securitisation vehicles as disclosed above in this Note. A portion of the Company's motor vehicle fleet is ringfenced against these loans. The total market values of the ring fenced fleet is disclosed in this Note.

**29 Parent and ultimate parent undertaking**

On 21 March 2016, LP Group B.V. became the shareholder of LeasePlan Corporation N.V. group. LP Group B.V. represents a group of long term responsible investors and includes ADIA, ATP, Broad Street Investments, GIC, PGGM and TDR Capital. None of these investors has a direct or indirect controlling interest in the Company. The business relations between the Company, LP Group B.V. and their indirect shareholders are handled on normal market terms.

LeasePlan Corporation N.V. group was subsequently acquired by ALD Automotive on 22nd May 2023.

The company's immediate parent is Inula Holding UK Limited.

The ultimate parent is LeasePlan Corporation N.V.

The most senior parent entity producing publicly available financial statements is LeasePlan Corporation N.V. These financial statements are available upon request from Gustav Mahlerlaan 360, 1082 ME Amsterdam, The Netherlands.

**LeasePlan UK Limited (registered number: 1397939)**  
**Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

**30 Non adjusting events after the financial period**

**Acquisition by ALD**

ALD Automotive successfully completed the acquisition of LeasePlan on 22nd May 2023 for a total consideration of EUR 4.8 billion, paid through a combination of cash and ALD shares.

**Ukraine-Russia War**

The Ukraine-Russia war is a key contributing factor to the significant increase in energy prices and the wider cost of living crisis affecting the UK and wider Europe.

The risk posed by the war is currently centred on customers' ability to settle their invoices on the rent as they come due. However, we have established a clear monitoring system to ensure that the Company is kept abreast of recent developments in the war. These are regularly raised to and discussed by the Board to ensure that timely and appropriate action is taken. Such actions include compliance with both UK and EU government sanctions.