

**Constellation Automotive Holdings Limited
Annual Report and Accounts
for the 52 weeks ended 31 March 2024**

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COMPANY INFORMATION

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STRATEGIC REPORT

The Directors present their Strategic Report for Constellation Automotive Holdings Limited ('CAHL', or the 'Company') for the 52 weeks ended 31 March 2024 ('year ended', 'the year' or 'financial year'). The comparative period relates to the 52 week period ended 2 April 2023. CAHL and its subsidiaries are referred to in this report as 'Constellation Automotive Group' or the 'Group'.

The Strategic report has been prepared to provide information in order to assess the Group's strategies and the potential for those strategies to succeed. The Strategic report contains forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report but said statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

ABOUT CONSTELLATION AUTOMOTIVE GROUP

Constellation Automotive Group is the largest vertically integrated digital car marketplace in Europe, combining leading digital brands across the consumer to business, business to business and business to consumer marketplaces.

Once a new vehicle leaves its place of manufacture, Constellation Automotive Group provides a comprehensive range of services including single and bulk vehicle logistics, inspection checks, customs management, storage, refurbishment, vehicle preparation, dealer finance, pricing data, used vehicle buying, new and used retail, aftersales and service. Our auction platforms bring together OEMs, leasing companies, fleet operators, retail dealers and buyers to efficiently transfer the ownership of vehicles while protecting value.

We are a key facilitator and link to the entire value chain in automotive, whether that is the manufacturer, the dealer, the vehicle financier or the end consumer. Constellation Automotive Group digitally and physically connects the UK and European vehicle market, enabling vehicles to be moved, bought and sold, thereby providing liquidity and choice.

COMPANY BACKGROUND

CAHL was incorporated on 21 September 2021. As an intermediate holding company, the principal activity of CAHL is to hold and develop certain investments within the wider Constellation Automotive Group Sarl Group ('Constellation Sarl Group').

Following a group reorganisation on 4 October 2021, the Company acquired the entire share capital from the immediate parent company of two groups of companies: Constellation Automotive Group Limited ('CAGL') and its subsidiaries (the 'Constellation Group'), and Cinch Holdings Sarl ('Cinch Holdings') and its subsidiaries (the 'Cinch Group'). This was completed by way of a share for share exchange.

On 29 November 2021, the Group announced a cash offer to acquire the entire issued and to be issued share capital of Marshall Motor Holdings plc ('MMH'). At 3 April 2022 the Group held 19.39% of MMH. On 11 May 2022, the remaining shares were acquired, and MMH and its subsidiaries ('Marshall Motor Group' or 'Marshall') formed part of the Group. The £325m cash cost was equity funded.

On 28 November 2022, CAHL distributed its investment in the Cinch Group to its parent, Constellation Automotive Group Sarl, at carrying value. The repositioning of cinch within the wider structure is in line with the principal activity of CAHL to hold certain investments and provides greater funding flexibility to further mature a business that is now firmly established in the minds of consumers. Cinch Group was presented as a discontinued operation in CAHL during the prior period following the distribution on 28 November 2022.

For the year ended 31 March 2024 the Group continues to operate and develop the well established and mature businesses of Constellation Group and Marshall Motor Group as two segments. The broader Constellation structure continues to include other investments such as Cinch Group.

STRATEGIC REPORT *continued*

COMPANY BACKGROUND *continued*

Constellation Group

The Constellation Group represents the group of companies that were party to the leveraged financing following the delisting of the BCA Marketplace plc Group from the FTSE 250 in November 2019. Constellation Group operates with the BCA and WeBuyAnyCar brands in the post-factory automotive value chain, providing physical and digital solutions at scale to our customers.

Constellation Group facilitates efficient changes of vehicle ownership throughout the UK and Europe, bringing together vendors and buyers. With the trusted, convenient, consumer disposal channel, outsourced remarketing and auctions, the Group delivers a marketplace that facilitates the speed and efficiency of vehicle disposal, access to the latest market pricing for vendors and an unrivalled choice of consistently graded stock for buyers.

Constellation Group supports market participants in the new and used automotive industry: providing manufacturers with storage, fitment and pre delivery services; providing retail partners and fleet operators with storage, reconditioning, valeting and imaging; connecting the whole marketplace with single and bulk vehicle movements; and providing streamlined inspection, collection and delivery services.

Marshall Motor Group

Marshall Motor Group has a history spanning over 110 years and is one of the UK's largest car dealer networks, consisting of 141 franchised dealerships representing 23 brand partners as at the date of this report. In addition, the Group operates eight trade parts specialists, three used car centres, three standalone body shops and two pre-delivery inspection preparation centres.

Vehicle sales across both new and used vehicles include not just cars, but also commercial vehicles and motorbikes. Marshall Motor Group is a trusted supplier for retail, fleet and Motability customers with over 7.5k vehicles available for immediate delivery. Marshall Motor Group also offers aftermarket servicing on car purchases covering annual services, Ministry of Transport ("MOT") tests and manufacturer approved accessories.

The Group is focused on broadening its offering for both consumers and business partners, and the acquisition of Marshall Motor Group on 11 May 2022 aligns with this strategy, extending the Group's customer-led omni-channel retail capabilities, enhancing the physical and digital journeys, and giving customers flexibility and choice on how they interact.

Marshall Motor Group has strong relationships with OEM partners and suppliers, enabling the Group to continue its development and growth journey.

While the operating segments of Constellation Group and Marshall Motor Group are run separately, the structure allows synergies within both the Group and the wider Constellation group, to enable both profit growth and scalability.

ULTIMATE CONTROLLING PARTY

The Company's ultimate controlling party is TDR Capital LLP ('TDR'), a UK Limited Liability Partnership registered in England and Wales. TDR is an international private equity firm, managing capital on behalf of institutional, government and private investors worldwide. TDR has an experienced team of investment professionals and operating partners. Its low volume investment strategy is based on principles developed by the investment team over the past two decades.

STRATEGY

The Group's strategy is to invest in businesses that create value for stakeholders. Our businesses continue to work with all major market participants to develop and adapt integrated solutions to solve and meet the needs of the participants across the automotive sector, maximising value for all stakeholders.

Short term

The Group will build upon the strengths of our fulfilment capabilities, physical real estate, knowledge and automotive relationships to enhance our operations and integrated solutions in both the UK and Europe. We continue to focus on reducing costs by optimising efficiency at each of our locations, integrating and streamlining operations for improved operating performance underpinned by connected data. Our vehicle processing centres will continue to play an important role in our strategy as we offer a greater variety of refurbished stock. Our dealership network facilitates a physical customer journey, providing flexibility and choice. Innovation will continue to be embraced to bring further insightful trusted information in a convenient manner to vehicle sellers and buyers. We will continue to create a winning culture, investing in our people to create and maintain high performing, technically specialist and data-orientated teams.

Medium term

The Group will continue to develop our operations through both organic growth and tactical acquisitions, with a focus on the intelligent use of data and other innovations. Our international business will look to develop deeper customer relationships across an expanded geographical footprint.

Long term

The Group will focus on activities that are non-core to OEMs, vehicle sellers and vehicle owners, providing solutions at scale. Opportunities arising out of change in the automotive industry will continue to be a fundamental pillar of the Group's success.

The Group continues to evaluate the impact of climate change and its long term effects on the automotive industry. By increasing our focus on environmental factors, the Group is seeking to lessen the impact on the environment by managing waste and emissions, and by monitoring utilities usage including water, electricity and gas. The environmental impact of divisional operations is a key consideration in all strategic plans made by the Groups.

Strategic objective

“to be the most efficient, effective and capable fully integrated automotive services business, combining business to business and business to consumer services and marketplaces to provide all stakeholders with a partner of choice”

BUSINESS MODEL

OUR BUSINESSES' DIGITAL AND DATA RESOURCES

Online auctions and remarketing services

Remarketing services are central to the Group's business model, facilitating vehicle transactions between vendors and buyers. The fully online operating model for vehicle sales includes Auction View, the BCA Buyer app and the Bid Now Buy Now platform. This is complemented by a comprehensive range of value enhancing services. At each touch point throughout the business, the Group's systems capture vehicle information. The data and analytics provide insight enabling us to optimise our services and achieve improved results for our customers. Knowledge of a vehicle's history and condition allows for efficient scheduling of refurbishment, repair and remarketing, enhancing the change of ownership for all participants.

Vehicle information

Through the BCA Buyer app and Auction View all customers have a sophisticated digital experience to help them search, find, review, track and ultimately buy vehicles.

Grade and condition

Using machine learning to optimise refurbishment decisions and data driven algorithms to provide consistent and accurately graded vehicles.

Vehicle pricing

Using the latest data captured through auction transactions and multiple vehicle touch points to provide predictive valuations based on age, mileage and condition.

Inventory management

BCA Dealer Pro designed to make the part exchange process efficient and predictable with integrated inventory management.

Online platforms

Websites for Group products and services, including consumer focused sites for WeBuyAnyCar and Marshall Motor Group, give customers direct access to information, and the ability to initiate or complete transactions. Ongoing investment in online capabilities ensures that the Group can provide a best in class omni-channel offering.

OUR BUSINESSES' PHYSICAL RESOURCES

Our physical sites provide a nationwide network of processing centres that support the fully online auction remarketing model. Each site undertakes the core activities of vehicle receipt, appraisal, valet, imaging, storage and despatch. Our dealership network facilitates a physical customer journey, providing flexibility and choice.

Processing centres

Supporting our online platform, our processing centres appraise, image, recondition and store vehicles at scale.

Transport

Moving new and fleet vehicles for customers, transporting vehicles to and from refurbishment centres and providing transport for remarketing customers.

New vehicle services

Inspecting, storing, managing and preparing new vehicles at storage locations around the UK prior to distribution.

Dealership network

Physical forecourt space for new and used vehicles as well as servicing, in addition to body shops and pre delivery inspection centres.

Buying locations

Expanded network of accessible, convenient and trusted local car buying locations make it easy for consumers to transact with WeBuyAnyCar.

GROUP OPERATING REVIEW

Improved performance from returning volume suppressed by Q3 market price correction

The Group delivered adjusted EBITDA from continuing operations of £327.8m (year ended 2 April 2023: £289.3m), up 13.3% with returning new car registration volume and normalising used vehicle churn. The prior year result reflects the inclusion of Marshall Motor Group from 11 May 2022. Cinch Group results are included within discontinued operations for the prior year up to the date of distribution on 28 November 2022.

The Group's progress was negatively impacted by the sharp correction in used vehicle values through quarter three, with CAP HPI falling 10.5%, the largest drop since the 2008 financial crisis. Recovery momentum returned in quarter four as pricing stabilised and the Group traded with improved confidence as market participants returned.

UK new car registrations have seen a sustained period of muted supply with 1.6m new registrations per annum between 2020 and 2022, the lowest level since 1992. After three consecutive years of scarcity, supply began to recover in 2023 with new car registrations reaching 1.9 million units, the best performance since the pandemic but 16.8% below the 2.3 million units registered in 2019. UK used car transactions during the financial year were up 5.7% at 7.4 million units, but remain 5.1% below the 7.8m average from FY14-FY20.

In October 2023, the Group successfully realised its remaining 19.5% investment in Lookers plc for £96.8m, following the acquisition by Global Auto Holdings. The original 19.9% stake was acquired in January 2022 for £79.6m, generating a total return including dividends of £22.6m. During the year, the Group recognised gains on disposal and revaluation of these interests of £36.1m (year ended 2 April 2023: loss of £8.8m) and dividend income of £0.7m (year ended 2 April 2023: £2.8m). At year end, the Group holds a 9.3% (at 2 April 2023: nil%) interest in Vertu Motors plc.

The loss for the year from continuing operations was £50.5m (year ended 2 April 2023: £99.9m). As the majority of the Group's debt is at floating interest rates, interest costs have increased significantly. Total finance costs increased to £217.6m (year ended 2 April 2023: £184.7), of which £161.3m was interest payable (year ended 2 April 2023: £131.0m) reflecting increasing interest rates over the period.

Outlook – Potential new car market volatility

The Group exited FY24 with good momentum for FY25 but has become cautious about the rate of growth in the mid term with uncertain conditions for the new car market. Battery electric vehicle ('BEV') sales growth has stalled in the UK and consumers delay purchasing new vehicles because of a confusing value proposition, given BEVs have historically had higher purchase prices but recently weak residuals. OEMs face significant fines for missing zero emissions vehicle sales levels, starting at 22% of total car sales and 10% of van sales in 2024. The sales level rises incrementally each year to 80% for cars and 70% for vans by 2030, and 100% for both by 2035. For those looking to change vehicle, the residual values of BEVs are uncertain, new internal combustion engine vehicles look expensive as OEMs begin to push discounts on BEVs, and the nearly new market misses the volume from reduced supply in the past four years.

Industry commentators predict new car registrations will grow 3.4% to 1.97m in 2024, and 3.1% to 2.03m in 2025, surpassing 2 million units for the first time since 2019. Registration increases in 2023 and 2024 have seen a gradual, consistent return to volume rather than a significant bounce back to pre-pandemic levels, weighted towards fleet and business registrations. Overall, year to date registrations at August 2024 lag behind the 2019 pre-pandemic equivalent by 18.4%, highlighting the protracted recovery of new car supply. While used car activity levels have been more stable, FY24 transactions were 570,000 units behind 2019 pre-pandemic levels at 7.36 million transactions.

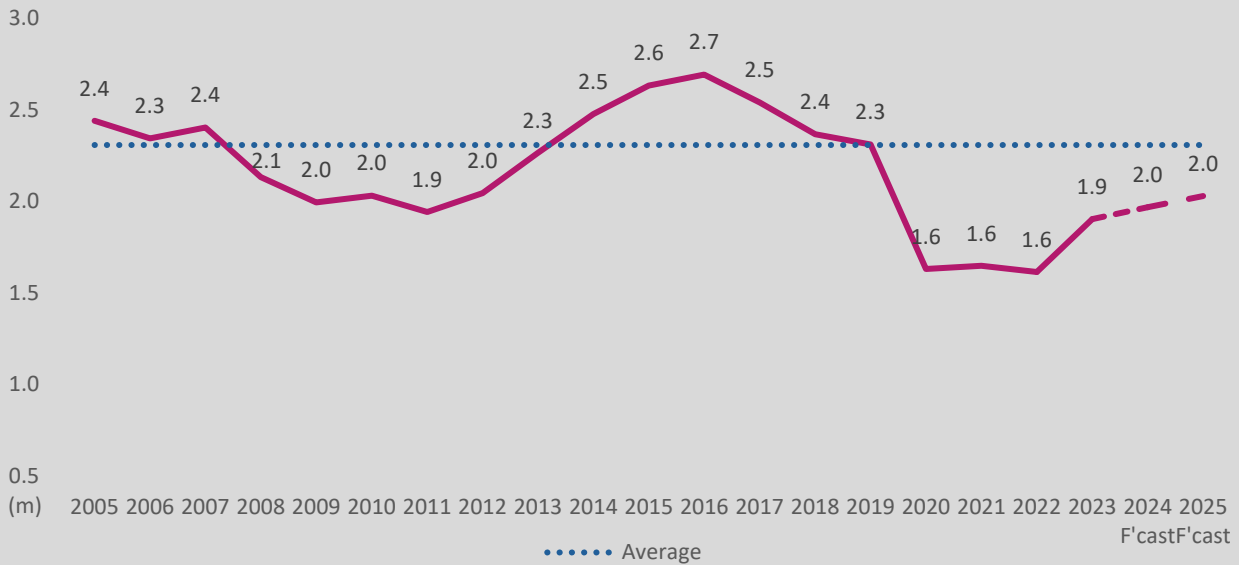
The Group's business model is reliant on volume and has demonstrable ability to deliver strong financial results when activity and pricing is stable. The Group remains the market leader and the scalable nature of the business model performs well with rising volumes. With interest rates expected to be higher for longer, we continue to focus on cost control and effective cash management. The Group closed the year with significantly enhanced available liquidity of £582.8m (at 2 April 2023: £380.0m), providing greater flexibility to navigate potential market challenges and invest in future growth opportunities.

GROUP OPERATING REVIEW *continued*

New car registrations

UK new car registration growth has been fuelled by fleet and business registrations which were up 36.4% in 2023. New car registrations have continued to improve with March 2024 marking the 20th consecutive month of year on year registration growth. The fleet sector continues to be the key driver for growth with fleet activity up 35% in the year ended 31 March 2024. In contrast, private demand is down 3% on the comparative period, particularly in the adoption of Battery Electric Vehicles ('BEV'). Overall, registrations lag behind the pre-pandemic year ended 31 March 2019 equivalent by 16.8%, highlighting the protracted recovery of new car supply.

CONSTRAINED UK NEW CAR REGISTRATIONS



Note: Average UK New Registrations is based on the period 2005 to 2019 calendar year

Source: smmt.co.uk

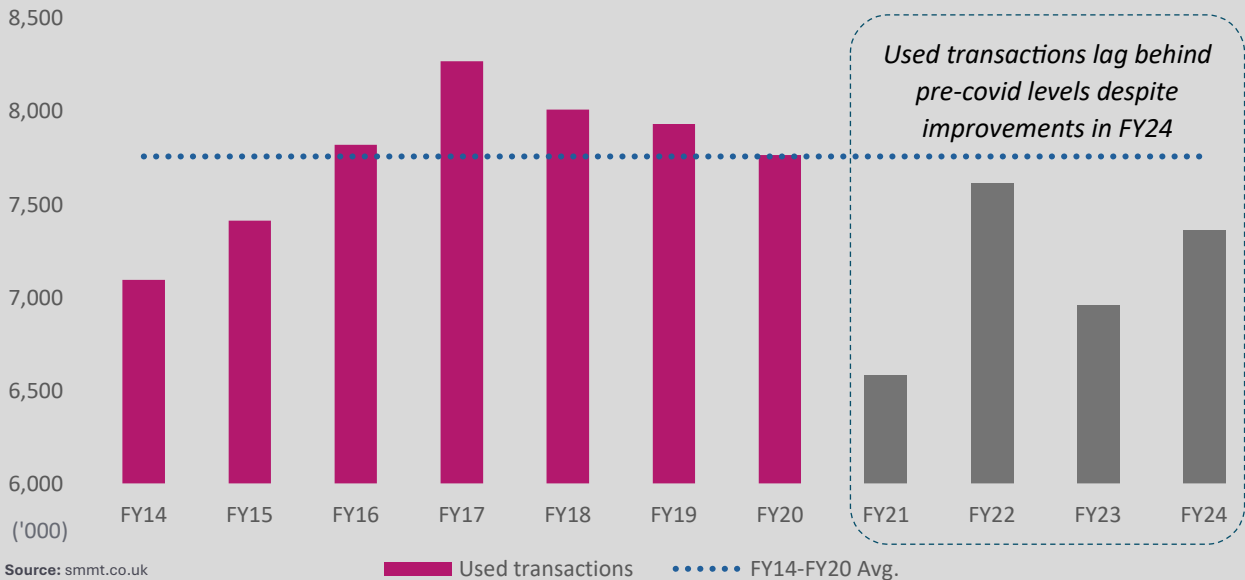
According to the latest Society of Motor Manufacturers and Traders ('SMMT') forecast, new car registrations in 2024 are projected to reach 1.97 million units, marking a 3.4% rise on 2023. Registrations in 2025 are then expected to surpass 2 million units for the first time since 2019, up 3.1% from 2024 to 2.03 million units. While the new car market is expected to stabilise at around 2.0m vehicles per year over the longer term, there is a risk of disruption from the Zero Emission Vehicle ('ZEV') mandate, which requires 100% of new vehicles registered to be zero emissions vehicles by 2035. See page 11 for more details on the ZEV mandate.

GROUP OPERATING REVIEW *continued*

Used car activity

UK used car transactions remain significantly below pre-pandemic levels. The UK car parc continues to increase in size and age, up to 33.6m vehicles for 2023 (2022: 33.2m) and an average of 9.3 years old, (2022: 9.1 years old). The car parc will become increasingly uneconomical to repair as ageing continues. Mobility remains a priority and the consumers continue to prefer to have access to their own vehicle.

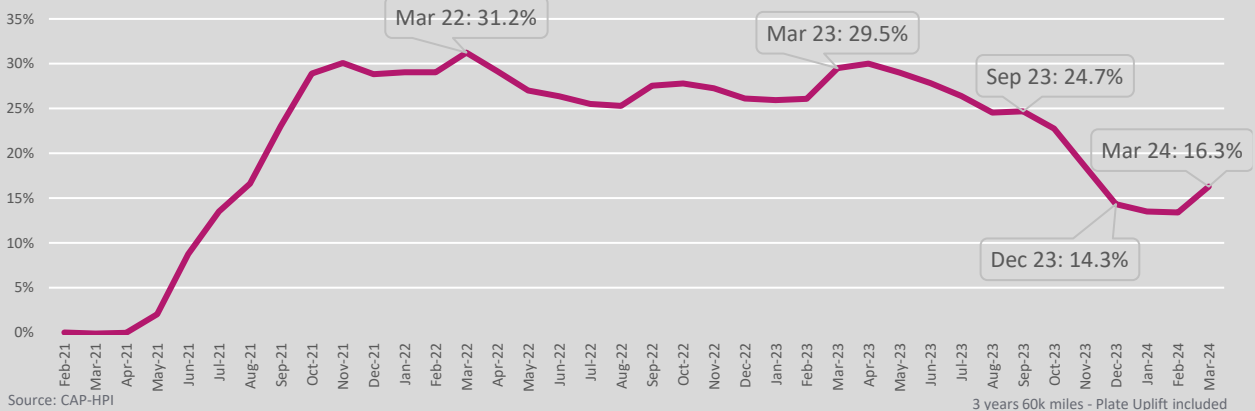
UK USED CAR TRANSACTIONS



Used car transactions for FY24 were up 5.7% at 7,363k on FY23, but remain 5.1% below the average of 7,760k between FY14 and FY20.

Used car pricing remains elevated above pre-pandemic levels despite significant reductions of 10.5% in Q3, and 19.4% across FY24 as a whole. These price reductions particularly impacted BEV's, which saw reductions of 57% over the 21 months to May 2024 compared to 12% for petrol vehicles. Pricing stability returned in Q4 as pricing levels look more reasonable given general inflation across the same timeframe.

UK USED CAR PRICING



Cumulative values based on a 3 year old vehicle are still higher than at the start of 2021, but have reduced significantly in FY24, most notably in FY24 Q3.

GROUP OPERATING REVIEW *continued*

Transition to electric vehicles

ZEV MANDATE

The zero emission vehicle ('ZEV') mandate forms part of the UK Government's pathway for all new cars and vans to be zero emissions by 2035. The Vehicle Emissions Trading Schemes Order 2023 ('VETS') came into force on 1 January 2024 and covers registration levels and CO2 regulation for new cars and vans. Under the ZEV mandate, 100% of vehicles registered by OEMs must be zero emission vehicles ('ZEVs') by 2035. For cars, 22% of all new registrations in 2024 must be ZEV, increasing each year to 100%. Under CO2 rules, OEMs must meet a reduction in CO2 emissions of vehicles registered based on 2021 baseline data.

In 2024, failure to comply with the 22% ZEV registration level can result in significant fines for OEMs of £15,000 per non-ZEV vehicle. Failure to comply with CO2 targets can result in fines of £86 per gram of CO2 above the baseline. The assessment of penalties is complex, given the schemes allow for adjustments including trading of quotas, banking of excess, borrowing from future allocations, bonus credits and conversion between ZEV and CO2 schemes.



OEMs continue to face their own challenges as they navigate the transition to electric vehicles, including responding to the ZEV mandate and the entry of new market participants. Year to date Battery Electric Vehicles ('BEVs') registrations accounted for 17.2% of registrations at August 2024, highlighting the challenge certain OEMs face in narrowing the gap to compliance.

UK legislation sets out a punitive approach to EV adoption based on fines for OEMs rather than incentivisation for private buyers. There is an increasing level of uncertainty around how OEMs will achieve the increasing BEV sales required under the ZEV mandate and how this will impact the new and used car markets, as these quotas may artificially force the new car market to pivot to BEV.

As OEMs look to increase BEV sales in response to the ZEV mandate, there is a lack of incentives for personal buyers, as well as established reservations around affordability, range anxiety and charging infrastructure. The compounding of these factors creates further uncertainty in the industry, making the consequences on new car supply, used car activity and residual values very difficult to predict. The potential for volatility in both new and used car markets could adversely affect the Group's performance in the short and medium term.

GROUP OPERATING REVIEW *continued*

Key Performance Indicators ('KPIs')

Non-GAAP measures

Key Financial Performance Indicator – adjusted EBITDA

Management uses an adjusted profit measure to monitor the ongoing profitability of the Group, which is defined as Earnings before interest, taxation, depreciation and amortisation ('EBITDA') adjusted for significant or non-recurring ('SONR') items. The Directors primarily use adjusted EBITDA as a measure of the Group's success in delivering its near term strategy and when making decisions about the Group's activities as it is the most reliable and relevant profit measure across all segments.

The SONR items that are excluded from EBITDA to calculate adjusted EBITDA are as follows:

- Income and expenses that are significant, non-recurring or non-trading in nature, including business closure costs, restructuring costs, refinancing costs and share based payment related charges;
- Impairment charges and accelerated depreciation and amortisation on property, plant and equipment, right of use assets, intangibles and goodwill;
- Amortisation of intangible assets arising on acquisition;
- Fair value gains and losses on financial assets measured at fair value through profit or loss;
- Acquisition expenses and gains and losses on business combinations, disposals and changes in ownership.

Amortisation of intangible assets arising on acquisition are excluded because they reflect the nature of the acquisition accounting, and are not reflective of underlying business performance. Share based payment related charges are excluded as the initial implementation and ongoing costs are significant or non-recurring and are not reflective of underlying business performance. As this is a non-GAAP measure, adjusted EBITDA measures used by other entities may not be calculated in the same way and hence may not be directly comparable.

All non-GAAP measures are reconciled back to statutory equivalents on page 17. They are provided with the clear intention to aid understanding of performance.

Key Financial Performance Indicator – IAS 17 adjusted EBITDA

Financing arrangements within Constellation Group include frozen GAAP reporting for certain accounting areas including leases. IAS 17 adjusted EBITDA is presented to aid comparison, and remains the most meaningful measure of performance.

Our operating businesses each have a detailed dashboard of KPIs that are used to track and evaluate performance, make projections, and support strategic decisions. These performance indicators cover commercial, operations, health & safety, people, costs and digital footprint.

Operational KPIs used to measure performance in FY24 and on an ongoing basis have been disclosed in the Group Operating Review on pages 8 to 21. Apart from revenue and adjusted EBITDA, the KPIs used to assess performance vary across divisions due to the diverse nature of the businesses and operational landscapes they navigate. Consequently, certain non-financial KPIs are used to provide a more comprehensive assessment of performance, such as specific volume and movement metrics. Given the commercial sensitivity, not all operational KPIs are published, but they are designed to support the financial KPIs that we focus on in this report.

GROUP OPERATING REVIEW *continued*

DIVISIONAL RESULTS SUMMARY

The year ended 31 March 2024 represents a full 52 week trading period. The prior year ended 2 April 2023 represents a full 52 week period and incorporates the results of Marshall Motor Group from the acquisition date 11 May 2022.

	2024		2023	
	Revenue £m	Adjusted EBITDA £m	Revenue £m	Adjusted EBITDA £m
Constellation Group	5,665.7	246.8	6,386.2	212.9
Marshall Motor Group ¹	3,671.4	81.6	3,297.1	76.4
Other – Group	-	(0.6)	-	-
Total from continuing operations	9,337.1	327.8	9,683.3	289.3

¹Marshall Motor Group results included from acquisition date 11 May 2022.

Adjusted EBITDA from continuing operations of £327.8m (year ended 2 April 2023: £289.3m) is reconciled to the statutory operating profit from continuing operations for the year ended 31 March 2024 of £125.5m (year ended 2 April 2023: £48.9m) on page 17. There were no discontinued operations in the year ended 31 March 2024. Results from prior period discontinued operations are presented in note 19.

Constellation Group

The Constellation Group generated revenue of £5.7bn (year ended 2 April 2023: £6.4bn), down 11.3%, and adjusted EBITDA of £246.8m (year ended 2 April 2023: £212.9m), up 15.9%.

Key performance indicators

	2024	2023
Revenue (£m)	5,665.7	6,386.2
Adjusted EBITDA (£m)	246.8	212.9

Revenue fell as activity in the vehicle buying business was concentrated on the more resilient lower price vehicles, reducing revenue per unit. Consumer vehicle buying volume was held back as competitors were slower to adjust their pricing in the falling market seen in quarter three. It was important to scale back purchasing until stability returned to used pricing in the fourth quarter. Full year consumer purchasing volumes were down 13,000 units to 478,000 units, with 16,000 lower units in the third quarter alone. The division also saw lower volumes in the Retail Ready and Outsource Solutions channels, where the Group acts as principal, taking title of the vehicle and recognising the full value of the vehicle as revenue. This was in line with expectations following the scaling back of Retail Ready activity.

The division delivered improved adjusted EBITDA of £246.8m (year ended 2 April 2023: £212.9m) despite a challenging third quarter. The recovery in EBITDA performance has been driven by volume improvements across the BCA branded businesses and the right sizing of the Retail Ready estate during the prior year, which has eliminated the associated losses of £22.8m incurred in the year ended 2 April 2023 from reoccurring during the year ended 31 March 2024.

During the third quarter, performance was negatively impacted by rapid market declines in used car values, down 10.5% per CAP HPI. The impact in Constellation Group was most notable within the vehicle buying and UK vehicle remarketing businesses. Wholesale prices fell to a greater extent than retail prices as the impact of returning new car supply, historically high used car prices, and higher interest rates combined to unsettle demand and auction conversion during the period. Outsource Solutions experienced metal margin losses in this quarter of £9.3m excluding associated buyers fees, mainly on contracts linked to third party guide pricing.

GROUP OPERATING REVIEW *continued*

DIVISIONAL RESULTS SUMMARY *continued*

Constellation Group *continued*

Annual performance in UK remarketing benefitted from increased volumes, up 1.8% to 965,000 units (year ended 2 April 2023: 950,000) and a strengthening in conversion rates year on year. Buyer fee increases also helped offset inflationary cost pressures, most notably from minimum wage related adjustments, property and transport costs.

Vehicle remarketing performance within Europe strengthened as auction volumes grew, averaging 7,700 units per week, up 30.7% (year ended 2 April 2023: 5,900 units per week). The growth in volumes has been driven by new contract wins with pan-European vendors. During the year, the division secured a five year vehicle supply contract with Ayvens (formerly ALD Leaseplan), which will provide a strong position to expand the corporate leasing vendor segment alongside the existing OEM and dealer vendor base. The buyer base continues to grow, with the number of active buyers at year end reaching a record high of 18,700 (year ended 2 April 2023: 13,900 buyers).

The division's automotive services transporters, plated drivers and refurbishment sites delivered a good performance. Returning new car supply and growing demand for change of keeper car related services allowed the division's physical assets to be better utilised as OEMs, fleet, and rental companies require additional storage and new car related services as volume returns to the market. Growth in external moves has resulted in higher EBITDA generation from transporters as asset utilisation improves. Profitability also improved from increased arrivals and despatches, strong storage revenue, improving inspections and collections work, and contract renewals in recent periods which have been updated where possible to include protective clauses, such as fuel escalation and wage inflation, to insulate the businesses from cost inflation.

During the year, the Constellation Group completed the sale and leaseback of the Barneveld auction site in the Netherlands, generating sales proceeds of €18.5m. Two European vehicle reconditioning joint ventures were divested to the joint venture partner generating proceeds of €6.2m and a gain of £0.8m on disposal.

Marshall Motor Group

The division generated £3.7bn of revenue during the year ended 31 March 2024 (post-acquisition period ended 2 April 2023: £3.3bn). The division delivered an adjusted EBITDA of £81.6m (post-acquisition period ended 2 April 2023: £76.4m).

Key performance indicators

	2024	2023 ¹
Revenue (£m)	3,671.4	3,297.1
Adjusted EBITDA (£m)	81.6	76.4

¹Marshall Motor Group results included from acquisition date 11 May 2022.

The division reported higher revenue of £3.7bn (year ended 2 April 2023: £3.3bn) as a result of the mid-year acquisition reducing the prior year comparative. Including the pre-acquisition period, revenue was broadly in line with prior year despite the divestment of trade and assets of 19 Toyota/Lexus dealerships in June 2023.

GROUP OPERATING REVIEW *continued*

DIVISIONAL RESULTS SUMMARY *continued*

Marshall Motor Group *continued*

During the year ended 31 March 2024, Marshall sold 59,000 new vehicles (year ended 2 April 2023: 59,000 new vehicles inclusive of the pre-acquisition period), and 75,000 used vehicles (year ended 2 April 2023: 78,000 used vehicles inclusive of the pre-acquisition period). Marshall made the strategic decision to remove very low margin fleet volumes. The division outperformed the UK new car market by 20.7% on a like-for-like basis excluding fleet. New vehicle margins have been negatively impacted by vehicle mix and changing supply dynamics, with increased supply of vehicles at a time of weaker demand as cost of living considerations continue to subdue consumer confidence. Motability volume has increased as a proportion of new car sales, which also has an adverse impact on margins. Used vehicle margin is lower than prior year primarily due to the correction in used vehicle prices seen in quarter three.

Operating expenses reduced during the period following the sale of the Toyota/Lexus dealerships and a focus on cost control helped mitigate the economic impact of cost headwinds relating to energy costs and inflationary impacts.

Aftersales continues to be a stable source of revenue and profit for the Group. Growth is made difficult by continued technician shortages in the UK as well as the lower new vehicle registrations in 2020-2023 leading to fewer young vehicles requiring service and parts.

The Financial Conduct Authority ('FCA') has initiated a review into discretionary commission arrangements within automotive finance. The FCA prohibited motor finance lenders offering these arrangements in 2021. The FCA have indicated that an update on the review will be given in May 2025. The information currently available from the FCA does not indicate any penalties or consumer redress against intermediaries and dealership groups. As a result, no provision or contingent liability has been recognised.

During the year, the division acquired/opened three new dealerships:

- In September 2023, the division acquired the trade and assets of two Honda franchises in Blackburn and Clitheroe from Green Acre Motors Ltd. The division now operates eight Honda businesses.
- In December 2023 the division opened a new franchise for Nissan in Doncaster.

The division also disposed of 21 dealerships in the year:

- All Toyota and Lexus franchises to Steven Egell Limited (13 dealerships), FRF (South Wales) Limited (three dealerships) and Listers Group Limited (three dealerships) on 30 June 2023.
- Bishops Stortford Volvo to Lookers Motor Group Limited on 30 November 2023.
- Tunbridge Wells VW to JCB Medway Limited on 8 December 2023.

Other – Group

Other – Group includes costs or transactions that do not directly relate to a single division, and reflect the additional management capacity required to deliver joined up solutions across divisions for OEMs and major corporates. This also includes the Group's current 9.3% beneficial interest in Vertu Motors plc, a listed motor dealer, and a previous interest in Lookers plc, a separate listed motor dealer that has been disposed of during the year ended 31 March 2024. During the year, the Group recognised gains on disposal and revaluation of these interests of £36.1m (year ended 2 April 2023: loss of £8.8m) and dividend income of £0.7m (year ended 2 April 2023: £2.8m). These gains are not included in adjusted EBITDA.

GROUP OPERATING REVIEW *continued*

DIVISIONAL RESULTS SUMMARY *continued*

Cinch Group (FY23 discontinued operation)

cinch's mission is "faff-free" motoring – we make it easy to find, buy and own a car. Launched in October 2020, cinch's fully transactional e-commerce platform allows consumers to browse thousands of quality-checked used cars from our wide range, organise finance and value their part exchange vehicle.

During the prior year, on 28 November 2022, CAHL distributed its investment in the Cinch Group to its parent, Constellation Automotive Group Sarl, at carrying value. Accordingly, the results of Cinch Group are presented as a discontinued operation in the prior year. KPIs reflect performance up to date of distribution.

Key performance indicators

	2024	2023 ¹
Revenue (£m)	-	573.9
Adjusted EBITDA loss (£m)	-	(109.5)

¹The results for the prior year ended 2 April 2023 reflect the results of the Cinch Group up to the distribution on 28 November 2022 and are presented within discontinued operations.

GROUP OPERATING REVIEW *continued*

FINANCIAL PERFORMANCE REVIEW

The following table sets out the financial performance of the Group.

	2024 £m	2023' £m
Revenue	9,337.1	9,683.3
Adjusted EBITDA		
Constellation Group	246.8	212.9
Marshall Motor Group	81.6	76.4
Other – Group	(0.6)	-
Adjusted EBITDA	327.8	289.3
Depreciation and other amortisation	(116.4)	(116.8)
Significant or non-recurring items:		
Goodwill impairment	(58.3)	-
Amortisation of acquired intangibles	(89.4)	(87.1)
Impairment of intangible assets and related costs	(2.6)	(6.2)
Transaction costs	(0.5)	(1.0)
Movements on financial assets held at fair value	36.1	(8.8)
Restructuring income/(costs)	27.4	(21.1)
Profit on property sale and leaseback	1.4	-
Dividends from financial assets	0.7	2.8
Share based payment related charges	(0.7)	(2.2)
Operating profit from continuing operations	125.5	48.9
Finance income	16.6	0.7
Finance costs	(217.6)	(184.7)
Share of profit/(loss) of equity-accounted investments	1.1	(0.2)
Loss before income tax from continuing operations	(74.4)	(135.3)
Income tax	23.9	35.4
Loss for the period from continuing operations	(50.5)	(99.9)
Adjusted profit/(loss) before tax (excluding SONR)	10.4	(11.5)

¹The results for the comparative period include Marshall Motor Group results from 11 May 2022.

Significant or non-recurring items

As defined in the non-GAAP measures, management exclude significant or non-recurring ('SONR') items from adjusted operating profit as these are not representative of underlying trading performance.

The CAHL Board and TDR as principal sponsor have realigned short and mid term financial objectives as they commence consideration of refinancing the Group. Within Constellation Group, the earliest tranche of debt matures in January 2027 with the RCF lenders. Although market supply of new cars has begun to return there are a number of factors including the Zero Emissions Vehicle mandate, political change and the macroeconomic environment for the consumer, which increase uncertainty around new car volumes. The Group has reflected these uncertainties in the forecasts and have recognised an exceptional non-cash goodwill impairment of £58.3m within the UK Vehicle Remarketing cash generating unit. See note 20 for additional detail.

GROUP OPERATING REVIEW *continued*

FINANCIAL PERFORMANCE REVIEW *continued*

Significant or non-recurring items *continued*

During the year the Group recognised amortisation of acquisition related intangible assets of £89.4m (year ended 2 April 2023: £87.1m), an impairment of intangible assets and related costs of £2.6m (year ended 2 April 2023: £6.2m) on two long term systems projects, and transaction costs of £0.5m (year ended 2 April 2023: £1.0m).

During the year ended 31 March 2024, the Group disposed of its entire beneficial interest in the listed motor dealer Lookers plc. The disposal proceeds totalled £96.8m. The Group reported dividend income of £0.7m and a gain on financial assets held at fair value of £36.1m (year ended 2 April 2023: £8.8m loss), representing the change in market price of listed equity investments. Net restructuring income of £27.4m (year ended 2 April 2023: restructuring costs of £21.1m) was also recorded relating to dealerships, UK freehold and leasehold property disposals for sites no longer in use, that were partially offset by headcount and site restructuring activities.

The Group also recognised a £1.4m gain on the sale and leaseback of the Netherlands auction site within the Constellation Group division.

Finance income

Finance income in the year of £16.6m (year ended 2 April 2023: £0.7m) includes foreign exchange gains of £7.4m (year ended 2 April 2023: loss of £12.7m) relating primarily to the revaluation of the Group's euro denominated debt. Interest income of £8.8m (year ended 2 April 2023: £0.6m) relates principally to interest income from affiliates. Finance income also includes £0.4m (year ended 2 April 2023: £0.1m) of net interest on the retirement benefit obligations.

Finance costs

Finance costs in the year of £217.6m (year ended 2 April 2023: £184.7m) includes £161.3m of interest mainly charged on the finance facilities (year ended 2 April 2023: £131.0m) reflecting the impact of the higher interest rate environment. Interest expenses on lease liabilities were £35.2m (year ended 2 April 2023: £33.8m). Additionally, interest on vehicle stocking arrangements totalled £21.1m (year ended 2 April 2023: £7.2m), reflecting a full year of Marshall Motor Group activity, as well as higher rates caused by a higher average Bank of England base rate in the year.

Tax framework

The Group is committed to paying the right amount of tax, when it is due, in the jurisdictions in which it arises, and views the payment of its tax liabilities as an integral part of maintaining high standards of corporate social responsibility. The Group is included in the published tax strategy of CAHL, which covers tax compliance, tax planning and risk management.

The Group is committed to being fully compliant with all statutory obligations and ensuring an appropriate relationship with the tax authorities.

The Chief Financial Officer has executive responsibility for tax matters. The Group seeks to structure its affairs on sound commercial principles and in accordance with relevant tax legislation. Where there are areas of uncertainty, the Group has strong relationships with professional advisers and utilises in-house specialists to ensure that tax risks are appropriately considered.

GROUP OPERATING REVIEW *continued*

FINANCIAL PERFORMANCE REVIEW *continued*

Adjusted profit before tax and Loss after tax from continuing operations

On an adjusted basis after excluding SONR, the adjusted profit before income tax from continuing operations was £10.4m (year ended 2 April 2023: £11.5m adjusted loss before income tax from continuing operations). The loss after tax from continuing operations of £50.5m (year ended 2 April 2023: £99.9m) was stated after charging £85.9m of net SONR costs (year ended 2 April 2023: £123.6m).

Prior period discontinued operations

During the year ended 2 April 2023, on 28 November 2022, Constellation Automotive Holdings Limited distributed its investment in the Cinch Group to its parent, Constellation Automotive Group Sarl. While it formed part of the Group during the year ended 2 April 2023, Cinch Group contributed a loss from discontinued operations of £105.3m to the Group results, reflecting continued investment in the business at this point in its lifecycle. The distribution was at carrying value, resulting in no gain or loss on disposal.

Net assets

At 31 March 2024, the Group has net assets of £419.7m (at 2 April 2023: £475.8m) with part of the reduction in the year reflecting the non-cash goodwill impairment of £58.3m within the UK Vehicle Remarketing cash generating unit.

Financing and liquidity

The Group's funding is structured through a combination of equity, a mix of long term and short term (revolving) debt, and the use of an overdraft and cash pool to manage its day-to-day liquidity. The Group has a number of finance facilities:

The Group's debt consisted of £695m High Yield Bonds, £400m and €400m Senior Term Facilities, a £325m Second Lien Facility and separate £250m and £60m Revolving Credit Facilities ('RCF').

With the exception of the Marshall Motor Group RCF of £60m, these debt facilities are repayable on dates between January 2027 and July 2029. The facilities are denominated in GBP and Euros, and attract fixed interest or variable interest based on SONIA / EURIBOR plus margin, with customary margin ratchets and prepayment options. The Constellation Group RCF of £250m is subject to a covenant test only if, at the end of a quarter, more than 40% of the total RCF facility is drawn in revolving loans. The Marshall Motor Group RCF of £60m is subject to leverage and fixed charge cover covenants, however these have not been triggered in the period. On 15 May 2024, the agreement was extended to 30 September 2025 with a £40.0m revolving credit facility. Marshall Motor Group mortgages comprise of amounts borrowed from commercial financial institutions.

The Group continues to hold an asset backed finance facility to fund Partner Finance. Post year end the Group has extended the terms of its syndicated asset backed facility of £300.0m to fund the Partner Finance business. This facility was previously due to expire in January 2025 will now run to January 2028 with the full support of the existing lender group.

At 31 March 2024, the Group had drawn £25.7m on the Constellation Group RCF (at 2 April 2023: £70.0m) and had £1.9m of overdrafts (at 2 April 2023: £nil). The Marshall Motor Group's finance facilities at year end included an undrawn £60m revolving credit facility.

At 31 March 2024, the Group had available liquidity of £582.8m based on the reported balance sheet cash and cash equivalents and available facilities, up from £380.0m at 2 April 2023. For more information on the Group's capital and funding structure, refer to the Consolidated Balance Sheet, note 12 Cash and cash equivalents, note 22 Borrowings and note 26 Financial instruments – risk management.

GROUP OPERATING REVIEW *continued*

FINANCIAL PERFORMANCE REVIEW *continued*

Financing and liquidity *continued*

	2024 £m	2023 £m
Constellation Group		
GBP High Yield Bond (£695m)	695.0	695.0
EUR 1st Lien Term Loan B (£400m)	342.0	351.6
GBP 1st Lien Term Loan B (£400m)	400.0	400.0
GBP 2nd Lien Term Loan (£325m)	325.0	325.0
Revolving Credit Facility (£210m)	25.7	70.0
Ancillary Facility – Net overdraft facility ('NOD') (£35m)	-	-
Ancillary Facility – Letters of Credit (£5m)	4.3	4.4
Marshall Motor Group		
Mortgages	4.6	10.2
Revolving Credit Facility (£60m)	-	-
Total Debt	1,796.6	1,856.2
Cash at bank and in hand	305.4	145.0
Bank overdrafts	(1.9)	-
Net cash and cash equivalents	303.5	145.0
Undrawn borrowing facilities	280.0	235.6
Total Liquidity (Available RCF, available NOD and net reported cash)	582.8	380.0

Cash flow

The Group generated operating cash in the year of £382.6m (year ended 2 April 2023: £249.1m). After accounting for net finance costs of £161.7m (year ended 2 April 2023: £124.1m), lease interest of £35.2m (year ended 2 April 2023: £34.4m) and income tax of £11.1m (year ended 2 April 2023: £18.8m), an outflow in respect of the Partner Finance loan book of £24.2m (year ended 2 April 2023: £42.7m inflow), the Group delivered a net cash inflow from operating activities before acquisition related cash flows of £150.4m (year ended 2 April 2023: £114.5m).

During the year the Group had cash inflows of £95.5m (year ended 2 April 2023: £441.3m outflow) from investing activities. During the year, the Group acquired the trade and assets of two Honda franchises for £0.6m. The prior year included the net cash outflow of £245.3m for the acquisition of Marshall Motor Group and the ECM transporter businesses. Capital expenditure of £84.6m (year ended 2 April 2023: £125.5m) includes investment in software and IT systems (£16.4m), land and buildings (£25.4m) and transporters (£17.4m). This is offset by proceeds from the sale of assets of £98.3m (year ended 2 April 2023: £23.5m) including the sale of Rockingham sites and the sale and leaseback of the Barneveld Auction site in the Netherlands, for total proceeds of £49.6m. Additionally, total cash consideration of £38.7m was received for the disposal of dealerships in the year.

The Group divested its interest in two European vehicle reconditioning joint ventures to the joint venture partner. Proceeds totalled £6.2m in addition to the repayment of £0.5m of outstanding loans made by the Group.

GROUP OPERATING REVIEW *continued*

FINANCIAL PERFORMANCE REVIEW *continued*

Cash flow *continued*

After accounting for the principal element of lease payments of £60.3m (year ended 2 April 2023: £63.0m), proceeds from sale and leaseback of transporters of £8.6m (year ended 2 April 2023: £7.5m), a net increase in asset backed borrowings of £9.1m (year ended 2 April 2023: £17.1m decrease), and a net decrease in borrowings of £49.9m (year ended 2 April 2023: £6.9m) the Group delivered a net cash outflow from financing activities of £85.1m (year ended 2 April 2023: £100.5m).

The Group held net cash and cash equivalents of £303.5m at 31 March 2024 (at 2 April 2023: £145.0m).

STAKEHOLDER INFORMATION

SECTION 172 STATEMENT

The Group's strategy is to create value for stakeholders through organic growth, acquisitions and partnerships in the automotive industry in the UK and Europe. The Group recognises the full range of stakeholders in the business and categorises these as customers, suppliers and business partners, employees, community and charity, environment, and shareholders and finance providers. The statutory board of Directors delegate day to day engagement with stakeholders to operational teams. The Directors consider they have acted in good faith to promote the success of the Group for the benefit of its stakeholders with specific reference to section 172 of the Companies Act 2006, in the decisions taken in the year including those decisions in relation to its stakeholders, covered in further detail below. For further detail on how statutory Directors provide leadership and policy frameworks under the CAHL Board, please refer to the Governance section on page 43.

The Group's business units have extensive engagement with their own unique stakeholders as well as other businesses in the wider Constellation group. The governance framework delegates authority for local decision making at business unit level up to defined levels of cost and impact which allows the individual businesses to take account of the needs of their own stakeholders in their decision making. This delegation includes the practical implementation and monitoring of the policies over key areas.

Active trading subsidiary statutory entity boards contain representation from the operating division's leadership team. The leadership teams are charged with making decisions in line with the Group values and with a long term view in mind. On significant decisions the CAHL Board and operating division leadership take care to consider the likely consequences of the decisions and actions taken for all stakeholders. This includes those stakeholders in the wider Constellation group, which is communicated through the CAHL Board where necessary. The CAHL Board is also advised of wider stakeholder views in a number of different ways, including:

- The monthly 'Board Report'
- Business updates
- Business development analysis and justifications
- Colleague Engagement Team updates
- The wider Group's annual conference
- Briefings during annual strategy meetings
- The annual budget and business planning process
- Corporate governance and regulatory development updates

Collectively these engagements ensure that information presented to all stakeholders represents a fair, balanced and understandable assessment of the Group's position and prospects.

On an annual basis the boards of large active trading subsidiaries formally reflect on operating division matters and ensure their own local stakeholder relationship and engagement needs have been appropriately considered.

Values and culture

The Group's core values underpin a robust framework of governance and compliance. Our values drive a culture of openness and transparency and, by promoting trust and fairness in the marketplace, we approach our business ethically and in the right way. In turn, we expect the same high standards from those we work with including suppliers, contractors and our business partners. We aim for excellence in what we do through the application of the following core values:



STAKEHOLDER INFORMATION *continued*

SECTION 172 STATEMENT *continued*

Values and culture continued

These values are key to our interaction with stakeholders to build a clear sense of purpose and collective vision.

CUSTOMERS, SUPPLIERS AND BUSINESS PARTNERS

Operational management regularly engage with customers, suppliers and partners to gather feedback on engagement, performance and operational matters. The Group provides joined up, aggregated solutions to support the efficient change of vehicle ownership.

Defining the way we engage with customers and create value

As Integrators

Bringing together critical support services and products

As Guardians

Taking care to protect the value of our customers' products and relationships

As Enablers

Putting ourselves in our customers' shoes

As Specialists

Recognised experts in what we do

Connecting the marketplace

Vehicles typically diminish in value throughout their life and have high holding costs. The Group provides connected integrated services to our customers, reducing the remarketing cycle time, shortening our customers' working capital cycle, increasing liquidity and maximising their return from remarketed vehicles.

Our remarketing buyer fees are tiered and do not hold a 1:1 relationship with vehicle value, thereby minimising the commercial impact of marginal changes in vehicle values on the business.

The Constellation Group only takes title to vehicles through its outsourced remarketing contracts and within the vehicle buying businesses. Our exposure to residual pricing risks is minimised due to the short holding period of the vehicles and the accuracy of our pricing tools.

Marshall Motor Group's scale of operations, strong manufacturer and other supplier relationships help support the delivery of value for money for the customer. Acting as a broker, flexible finance is available on every vehicle sold as part of an FCA compliant sales process. Insurance products, warranties and servicing agreements are also available and help to provide customer peace of mind.

Aftersales services help to ensure customer vehicles are reliable and long-lasting. Manufacturer-backed vehicle servicing, maintenance, MOT, parts and Bodyshop repairs are available for retail and fleet customers as well as fulfilment of warranty/service agreements.

Marshall Motor Group are a proud Motability Scheme partner and assist customers through the buying process, from checking eligibility, acting as a guide through the ordering process, to identifying the right model and fitting adaptations.

Fleet customers benefit from a bespoke specialist service to help source the required number and type of vehicle at competitive pricing. The business also offers commercial vehicle solutions across multiple brands for individual and fleet customers.

Strong relationships with vehicle manufacturers, developed through regular meetings with the Group's senior management have fostered a collaborative, open and supportive relationship. Long term partnership agreements with key strategic suppliers and business partners deliver value for the Group.

STAKEHOLDER INFORMATION *continued*

CUSTOMERS, SUPPLIERS AND BUSINESS PARTNERS *continued*

How we add value for customers, suppliers, and business partners

Remarketing buyers

Fulfilling sourcing needs via the largest aggregation of stock, providing choice, convenience and value.

- Availability of a wide choice of stock across marques, models, ages and conditions
- Clarity of vehicle condition providing buying confidence
- Market leading aggregator showing all stock with comprehensive vehicle information including guide pricing, giving confidence to buy online
- Excellent vehicle presentation
- Full calendar of sales throughout the year
- Stock funding service, through BCA Partner Finance, for managing cash flow and as an additional source of lending
- Delivery of vehicles
- Assistance with onward vehicle marketing e.g. imagery
- Online auctions, allowing buyers to have the best view of the market
- BCA Autobid enables buyers to easily participate in multiple auctions

Remarketing vendors

Optimised price performance and sale conversion rates of used vehicles through a method that maximises financial return, speed and convenience.

- Integrated services optimising returns to vendors
- Promotion of vehicles including BCA Search and online aggregation of all vehicles
- Comprehensive vehicle descriptions including age, mileage, specification, condition, guide pricing and images
- Full portfolio of auction services for best presentation of vehicles including appraisal, valeting and BCA Assured
- Bidding/buying demand achieved through buyer base diversity
- Efficient valuation, collection, processing and refurbishment services
- Curated sales programme includes sales by marque, fuel type, body type, age or mileage, and other criteria to a targeted profile of buyers

Corporate owners

(OEMs, fleet operators and lease providers)

Ability to fully outsource vehicle management, conditioning, driver contact and logistical moves.

- Large scale physical estate for storage
- Integrated real-time tracking of vehicles
- Geographical coverage reducing logistics costs
- Reduced time and depreciation to vehicle sale
- Transportation network allowing efficient collection and delivery
- Refurbishment and preparation capabilities to retain value

WeBuyAnyCar customers

An alternative disposal option to part exchange or private sale.

- Trusted service
- Accessible, online used vehicle valuation
- Transparent process
- Any make, model or condition purchased
- 30 second car valuations
- Quick and efficient on-site process
- Convenient locations and opening hours, with average drive times under 13 minutes
- Secure payment available within 15 minutes

Marshall Motor Group customers

Working with customers in a trusted and transparent manner.

- Providing a consistent and high-quality customer experience to buy and part exchange new and used vehicles in a physical dealership or online, in addition to servicing
- Offering good value for money to customers

Suppliers and business partners

Working with suppliers and business partners in the manner in which we would expect to be treated.

- Operate in a fair, reasonable and trusted manner
- Interact with transparency, honesty and integrity
- Co-operation with suppliers and business partners leading to confidence and respect

STAKEHOLDER INFORMATION *continued*

EMPLOYEES

We have close to 15,000 employees at the Constellation Automotive Group who have continued to work collectively to drive the Group's performance forward. The Group is a dynamic, innovative, and diverse place to work where people can work together as one team. We continue to leverage the collective strengths of our people across the Group to cultivate a culture of success by upholding the Group's core values as outlined in Governance on page 44.

Our people focus remains on ensuring our colleagues 'thrive', knowing that our employees are integral stakeholders whose wellbeing and engagement directly contribute to a successful business. Therefore, we continue to prioritise quality recruitment, performance management, learning and development, people engagement, retention and internal progression, with a continual focus on wellbeing, reward and recognition.

Improving people capability and performance

Improving people capability and performance has continued to be crucial in supporting the ongoing development of the Group during another financial year of challenging market and macro-economic conditions.

Talent acquisition

The Group's internal talent acquisition teams increased their focus on the direct sourcing of people, resulting in more cost effective recruitment. We continue to recruit quality people at all levels and across a wide range of roles, and have focused on increasing recruitment for sales, after sales and technical roles in Marshall to ensure we deliver the best possible service and meet consumer duty requirements.

Our recruitment quality, effectiveness, and candidate experience continue to improve through the development of hiring manager toolkits, interview templates, and training in the recruitment process. During the period, we launched the Applicant Tracking System ('ATS') to digitise the pre-onboarding process, enhance the candidate experience, and improve our use of Identity Verification Technology for Right to Work checks. We have further enhanced all our careers websites, graduate recruitment assessment processes, and onboarding packs to attract and retain quality candidates within the Group.

Learning and development

To meet our ongoing people capability requirements, focus remains on growing and developing more of our people internally across the Group. We continue to update our learning and development platforms with new content and functionality to facilitate opportunities for continuous education and skill development, and we have created a training toolkit and virtual workshops for all managers focusing on critical line manager and employee conversations. To better assess the volume, quality and effectiveness of training, we have improved learning and development reporting to obtain more insightful data.

STAKEHOLDER INFORMATION *continued*

EMPLOYEES *continued*

Learning and development *continued*

Technical Training

Our core learning and development offer has increased through more training being provided to our people in areas such as customer service, coping with change and critical thinking. We have also developed new compliance and legislative digital learning to support revisions in people policies and processes, including managing sickness absence, modern slavery, anti-bribery and corruption.

Constellation Group has continued to grow the Training Academy to address technical skills gaps and business needs, introducing electric and light vehicle workshops, as well as developing a new learning portal for all technical roles to access. The Training Academy has taken steps to become accredited as an IMI centre, ensuring we provide technical training of the highest standard. A new 'technical for non-technical' digital learning toolkit was also created during the period to support those in customer facing roles with the knowledge and confidence to provide the highest level of customer service and advice.

Marshall has significantly increased sales and service training for Service Advisors and Sales Executives. The division also conducted over 20,000 hours of training, covering areas including compliance, Consumer Duty and Health and Safety. Marshall also enhanced its Learning Management System, and redesigned core training programs for Sale Executives to enhance their core capabilities, incorporating supporting toolkits and practical training cards.

Graduate Development Programmes

During this financial year, the Group continued to offer candidates from a range of different backgrounds a structured opportunity to gain commercial, operational, financial, or information technology experience across different areas of our business through our Graduate Development Programmes.

These programmes include a pre-joining welcome, induction and onboarding, leadership training, workshops and frequent engagement with senior leaders. Graduates are assigned a senior mentor and a previous graduate buddy to provide personalised support. All graduates have the option to complete a nationally recognised apprenticeship or professional qualification as part of this programme.

Previous members of the Graduate Development Programme are now in integral roles within operational areas across the Group. We continue to see our graduate development programmes as an important element in developing the Group's future leadership capability, with 100% of graduates rolling off the programme into permanent roles. The breadth and length of rotational placements across the Group continues to be enhanced to secure future opportunities for graduates.

Apprenticeships

At 31 March 2024, over 350 of our people were studying for apprenticeships. A continued focus on the LGV apprenticeship is essential to help bridge the driver skills gap in the United Kingdom. During the financial year, more than 110 apprentices were recruited in technical and non-technical roles with more than 120 people successfully completing their apprenticeships.

Constellation Group continues to offer over 60 different apprenticeship qualifications across the entire business, ranging from Level 2 (equivalent to the GCSE standard) to Level 7 (equivalent to professional qualifications), provided by leading training organisations.

STAKEHOLDER INFORMATION *continued*

EMPLOYEES *continued*

Learning and development *continued*

Apprenticeships continued

We are committed to supporting people throughout their careers and we currently have a number of experienced employees undertaking apprenticeships as an integral part of their ongoing career development in areas including LGV driving, technical vehicle refurbishment, legal, leadership, coaching and project management. We have developed an apprenticeship toolkit and guidelines for existing employees to support them in their decision to complete their professional development via these programs.

As part of National Apprenticeship Week, senior leaders hosted a recognition awards ceremony to celebrate the accomplishments and outstanding performance of our apprentices.

Improving people engagement and retention

Improving people engagement and retention has continued to be a key focus due to levels of ongoing internal and external change.

Business change

The capacity of the Group's physical estate is regularly reviewed to ensure the estate is fit for the business model. We prioritise effective communication and stakeholder engagement during periods of organisational change to facilitate smooth transitions and minimise disruptions. We provide timely updates and clear guidance to employees on changes affecting their roles or the Group as a whole, fostering a culture of transparency and openness.

Wellbeing

We are committed to supporting our employees' well-being through ongoing communication and training, promotion of our wellbeing platforms, and our employee assistance program. Over 100 people received Mental Health Awareness training and we have partnered with Mental Health England to train 54 people as mental health first aiders. We have delivered several wellbeing initiatives to support the physical and mental health of our employees, including webinars with expert guest speakers.

Reward and recognition

We believe in recognising and rewarding employee contributions and achievements. Reward and recognition programmes are designed to celebrate accomplishments and reinforce behaviours that are aligned with the Group's values and objectives. This includes both monetary and non-monetary awards, such as career advancement and public recognition.

We continue to offer competitive base salaries and variable pay opportunities, as well as an updated reward and benefits offering. The 'Constellation Hub' consolidates employee benefits into one easy-to-access location, with new discounts and offers being introduced on an ongoing basis.

The Group continues to offer employees the opportunity to apply for free tickets to several sporting events sponsored by affiliate companies and to continue offering discounts to employees and their families on services provided by the group and its affiliates.

STAKEHOLDER INFORMATION *continued*

EMPLOYEES *continued*

Improving people engagement and retention *continued*

Reward and recognition continued

In Marshall, the Loyalty Event continues to run every year to recognise the contribution and commitment of long service employees. There has been a strong focus on recognising those who go above and beyond through a colleague nomination process to receive recognition awards.

The Group has always appreciated long service which demonstrates that the divisions within the Group have market leading people and is a thriving place to work. As at the end of the year, we had the following service levels and numbers:

40 years and over – 24 employees
35 to 39 years – 40 employees
30 to 34 years – 85 employees
25 to 29 years – 190 employees

Gender pay

On 4 April 2024 the Group filed its gender pay gap report at 5 April 2023 for its qualifying subsidiary companies. The Equality Act 2010 (Gender Pay Gap Information Regulations 2017) sets out how information should be reported for companies with 250 employees or more and is a measure of the difference between men's and women's average earnings across an organisation regardless of their role or seniority. It is not the same as equal pay, as the gender pay gap does not show difference in pay for comparable groups of employees. The report can be accessed on the Company's website at www.constellationautomotive.com/corporate-responsibility/gender-pay-gap-report.

Employment policies

All applications for employment with the Group are considered equally based on their merits, and the Group seeks to provide appropriate facilities to help applicants with a disability with their application and attendance for interviews, such that they have an equal opportunity to be selected. BCA obtained accreditation with Disability Confident during the financial year, which encourages employers to think differently about disability and take action to improve how they recruit, retain and develop disabled people.

An employee's needs can change while employed by the Group. Where this is the case, the Group will investigate, in consultation with the employee, the possibility of making reasonable and appropriate adjustments to enable them to remain in the Group's employment and to undertake their role in accordance with those needs.

STAKEHOLDER INFORMATION *continued*

EMPLOYEES *continued*

Employee diversity

We aim to make working for Constellation Automotive Group rewarding in every sense, providing a positive work environment and exciting career opportunities. Constellation Automotive Group always aims to recruit competence and ability, and supports this with the training and development necessary for the employee to reach their full potential.

The Group encourages diversity and recognises the benefits it brings to the organisation. Constellation Automotive Group is committed to providing equal opportunities in the workplace with a genuinely inclusive culture, as well as maintaining a workplace that is fair, respectful, and free from discrimination. The Group treats its employees and job applicants fairly and equally in accordance with its employment practices, policies and procedures, irrespective of age, disability, sex, sexual orientation, gender reassignment, race, ethnic or national origin, religion or belief, marriage or civil partnership, pregnancy and maternity or paternity, or membership or non-membership of a trade union.

The table below sets out the gender diversity at 31 March 2024:

	Female	Male	Total
Board of Directors and Executive Chair ¹	1	4	5
Senior managers	11	55	66
Other senior staff	87	310	397
All other employees	3,356	11,122	14,478
Total employees	3,455	11,491	14,946

Senior managers are classified as employees who report directly to the CAHL Board. Other senior staff include department heads, unit and regional managers, who report directly to Senior managers.

Whistleblowing

At Constellation Automotive Group, we are committed to a culture of openness and honesty. Our Group Whistleblowing Policy outlines our commitment to conducting our business with honesty and integrity, and we expect all employees to maintain high standards in accordance with our Code of Conduct. We encourage staff to discuss straightforward queries or concerns with their line manager or HR. If employees have a technical question about what the right thing to do is in a specific situation, specialists are available.

If these options are not appropriate, a confidential whistleblowing hotline is available. The hotline is specifically set up to respond to concerns about suspected ethical breaches and situations requiring confidential handling.

¹ See Governance section

STAKEHOLDER INFORMATION *continued*

EMPLOYEES *continued*

Health and safety

The Group takes the health and safety of its employees, contractors, suppliers, and visitors to its premises with the utmost seriousness.

The Group's vehicle remarketing businesses operate from over 50 locations across the UK and Europe, selling over 1 million vehicles per annum. In addition, the Group operates at 505 vehicle buying locations in the UK. With large numbers of vehicles stored, prepared for sale, and distributed from these sites and at the auction centres, the Group's employees and members of the public come into close contact with vehicles as they are processed at our sites.

The Group's employed and contracted drivers collect and deliver vehicles across both the UK and continental Europe and operate a fleet of over 1,400 vehicle transporters. Consequently, the Group's operations are subject to stringent regulations, which require adequate precautions to prevent injuries arising from collisions and impacts with obstacles or other vehicles moving within the Group's locations and on public roads.

The Group is committed to providing a safe working environment wherever it operates, employing a proactive network of health and safety personnel, who share knowledge and experience with the aim of fostering best practice and ensuring consistently high standards of safety across the Group. Divisional leaders are responsible for the appointment and management of appropriately qualified health and safety managers within their operating division, as well as for reporting health and safety matters on a regular basis.

The Health and Safety Executive Committee monitors health and safety management across the Group by meeting with divisional health and safety managers at regular intervals, and receives and reviews monthly reports from the divisional leaders.

ANTI-BRIBERY AND ANTI-CORRUPTION

The Group operates to high professional standards and requires all officers, employees, agents and others acting on behalf of Constellation Automotive Group to act with integrity in all interactions with customers, suppliers and third parties. Constellation Automotive Group takes a zero-tolerance approach to bribery and corruption and requires any suspicion of bribery or corruption to be reported to management or escalated via the confidential helpline. Our people also complete online training as part of their induction.

MODERN SLAVERY

Constellation Automotive Group has a zero-tolerance approach to modern slavery. We act ethically and with integrity. We have systems and procedures to try to ensure modern slavery and human trafficking do not take place within our business or our suppliers. To help facilitate compliance with this practice employees, contractors and suppliers are encouraged to use the confidential helpline to report any activity that they are concerned about in any part of the Group's business or that of its suppliers. The Group's statement in respect of the Modern Slavery Act 2015 is published on the website. Our people also complete online training as part of their induction.

For more information visit www.constellationautomotive.com.

STAKEHOLDER INFORMATION *continued*

COMMUNITY AND CHARITY

Action for A-T

Over 100 cyclists and walkers in the wider Constellation group raised funds for the children's charity Action for A-T in the Cycle Challenge and Marathon Walk that took place in September 2023. Ataxia Telangiectasia ('A-T') is a rare, genetic degenerative childhood disease and Action for A-T is the leading charitable funder of A-T medical research in the UK.

The 3-day BCA Cycle Challenge is an annual event and this year raised £100,000 for the charity. Cyclists left from BCA Paddock Wood Auction Centre in Kent, headed towards Dover to catch the ferry to Calais, then proceeded down the coast towards Ghent and finished in Brussels. The cyclists involved in the event covered 200 miles during the event. The Marathon Walk was staged in the Surrey Hills and raised a further £33,000 for Action For A-T. Together these collective efforts have raised over £700,000 since the annual ride's inception in 2017. Further details can be found at actionforat.org.

Ben

BCA again supported the annual Bangers4Ben Rally by staging the post event sale of the cars that entered, to help raise money for the industry charity, Ben. Ben is a not-for-profit organisation that supports automotive industry employees and their families with challenges they are facing. Ben provides a wide range of confidential services, including information, advice and support at no cost, including highly regarded care centres at various locations throughout the UK. Further details can be found at ben.org.uk. BCA Online staged the annual Bangers4Ben sale on Friday 3rd November 2023, offering 31 cars, many still themed for the event with a variety of wraps and accessories. The BCA sale raised nearly £29,000.

WeBuyAnyCar

Since April 2022, WeBuyAnyCar has been raising funds for charity partner Great Ormond Street Hospital Children's Charity ('GOSH'). Activities included a team from the North East scaling the equivalent height of Mount Everest through a series of hill climbs in Yorkshire; colleagues fundraising at the British Grand Prix with bucket collections; an individual from central support swimming the length of the English Channel; branch managers in Milton Keynes tackling a 100 mile stationary bike ride; and two colleagues participating in a charity skydive. Overall fundraising efforts raised £10,920, bringing WeBuyAnyCar's total fundraising for GOSH to £21,151.

Marshall Motor Group

During the year, Marshall Motor Group has been supporting local and national charities through a series of different initiatives led by employees in the business. By encouraging employees to become involved over £50,000 was raised during the year.

Listers

During 2024, Listers is celebrating its 45th birthday and is aiming to raise £45,000 in partnership with BCA. BCA and the dealer group have a long-standing relationship, and as part of Listers' birthday celebrations, £1 from every Listers vehicle sold via BCA will be donated to the Midland Metropolitan University Hospital.

STAKEHOLDER INFORMATION *continued*

GROUP NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

The Group's non-financial and sustainability information statement has been included within the Strategic Report in line with requirements prescribed by the Companies Act 2006. Further detail can be found by reference to the following headings:

- Information on our business model (page 7)
- Information on our stakeholders (pages 23 to 30 and page 42), including our employees (pages 25 to 30)
- Information on community and charity (page 31)
- Information on our anti-bribery and anti-corruption policy, and modern slavery (page 30)
- Information on our environmental management and climate related disclosures (pages 32 to 41)
- Information on our principal risks and uncertainties, including how we manage and mitigate those risks (pages 51 to 57)

ENVIRONMENT

The Group strives to conduct business in a safe, secure, legal and ethical manner, for all interested stakeholders. The Group aims to maintain its assets, properties, land and boundaries in a condition that does not adversely affect or endanger the communities it operates in. The Group abides by the law and local planning requirements, and considers and responds promptly to issues or concerns raised regarding its operations.

The Group's locations integrate environmental management into their operational systems and procedures. Environmental performance, in relation to the emission and discharge of pollutants into the air and water is monitored as part of the Group's operations.

The Group recognises the importance of integrating climate-related considerations into our strategic planning and risk management. Further detail is included in Strategy and Risk Management on page 6 and pages 51 to 57 respectively.

Task Force on Climate-Related Financial Disclosures

The Group has structured climate-related financial disclosures in accordance with the Task Force on Climate-Related Financial Disclosures ('TCFD') recommendations, including:

- Governance
- Strategy
- Risk management
- Metrics and targets

Disclosure of metrics and targets used by the Group to assess and manage climate-related risks and opportunities ('CROs') have not been disclosed because the data is not yet sufficiently robust and such analysis would not lead to better informed decision making at this stage. Scope 3 emissions are disclosed to the extent they arise from business travel in employee-owned vehicles where Constellation Automotive Group is responsible for purchasing the fuel.

STAKEHOLDER INFORMATION *continued*

ENVIRONMENT *continued*

Taskforce on Climate-Related Financial Disclosures *continued*

Governance

a. Describe the board’s oversight of climate-related risks and opportunities

The CAHL Board is ultimately responsible for oversight and effective management of Environmental, Social and Governance (‘ESG’) related risks and opportunities. These are essential to the wider Group’s ability to execute its strategy and achieve long-term sustainable growth.

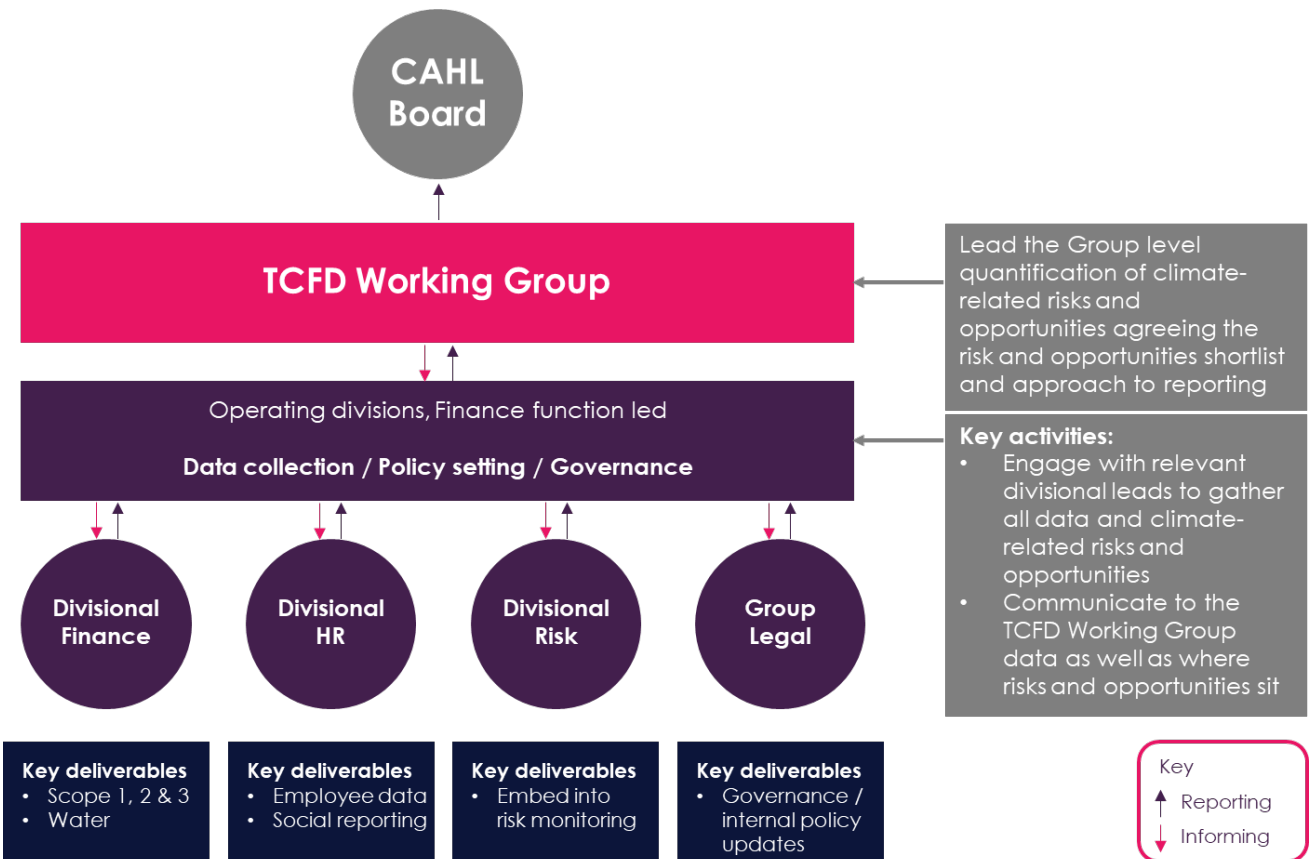
Business units have delegated responsibility for the practical implementation and monitoring of ESG policies for key areas under the Group policy. Further details on Group governance arrangements are included in the Governance section on pages 43 to 50.

b. Describe management’s role in assessing and managing risks and opportunities.

The CAHL Board has delegated primary responsibility for more frequent and in-depth oversight of the wider Group’s ESG strategy, initiatives, risks, and related reporting to the TCFD Working Group. The TCFD Working Group was formed in FY24 and is formed of representatives from Sustainability, Financial Planning, Operating divisions, Group Legal and Group Risk. Its remit is to identify and verify climate-related risks and opportunities (‘CROs’) and ensure the CROs are considered alongside the wider Group’s strategy and financial performance.

Our finance function will support the business in understanding the financial impact of the Group’s CROs and will continue to monitor these at a high level to help understand the potential impacts on the Group.

Climate-related risks to the Group are embedded within the wider approach to principal and emerging risks and business units have delegated responsibility for the practical implementation and monitoring of ESG policies for key areas under the Group policy. Whilst we already employ certain processes and procedures to aid in the assessment and management of climate-related risks and opportunities, we are committed to their continuous improvement.



STAKEHOLDER INFORMATION *continued*

ENVIRONMENT *continued*

Taskforce on Climate-Related Financial Disclosures *continued*

Strategy

- a. Describe the climate-related risks and opportunities ('CROs') the organisation has identified over short, medium, and long term

During FY24, the Group undertook a CROs identification exercise consisting of a top-down and bottom-up process by business unit to identify potential climate risks to the Group and to the value chain. Following this exercise, the TCFD Working Group, including CAHL Group senior management, developed a CROs shortlist to focus on and explore through scenario analysis. The shortlist outlined below is included to the extent relevant to the CAHL Group. Each risk and opportunity was qualitatively rated for likelihood, velocity and potential impact.

The analysis of climate risks and opportunities is based on the following time horizons:

Short term – 0-5 years, in line with Group five-year planning cycle

Medium term – 6-10 years, incorporating a 2030 horizon for materially relevant policy timeframes (in line with the previous date for the UK ban on sale of internal combustion engine vehicles)

Long term – 11-30 years, in line with long term transition towards the 2050 Paris Agreement climate target

Physical risks

Acute - Extreme weather		
<i>Description</i>	<i>Timeframe</i>	<i>Detail</i>
Storm Damage	Short → Long	Increased capital investment and/or operating costs for repairs of own assets and vehicles under ownership or stewardship
Water Scarcity	Medium → Long	Increased capital investment and/or operating costs related to provisioning of water recycling/harvesting equipment and technology to help mitigate risk
Health and Safety	Short → Medium	Increased capital investment and/or operating costs required to support employee safety and wellbeing, working conditions, and working days lost through injury/ill-health (e.g. through slips, trips, falls, heat stroke, etc.)
Insurance	Medium → Long	Increased insurance costs or increased value at risk from under-insured assets and claims against Employer Liability insurance
Chronic - Extreme weather		
Supply Chain	Medium → Long	Increased input costs / delays for parts and equipment
Sea level rise	Long	Increased capital investment and/or operating costs related to responding to changes to port infrastructure, relocation of import/export facilities. Reputational damage associated with not meeting delivery expectations
Acute & Chronic - Extreme weather		
All Physical Events Above	Short → Long	Revenue impact from decreased volume of stock, delays to receipt processing and penalties for missed contract performance and delivery of vehicles. Reputational damage associated with not meeting delivery expectations

STAKEHOLDER INFORMATION *continued*

ENVIRONMENT *continued*

Taskforce on Climate-Related Financial Disclosures *continued*

Strategy *continued*

- a. Describe the climate-related risks and opportunities ('CROs') the organisation has identified over short, medium, and long term *continued*

Transition risks

Policy and legal & Technological development (EV)		
<i>Description</i>	<i>Timeframe</i>	<i>Detail</i>
ICE to EV	Medium → Long	Reducing revenues from services, repairs and maintenance associated with ICE vehicles
	Medium → Long	Increase in stranded assets and infrastructure from ICE vehicle maintenance and repair equipment where it cannot be reused for EV or recycled
	Short → Medium	Increased capital investment and/or operating costs required to respond to new or upgrading facilities and infrastructure to help meet the growing proportion of EVs (e.g. power supply, charging infrastructure, EV battery electrical safety equipment, compliance with insurance conditions, etc.)
	Short → Medium	Potential volatility in market volume and pricing from meeting ZEV mandate in the UK could adversely affect the Group's performance
Market		
Training & Development	Short → Medium	Increased costs associated to training and developing existing workforce to meet the need for skilled EV technicians, as well as increased recruitment costs in an increasingly competitive labour market
Energy	Short	Increase in energy (electricity) and fuel costs (gas, diesel, petrol and HVO) for operating sites, re-fuelling vehicles and transporters Increased carbon pricing as UK Government aims to meet its own climate change commitments
Reputation		
Reputation	Short → Long	Reputational damage for Group business divisions seen as operating within ICE vehicle sector. Reputational damage associated with not meeting delivery expectations
Opportunities		
Physical - Acute		
Extreme weather	Short → Long	Increase in revenues from repairs to customer vehicles (not under our stewardship) caused by increased extreme weather scenarios
Transition - Market		
Energy	Short	Energy savings from global greenhouse gas emission reduction targets/resource efficiency
Transition - Policy		
Ice to EV	Short → Medium	Opportunity for new and increased revenue from provision of EV-related maintenance, repair, and add-on services, e.g. charging services, battery health checks, etc
Transition - Technology		
Operations	Short → Medium	Reduced operational costs due to technology advancements in resource recovery, energy efficiency and decreased energy and fuel costs associated with payback from implemented initiatives, e.g., solar panels

STAKEHOLDER INFORMATION *continued*

ENVIRONMENT *continued*

Taskforce on Climate-Related Financial Disclosures *continued*

Strategy *continued*

- b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning*

Consideration of the impact of CROs on the Group are embedded in our strategy and where an emergent climate-related risk is deemed to be material to Group strategy, it will be reflected in our assessment of principal risks as appropriate.

The impact of CROs on the impairment of goodwill and intangible assets is included in note 20 Intangible assets on page 106, which reflects the impact of CROs on the financial planning process.

- c. Describe the resilience of the organisation's strategy taking into consideration different climate-related scenarios, including a 2°C or lower scenario*

Climate scenario analysis was conducted on the shortlist in conjunction with a third party consultancy to establish potential financial impacts to the Group under the below scenarios.

The Network for Greening the Financial System ('NGFS') has developed six different scenarios to assess transition and physical risks, that explore how emissions reductions might be achieved towards 2050 and the resultant temperature outcomes. Each scenario assumes varying policy ambition and applies this to different sectors. NGFS Net Zero (1.5°C aligned) and NGFS Current Policies (3.0°C aligned) were selected to assess the resilience of the wider Group to Transition risks and opportunities.

The Intergovernmental Panel on Climate Change ('IPCC') AR6 report uses Shared Socioeconomic Pathway ('SSP') scenarios to assess the state of the physical climate under a range of plausible futures. They combine qualitative storylines of societal features and quantified measures of development alongside climate data to create plausible scenarios for how quickly humans can curb emissions. IPCC SSP1-2.6 (2.0°C aligned) and IPCC SSP5-8.5 (4.0°C aligned) were selected to assess the resilience of the wider Group to Physical risks.

Based on the scenario planning undertaken, all risks identified are considered as emergent risks and opportunities for the Group. While the impact on the Group is generally forecast to be minor in the short term (next five years), the Group has identified there is a risk of volatility in the short to medium term in new and used car volume and market pricing that could arise from meeting the ZEV mandate in the UK. Although the Group's operating divisions are not typically sensitive to vehicle fuel type in the market, this potential volatility may adversely affect the Group's performance. Over the longer term (>5 years), the impacts of the risks and opportunities identified are expected to increase. The speed and magnitude of this increase is uncertain and will be dependent on the trajectory of the economic and social changes associated with mitigating and adapting to climate change and the magnitude of physical climate change impacts over the longer term. The resilience of the Group and the pace of change will be carefully monitored in line with the Group's risk management processes and will be enhanced by the Group's plans around scenario planning in the future.

<i>Physical Risks scenarios</i>		<i>Transition Risks and Opportunities scenarios</i>	
IPCC SSP1-2.6	IPCC SSP5-8.5	NGFS Net Zero	NGFS Current Policies
2.0°C aligned	4.0°C aligned	1.5°C aligned	3.0°C aligned
<ul style="list-style-type: none"> Strong government intervention Aggressive mitigation scenario 	<ul style="list-style-type: none"> Low government intervention BAU emission increases Lower transition risks Higher physical risks 	<ul style="list-style-type: none"> Higher transition risk Lower physical risks Strong government intervention Includes an accelerated EV transition 	<ul style="list-style-type: none"> Only currently implemented policies are preserved

STAKEHOLDER INFORMATION *continued*

ENVIRONMENT *continued*

Taskforce on Climate-Related Financial Disclosures *continued*

Strategy *continued*

- c. Describe the resilience of the organisation's strategy taking into consideration different climate-related scenarios, including a 2°C or lower scenario *continued*

Risk description	Scenario	Risk scoring		
		Short	Medium	Long
Physical				
Storm damage (wind, rain, hail, flooding) - local / national	IPCC 2.0°C			
	IPCC 4.0°C			
Water scarcity due to increased incidences of summer drought	IPCC 2.0°C			
	IPCC 4.0°C			
Extreme summer temperatures - local / national	IPCC 2.0°C			
	IPCC 4.0°C			
Extreme winter temperatures - local / national	IPCC 2.0°C			
	IPCC 4.0°C			
Increased incidences in frequency / severity of extreme weather events - global	IPCC 2.0°C			
	IPCC 4.0°C			
Sea level rise – global	IPCC 2.0°C			
	IPCC 4.0°C			
Transition				
Policy impacting new and used EV and ICE vehicle markets				
Increased carbon pricing as UK Government aims to meet its own climate change commitments				
Policy impacting on requirement to refurbish / replace fixed assets including sites				
Technological development (EV)				
Impact of climate change scenarios leading to damage to downstream supply chain				
Policy impacting new and used EV and ICE vehicle ownership				

Risk scoring key	
Minimal	
Low	
Moderate	
High	

STAKEHOLDER INFORMATION *continued*

ENVIRONMENT *continued*

Taskforce on Climate-Related Financial Disclosures *continued*

Risk management

a. Describe the organisation's processes for identifying and assessing climate-related risks

The Group has a robust approach in the identification, analysis and response to all relevant current and potential risks and uncertainties, including those which are climate-related, and develops mitigation plans to reduce the likelihood and/or impact of the risks to the lowest extent possible.

The process for identifying and assessing climate-related risks is embedded within the Group risk management process. Climate-related risks are within the scope of the Group's emergent risk process, which feeds from operating division level risk management as well as the Group Strategy.

The CAHL Board is responsible for risk management and sets the level of risk that it is prepared to accept in each part of the business. Operating divisions are charged with identifying and evaluating risks faced by their day-to-day business and submitting their risk registers to inform the Group view, which is reflected in our Principal Risks and Climate-Related Risks as appropriate on page 57.

Additional specialist hiring and upskilling of existing staff has been undertaken to help understand and prepare for existing and emerging regulatory requirements related to climate change, as well as develop existing process and procedures on the potential impact of these regulations on the organisation's business operations and financial performance. The TCFD Working Group are mindful of possible upcoming ESG related regulatory changes including IFRS S1 – General Requirements for Disclosure of Sustainability-Related Financial Information and IFRS S2 – Climate-Related Disclosures, Corporate Sustainability Reporting Directive ('CSRD') and UK Sustainability Disclosure Standards ('SDS') and will engage with external advisors where necessary.

b. Describe the organisation's process for managing climate-related risks

Climate-related risks, including both physical risks as well as economic transition risks to the Group, are integral to our wider approach to principal and emerging risks. The climate-related risks on this register were all assessed to be 'emerging' and are monitored closely for the requirement to enter active mitigation strategies. Please see Risk Management on page 51 for further detail on our approach to risk management, including a summary of our climate related risks on page 57. More detailed information on the CROs are included on pages 34 to 35.

c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management

The Group has embedded climate-related risk considerations into its overall decision-making processes, including strategic planning and performance management. Risk identification is carried out from a top-down perspective following comprehensive assessment of the Group and its competitive environment and is embedded within our operational divisions, forming an integral part of all activities. In addition, a bottom-up approach allows potential risks to be identified at an early stage and escalated where necessary. Appropriate responses and controls for all risks have been determined to eliminate where possible, but more usually mitigate, the impact and likelihood of the risks. Mitigation may include the introduction of additional controls, changes in procedures, increased insurance cover and commercial changes. Each business unit has a designated risk representative and maintains a comprehensive risk register. Changes to the risk register are reviewed and we capture and monitor areas of emerging risk and uncertainty that do not currently present a significant risk, but which have the potential for future adverse risk to the Group.

STAKEHOLDER INFORMATION *continued*

ENVIRONMENT *continued*

Taskforce on Climate-Related Financial Disclosures *continued*

Metrics and targets

- a. *Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process*

Greenhouse gas ('GHG') emissions are reported in the following section. Disclosure of metrics and targets used by the Group to assess and manage CROs have not been disclosed because the data is not yet sufficiently robust and such analysis would not lead to better informed decision making at this stage.

- b. *Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks*

Direct greenhouse gas ('GHG') emissions are from sources that are owned or controlled by the Group. Indirect GHG emissions are a consequence of the activities of the Group that occur from sources owned or controlled by other entities.

Scope 1 emissions: Direct emissions from sources controlled by the Group arising from the combustion of fuel in owned or controlled boilers, from the automotive services fleet and company cars. This is regardless of whether the vehicles are owned or leased, as the Group is responsible for their emissions.

Scope 2 emissions: Indirect emissions attributable to the Group due to its consumption of purchased electricity and other energy sources.

Scope 3 emissions: Indirect emissions attributable to the Group, which occur at sources which are not owned or controlled and which are not classed as Scope 2 emissions, limited to the emissions which arise from business travel in employee-owned vehicles where Constellation Group is responsible for purchasing the fuel.

The methodology used to calculate emissions is based on the GHG Protocol's Corporate Accounting and Reporting Standard approach. Emission factors used are from UK government ('DEFRA') conversion factor guidance applicable to the period reported. These emission factors do not take into account the Group's reduced emissions as a result of using sustainable energy providers across the business.

The report sets out the Group's emissions for the current and prior period.

Absolute carbon emissions (tonnes of CO ₂)	2024	2023
Scope 1	135,199	113,231
Scope 2	10,892	10,803
Scope 3	953	787
	147,044	124,821

Carbon intensity (tonnes of CO ₂ per £m/employee)				
Revenue	£9,337.1	15.7	£9,683.3	12.9
Adjusted EBITDA	£327.8	448.6	£289.3	431.5
Average employees	15,110	9.7	14,458	8.6

The tables above exclude prior year discontinued operations.

STAKEHOLDER INFORMATION *continued*

ENVIRONMENT *continued*

Taskforce on Climate-Related Financial Disclosures *continued*

Metrics and targets continued

- b. *Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks continued*

Total energy consumption for the year used to calculate the above emissions was 633,366,039 kWh (year ended 2 April 2023: 540,829,169 kWh). The Group measures carbon intensity against revenue, adjusted EBITDA and employees, as these are common business metrics for the automotive industry.

During the period, we observed an increase in our reported carbon emissions, which is primarily driven by the introduction of ECM to the Group on 19 July 2022, and increased activity levels within Constellation Group's automotive transporter services business. The Group continues to work on lowering overall emissions to decrease its environmental impact by targeting waste and energy usage reductions where practicable through the implementation of environmental initiatives.

- c. *Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets*

Disclosure of further metrics and targets used by the Group to assess and manage CROs and Scope 3 emissions based on the suggested disclosures of the TCFD have not been disclosed because the data is not yet sufficiently robust and such analysis would not lead to better informed decision making at this stage.

Energy and environmental efficiency actions taken

During the year, the Group has continued working to improve energy efficiency and increase staff awareness of environmental sustainability. We continue to take measures to reduce energy consumption and related carbon emissions, and reduce our environmental impact. This includes a growing list of initiatives to reduce gas, electricity and water consumption, including:

- Delivering an online sales model for UK auctions, reducing inter-site vehicle movements and reducing travel requirements for auction buyers and vendors
- 100% of direct procured electricity in the UK generated from renewable sources
- 47% of WeBuyAnyCar sites have transitioned to 'off-grid pods', which are powered by solar panels and hydro vegetable oil fuel for heating
- Utilising technology to provide paperless processes, including the use of robotic process automation
- Reducing dependence on generators by transitioning to mains power installation
- Continued switch to low-energy LED lighting across key sites
- Completing preventative maintenance on heating, air conditioners and other equipment to improve energy efficiency
- Transitioning to BEVs, including over 200 EVs in the company car fleet and a further 85 home chargers installed for non-company car employee EV drivers
- Expanding our network of over 250 EV chargers across our sites, enhancing our ability to remotely monitor and control energy usage
- Enhancing the operational flow of certain remarketing centres to minimise vehicle movements on site
- Working in conjunction with partners who can ethically and sustainably recycle EV batteries
- Procuring workwear from suppliers with sustainable and end of life recycling credentials
- Repurposing surplus equipment across sites to minimise waste, prevent unnecessary disposals and reduce new procurement where possible
- Implementing 100% water recycling technology at 5 sites, saving in excess of 8.9m litres of water annually from valeting
- Undertaking site assessments and feasibility studies to determine opportunities for rainwater harvesting and bore hole water sourcing for valeting

STAKEHOLDER INFORMATION *continued*

ENVIRONMENT *continued*

Energy and environmental efficiency actions taken *continued*

- Introducing a new silt waste disposal regime for valeting
- Using a single source waste disposal provider at key sites, improving education and decision making
- Electricity and gas consumption monitoring based on half hourly usage data in certain parts of the Group to identify anomalous usage and aid ongoing reductions
- The Marshall Motor Group continue to use 100% REGO backed fully renewable electricity

We have researched and trialled alternative fuels to reduce well-to-wheel emissions within Constellation Group's automotive transporter services business. This included a trial on hydro-treated vegetable oil fuel ('HVO'). HVO has significant low carbon credentials and is manufactured from 100% renewable and sustainable waste derived raw materials. During this financial year, approximately 500,000 litres of HVO were used to deliver over 40,000 vehicles, saving more than 1,300 tonnes of CO₂. We are working with other clients to explore the opportunity of using HVO across more of our operations.

During the prior year, we installed new paint booths to evaluate the effectiveness of new paint technology in reducing energy consumption and environmental impact at our fleet solutions sites within Constellation Group.

Continued progress is being made on initiatives linked to a major waste reduction project within the Group, measuring against optimised recycling targets at sites. As part of the increased focus on sustainability, the Group intends to recruit additional employees with specialist capability to improve our environmental assessment and performance, and to support the business in future tendering and projects.

STAKEHOLDER INFORMATION *continued*

SHAREHOLDERS AND FINANCE PROVIDERS

Working in partnership with management, TDR focuses on operational excellence to drive returns by combining ambitious operational plans with a rigorous focus on capital preservation. The CAHL Board considers all decisions regarding corporate activity, including acquisitions and disposals, to be principal decisions. The CAHL Board carefully appraises the impact of these activities on shareholders and finance providers, as well as on the full range of stakeholders in the business. The Group holds periodic updates with lenders to keep them informed of business development and performance. The Group has a number of unique and compelling credit strengths for its finance providers, including:

- Market leading positions which underpin multiple high barriers to achieving scale for new entrants
- Attractive, historically stable and underpenetrated markets with consistent growth
- Strong and resilient financial profile operating across multiple parts of the new and used car industry in various geographies
- Unique platform for accelerated growth supported by key strategic initiatives
- Superior business model supported by extensive data collection and insights
- Experienced management consistently delivering organic and inorganic growth

STRATEGIC REPORT AND GROUP OPERATING REVIEW

The Strategic Report (which comprises About Constellation Automotive Group, Company background, Ultimate controlling party, Strategy, Business model, Group operating review, Stakeholder information including section 172 statement, the Group non-financial and sustainability information statement, Environment, Governance and Risk management sections) was approved by the CAHL Board on 25 September 2024 and signed on its behalf.



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GOVERNANCE

The Group complies with the enhanced annual reporting disclosure obligations placed upon portfolio companies and private equity in conformity with the Guidelines for Disclosure and Transparency in Private Equity 'The Walker Guidelines'. All suggested disclosures have been included throughout this Annual Report.

Regulation 14 of The Companies (Miscellaneous Reporting) Regulations 2018 requires companies of a certain size to make a statement in the Directors' report summarising the corporate governance arrangements that have been applied. While CAHL does not fall into scope for this regulation it does have two subsidiaries, British Car Auctions Limited and Marshall Motor Group Limited, which meet the criteria. Given the structure of the Group's governance arrangements and the overlap with certain Walker Guideline disclosures, an outline of arrangements is included below.

STRUCTURE OVERVIEW

CAHL acts as a holding company to the Constellation Group and Marshall Motor Group (the 'operating divisions'), and the Governance considerations within the structure incorporate this, reflecting that some elements of the Corporate Governance framework are now undertaken by CAHL and delegated to the operating divisions.

The Group's core values underpin a robust framework of governance and compliance. Our values drive a culture of openness and transparency and, by promoting trust and fairness in the marketplace, we approach our business ethically and in the right way. In turn, we expect the same high standards from those we work with including suppliers, contractors and our business partners.

The CAHL Board meets regularly and standing matters considered are: business and financial performance, outlook, health & safety, key initiatives and strategy. Where, by exception, the CAHL Board does not meet, written reports giving updates on the performance of the business and operational matters are provided. For further detail on the composition of the CAHL Board, please refer to pages 45, 46 and 47.

Guidance on policies over key areas are provided by to the operating divisions. Such policies include the following:

- Risk & Compliance policy
- Health & Safety policy
- Anti-Bribery & Corruption policy
- Business Entertainment & Gifts policy
- Conflict of Interest policy
- Whistleblowing policy
- Anti-Money Laundering/Counter Terrorist Financing policy
- Data Protection policy

The Group's operating divisions have extensive engagement with their own unique stakeholders as well as other businesses in the wider Group. The governance framework delegates authority for local decision making, up to defined levels of cost and impact, which allows the individual businesses to take account of the needs of their own stakeholders in their decision making. This delegation includes the practical implementation and monitoring of the policies over key areas.

Active trading subsidiary statutory entity boards contain representation from the operating division's leadership team. The leadership teams are charged with making decisions in line with the Group values and with a long term view in mind. On significant decisions the CAHL Board or operating division leadership take care to consider the likely consequences of the decisions and actions taken for all stakeholders. On an annual basis the boards of large active trading subsidiaries formally reflect on operational matters and ensure their own local stakeholder relationship and engagement needs have been appropriately considered.

FRAMEWORK

The revised structures, policies and procedures the Company and Group have in place are summarised below using the framework principles identified in the Wates Principles published by the Financial Reporting Council in December 2018. These structures, policies and procedures are adhered to by the operating divisions in line with guidance from CAHL.

GOVERNANCE *continued*

PRINCIPLE ONE: PURPOSE AND LEADERSHIP

Purpose

The Group's purpose is to provide trusted innovative solutions to facilitate the change of ownership of vehicles.

Vehicle remarketing services are at the core of the Group's business model, facilitating vehicle transactions between vendors and buyers. In addition, the Group offers a broad range of value enhancing services. For consumers, Marshall provide forecourt space for new and used vehicles, and WeBuyAnyCar provides the quickest and most hassle-free car buying service available. At every physical and digital touch point through the business, the Group's systems capture vehicle information. The data and analytics provide insight to optimise our services to achieve improved results for our customers. Knowledge of a vehicle's history and condition allows for efficient scheduling of refurbishment, repair and remarketing, enhancing the change of ownership for participants.

Values and culture

We aim for excellence in what we do through the application of the following core values:



These values are key to how we interact with our stakeholders to build a clear sense of purpose and collective vision. For further details see the stakeholder information section on pages 22 to 42.

Strategy

The Group's strategy is to create value for stakeholders through organic growth and supplemental tactical acquisitions in the automotive sectors in the UK and Europe. We continue to work with all major market participants to develop and adapt integrated solutions to solve and meet the needs of the participants across the automotive sector, maximising value for all stakeholders. For further details see the strategy information on page 6.

Effective ownership

The Company's ultimate controlling party is TDR Capital LLP ('TDR'), a UK Limited Liability Partnership registered in England and Wales.

The ultimate parent entity is Constellation Automotive Topco Sarl (formerly BBD Topco Sarl) which has effective ownership of 70.0% of CAHL. The immediate parent of the company is Constellation Automotive Group Sarl.

GOVERNANCE *continued*

PRINCIPLE TWO: BOARD COMPOSITION

The statutory Board of Directors comprises four Directors operating in a flat structure, two of whom represent the interests of key investors.

CONSTELLATION AUTOMOTIVE HOLDINGS LIMITED DIRECTORS

	Career and experience	Skills and competencies
Tim Lampert Chief Financial Officer Appointment date: 16 November 2023	Tim started his career in manufacturing companies before joining a division of Bombardier Inc. in finance roles in the UK and Middle East. He joined Autologic Holdings Plc in 1997 and held various roles in finance, logistics, projects and Managing Director. He was also involved in a number of acquisitions and disposals and ultimately, the successful sale of this company. Tim is a fellow of the Association of Chartered Certified Accountants.	Tim was instrumental in the Haversham Holdings plc acquisition of the BCA Group and has in-depth sector knowledge. He has extensive experience of finance roles and leading teams responsible for significant budgets. Tim has a strong track record of delivering operational excellence.
James Mullins Director Appointment date: 6 April 2023	James started his career with Grant Thornton LLP gaining extensive experience working with Automotive clients in mergers and acquisitions, turnaround and restructuring services. He joined Cambria Automobiles in 2007 while the business was held under private equity ownership, serving as a board member while listed on the London Stock Exchange in 2010, and was instrumental in the subsequent take private process. James is a fellow of the Association of Chartered Accountants.	James is an experienced automotive executive with history of leading technology driven automotive retail businesses. James has a proven track record of delivering profitable growth and value for investors in quoted and private equity backed businesses.
Mark Stephens TDR Appointment date: 21 September 2021	Mark joined TDR Capital in September 2012. Prior to joining TDR, Mark worked at Morgan Stanley in London as an Associate in its Private Equity fund and previously as an Analyst in its UK Investment Banking team.	Mark received a degree in Business and Legal Studies, with first class honours, from University College Dublin.
Jan Schuster Appointment date: 24 October 2022	Jan joined ADIA in March 2021, where he has the role of Portfolio Manager in the Private Equity Division. In his early career he was a consultant with Bain & Company in their Munich office. Subsequent roles include Director at Lion Capital, and Senior Principal at Metric Capital Partners.	Jan received an MSc in Industrial Engineering and Management from the Technische Universitaet in Berlin, and a Masters of Business Administration degree from IESE Business School.

GOVERNANCE *continued*

PRINCIPLE TWO: BOARD COMPOSITION *continued*

ADDITIONAL CONSTELLATION AUTOMOTIVE LIMITED DIRECTORS

Avril Palmer-Baunack is a director of the Company's indirect subsidiary Constellation Automotive Limited ('CAL').

	Career and experience	Skills and competencies
Avril Palmer-Baunack Executive Chairman	Avril has over 20 years' executive experience with leading businesses in the automotive, support services, industrial engineering and insurance services sectors. Her automotive operational experience spans vehicle salvage, car hire, auctions, transportation, distribution, logistics, vehicle processing and infrastructure. Avril was previously Executive Chairman and Deputy CEO of Stobart Group plc, one of the largest British multimodal logistics companies with interests in transport, distribution and infrastructure. Prior to this, Avril was CEO of Autologic Holdings Plc, the largest finished vehicle logistics company in the UK and Europe. She joined Autologic from Universal Salvage plc, where she held the position of CEO from March 2005 until the sale of the company to Copart UK Ltd in June 2007. Avril is currently Non-Executive Chairman of Redde Northgate plc.	Through a number of high profile industry roles, Avril has acquired significant experience of delivering operational improvements and implementing business turnarounds, executing organic and acquisitive growth strategies with a proven track record of delivering shareholder value in a public environment.
Appointment date: 7 November 2019		

The CAHL Board, which is led by Avril Palmer-Baunack and includes the CAHL statutory Board of Directors, is an industry-leading management team with significant experience in the automotive sector, operations and mergers and acquisitions ('M&A').

The CAHL Board meets regularly and considers the Group's strategy, trading and financial performance, risk, outlook, stakeholder considerations and M&A opportunities. In addition to providing leadership, it is responsible for key matters including financing, reporting and putting in place key policy frameworks for local executive Directors and management to develop and incorporate into their respective operations.

GOVERNANCE *continued*

PRINCIPLE TWO: BOARD COMPOSITION *continued*

ADDITIONAL CONSTELLATION AUTOMOTIVE LIMITED DIRECTORS *continued*

Day to day operational management of the Group is delegated to the operational divisions through their respective executive Directors and businesses via their divisional and functional managers.

The Wates Principles outline that consideration should be given to separating the roles of the chair and chief executive to ensure a balance of power and effective decision making. The role of Executive Chair is held by Avril Palmer-Baunack. Avril's engagement with the Group's major stakeholders, as well as her significant and unique expertise, knowledge and industry relationships in the UK and Europe, demonstrably contribute to the successful integration, evolution and management of the Group's business within the wider Constellation Automotive Group Sarl Group. The combination of roles reflects the Group's distinct culture, history, and operational environment. This integrated approach promotes cohesive and agile decision making processes, allowing the Group to respond more effectively to dynamic market conditions and stakeholder expectations.

The CAHL Board believes its flat structure, size and composition is the right approach at this stage of the Group's development and remains in the best interests of the Company and its shareholders. The CAHL Board is fully aware of the need for succession planning and appropriate plans are in place for the CAHL Board and the senior divisional and functional management teams.

Board members may take independent professional advice at the Company's expense provided that they give notice to the Executive Chairman.

As the Company continues to evolve, the structure and composition of the CAHL Board will continue to be reviewed to ensure it remains fit for purpose.

Diversity

The Group encourages diversity and recognises the benefits that diversity brings to the organisation. The CAHL Board is generally opposed to the use of quotas. Arbitrary quotas restrict the pool of available talent for consideration with regard to a particular role and may therefore leave the business exposed. The CAHL Board considers that quotas do not pay due regard to the needs of the business and the development of its existing management and, as such, may not be in the best interests of its stakeholders.

The Company values the range of perspectives, ideas and experiences that diversity provides whether that diversity relates to gender, race, sexual orientation, disability, cultural background, religion or age. We believe that as an inclusive organisation we are able to attract and retain good people which adds value to our business. There is commitment to equal opportunities within the workplace with a genuinely inclusive culture, maintaining a workplace that is fair, respectful and free from discrimination.

For further details on gender pay and gender diversity see the stakeholder employee information on pages 28 to 29.

GOVERNANCE *continued*

PRINCIPLE THREE: DIRECTORS' RESPONSIBILITIES

Our core values underpin a robust framework of governance and compliance. Each member of the CAHL Board has a clear understanding of their accountability and responsibilities.

Integrity of information

There is an established framework for internal control, the main elements of which comprise:

- Management of each division and Group function is responsible for maintaining adequate internal controls over financial reporting;
- The Group Accounting and Reporting Manual ('GARM') sets out the Group's accounting policies and expected controls;
- All business units provide monthly consolidated management accounts with relevant, reliable and up-to-date financial and non-financial information to management and are summarised in monthly reporting to the CAHL Board which analyses the differences between actual and budgeted results. Annual plans, forecasts, performance targets and long-range financial plans allow management to monitor the key business and financial activities, and progress towards achieving financial objectives;
- There are clearly identified and defined lines of accountability;
- The Group's IT organisation is responsible for the establishment of IT controls and information security;
- Management have put in place business continuity planning, including preventative and contingency measures, back-up facilities and capabilities. In addition, the Group carries insurance to mitigate against a range of conceivable risk events;
- The Group has formalised and published its tax strategy which covers tax compliance, tax planning and risk management, which can be accessed on the Company's website at www.constellationautomotive.com/corporate-responsibility/tax-strategy; and
- There are formal procedures by which staff can, in confidence, raise concerns about possible improprieties in financial administration and other matters, under the Group's whistleblowing policy.

GOVERNANCE *continued*

PRINCIPLE FOUR: OPPORTUNITY AND RISK

Opportunity

The CAHL Board seeks out opportunity whilst mitigating risk.

Risk

Like all businesses, the Group faces a diverse range of risks and uncertainties which could have an adverse effect on its success if not managed. Successful management of our current and emerging risk is paramount to the long term sustainability of the Group's strategic objectives. To achieve these, and given the Group's growth plans, we are prepared to accept a certain level of risk in order to remain competitive and to continue operating in ever changing markets. The CAHL Board is clear about the specific risks faced by the business and the level of risk that it is prepared to accept in each part of the business.

Responsibilities

The Group's risk management process continues to be a core part of operations in the business. Risks are identified and reviewed from both a top-down and bottom-up perspective. Each business unit has a designated risk representative, who will identify the current and emerging risks, document current controls and mitigations in place, and assess the residual risk levels. The top-down and bottom-up process culminates in the Group risk register, which identifies the risk area, the likelihood of the risk occurring, the impact if it does occur and the actions being taken to manage the risk to the desired level. The CAHL Board reviews the principal risks identified and the heat maps prepared by management showing how these risks are being managed. The Group's principal risks and uncertainties are set out on pages 51 to 57.

PRINCIPLE FIVE: REMUNERATION

Setting remuneration

In setting senior remuneration, the primary objective is to ensure the enhancement of the Group's resources by securing and retaining quality senior management who can deliver the Group's strategic ambitions in a manner consistent with both its purpose and the interests of shareholders.

Policy for remuneration of employees more generally

The Group aims to provide a remuneration package that is competitive and which is appropriate to promote long term success. The Group intends to apply this policy fairly and consistently and does not intend to pay more than is necessary to attract and motivate staff.

In respect of senior remuneration, a greater proportion of the remuneration package is 'at risk' and is determined by shareholder value delivered. Key management remuneration is disclosed in the notes to the financial statements on page 127.

Employment policies

All applications for employment within the Group are considered equally based on their merits, and the Group seeks to provide appropriate facilities to help applicants with a disability with their application and attendance for interview, such that they have an equal opportunity to be selected. An employee's needs can change whilst employed by the Group and, where this is the case, the Group will investigate, in consultation with the employee, the possibility of making reasonable and appropriate adjustments to enable them to remain in the Group's employment to undertake their role in accordance with those needs. More information on employment policies is included in the Strategic Report on pages 25 to 30.

GOVERNANCE *continued*

PRINCIPLE SIX: STAKEHOLDER RELATIONSHIPS AND ENGAGEMENT

External impacts

The Group aims to conduct business in a safe, secure, legal and ethical manner, for all interested stakeholders.

Stakeholders

We categorise our stakeholders into the following groups:

- Customers, suppliers and partners
- Shareholders
- Employees including community and charity
- Environment and Health & Safety

Across pages 22 to 42 of the Annual Report you can learn more about how we engage with these parties for mutual long term benefit.

The CAHL Board is also advised of stakeholder views in a number of different ways, including:

- The monthly Board report
- Business updates
- Business development analysis and justifications
- Colleague Engagement Team updates
- The wider Group's annual conference
- Briefings during annual strategy meetings
- The annual budget and business planning process
- Corporate governance and regulatory development updates

Collectively these engagements ensure that information presented to all stakeholders represents a fair, balanced and understandable assessment of the Group's position and prospects.

RISK MANAGEMENT

PRINCIPAL RISKS AND UNCERTAINTIES

Like all businesses, the Group faces risks and uncertainties in the course of its operations. Effective risk management is essential to ensure that the Group can respond as risks evolve and new ones emerge. The Group has a robust approach in the identification, analysis and response to all relevant current and potential risks and uncertainties, and develops mitigation plans to reduce the likelihood and/or impact of the risks to the lowest extent possible.

Our approach to principal and emerging risks

The CAHL Board takes overall responsibility for overseeing the effectiveness of the risk management process, with a particular focus on determining the nature and extent of the risks it is willing to tolerate to achieve its strategic objectives. The CAHL Board ensures there are a suite of policies in place and that the operational divisions have the resources to implement them in the appropriate manner relevant to their operations.

Risk identification is carried out both from a top-down perspective, following comprehensive review of the Group and its competitive environment, and bottom-up, where each operating division identifies and evaluates risks faced by their day-to-day businesses. Each business unit has a designated risk representative, and will identify the current and emerging risks, document current controls and mitigations in place, and assess the residual risk levels.

The CAHL Board reviews the divisional risk registers to understand the rigour of management's risk assessment and to challenge any judgements being made in response to risk. Clearly defined reporting structures and delegated authority levels are provided to set a control structure.

Appropriate responses and controls for all risks have been determined to eliminate where possible, but more usually mitigate, the impact and likelihood of the risks. Mitigation may include the introduction of additional controls, changes in procedures, increased insurance cover and commercial changes.

RISK MANAGEMENT *continued*

Description	Response
Economic environment <p>The Group operates in the UK and European markets, but the relative size of the UK business means the Group is more exposed to the UK economic environment.</p> <p>The Group is subject to many risks that could impact activity in the automotive industry over time, ranging from global and regional macroeconomic and geopolitical changes, challenges to global supply chains and the availability and cost of consumer credit.</p>	<p>Management continually analyses market conditions through the planning and reporting processes. The Group develops, implements and reviews actions to mitigate any adverse impact on the Group. Consideration is given to scalability, adaptability and the provision of a wide range of automotive services throughout the vehicle lifecycle to provide responsiveness and resilience.</p> <p>Management continues to monitor the impact on the supply chains, energy prices, inflation and consumer confidence that the war in Ukraine has had on all European countries.</p> <p>Used car sales are historically more stable than new car sales and the Group has some strong countercyclical characteristics in an economic downturn.</p> <p>Risk Tolerance</p> <p>In managing the challenging recent economic environment, we have a low to moderate tolerance.</p>
Strategic <p>The Group's future operating results are dependent, in part, on its success in implementing its strategic initiatives. The Group's strategic initiatives are focused on expanding its vehicle remarketing operations and platforms and its vehicle buying, Marshall Motor Group and partner finance businesses together with expanding the Group's automotive services activities. The Group continually seeks to provide an increasingly digital and dynamic future by developing solutions that are attractive to operate at scale.</p> <p>The Group's long term growth has, in part, been attributable to the acquisition of other businesses, and the Group may continue to expand its business through acquisitions and other business combinations in the future. Diversification of the Group through adding new business activities brings increased complexity and requires additional management resources and skills in order to execute the Group's strategy of developing a more extensive automotive support services business. For more detail, see Strategy on page 6.</p>	<p>Management carries out extensive strategic planning and conducts due diligence and integration modelling to ensure alignment and fit of acquisitions and new initiatives.</p> <p>All acquisition and organic business development is focused on services complementary to the Group's existing offerings.</p> <p>The Group continues to invest in the appropriate resources and people to deliver our strategies.</p> <p>Risk Tolerance</p> <p>In pursuit of our strategy to be innovative in our product offering we have a moderate to high tolerance for risk.</p>

RISK MANAGEMENT *continued*

Description	Response
Commercial	
<p>The long term success of the Group's businesses depends on the flow of vehicles through its services. The Group's key customers provide significant volumes. The loss of a number of these customers, failure to maintain good relationships with key customers or manufacturing partners, or a significant adverse change in the structure of the marketplace as regards the normal terms of business, could have a material negative impact on the Group's future performance.</p> <p>A downturn in performance of manufacturing partners or a failure to maintain good relationships with them would impact vehicle sales and profitability of those franchises, in addition to impacting growth opportunities.</p> <p>Alternative business models to the franchised dealership model could similarly impact vehicle sales and profitability of those franchises.</p>	<p>The Group's experienced commercial team uses performance monitoring tools and key performance indicators alongside effective communication with our customers to maintain strong commercial relationships, enabling us to anticipate and solve issues as they arise.</p> <p>Management works to continually improve the digital and physical services required to meet the expectations of its customers and to focus on omnichannel for a seamless customer experience with choice.</p> <p>Management continues to perform portfolio management focused on strengthening key franchise relationships, as well as diverse representation to avoid over reliance on any single manufacturer.</p>
	Risk Tolerance
	<p>In managing our commercial risk, we have a low to moderate tolerance for risk in this area.</p>
Operational	
<p>The Group has significant numbers of staff employed across the divisions in diverse roles. The Group considers that future legislative changes and the challenges generated from high employment levels in the UK with competition to recruit and retain staff could lead to increased payroll costs. The high cost of living also places demands on wages and salaries to attract and retain suitable employees.</p> <p>Scarcity of suitable land for the storage and handling of vehicles could impact the Group's growth plans.</p> <p>The Group undertakes significant marketing activities in its consumer facing activities, in particular for the vehicle buying operations in the UK, and any material increase in advertising costs could erode the Group's profitability.</p> <p>The Group incurs significant fuel costs in its logistics operations that may escalate. If the Group is unable to pass on future cost increases to its customers, its operating profit margin could be impacted.</p>	<p>Management continues to invest in talent planning and people development across the Group. By closely monitoring the market rates for wages and salaries and understanding employee turnover, management ensures that the Group's remuneration structure ensures the Group can attract, develop and retain staff at all levels of the Group.</p> <p>Management engages real estate advisors to identify and manage suitable sites that can support the requirements of the Group, and continually reviews processes and systems to gain efficiencies and opportunities.</p> <p>Management constantly reviews marketing investment options and undertake price negotiations appropriate to the scale of the business to allow the UK vehicle buying business to control cost increases and to achieve good value for marketing activities. Fuel escalation and statutory wage increase clauses are included in customer contracts, where possible, to protect the business from material changes in fuel and employment costs.</p>
	Risk Tolerance
	<p>In managing our operational risk, we have a low to moderate tolerance for risk in this area.</p>

RISK MANAGEMENT *continued*

Description	Response
Competition	
<p>The loss of market share to competitors would have an adverse impact on volume, impacting the operational and financial performance of the Group. As the Group extends its offerings and ventures into new markets, new competitors will emerge.</p>	<p>Management build and develop teams that ensure a very high standard for all the services provided by the Group. The Group continues to provide a broad range of efficient and effective solutions for customers that are unmatched by our competitors. We continue to grow our wide portfolio of sites that provide the ability to store and manage large volumes of vehicles.</p> <p>The UK market is characterised by competitors who do not have the same breadth of service that the Group provides to its customers to ease the change in ownership.</p> <p>Management continues to engage with our customers and invest in developing innovative and effective tools to support our customer and supplier interactions and to maintain our competitive advantage.</p> <p>Risk Tolerance</p> <p>In managing our competition risk, we have a moderate to high tolerance for risk in this area.</p>
Intellectual property ('IP') and brand	
<p>The Group has established names and brands in many of the markets in which it operates. Any significant damage to these could have an adverse impact on the Group's performance. The Group's IP rights include proprietary technology relating to online auction systems as well as trademarks of the Group's brands, business knowledge and copyrights.</p>	<p>The Group's IP rights are protected legally, where possible, in every country in which the Group's products and services are distributed, deployed or made available.</p> <p>Management works with appropriate media to ensure the best coverage across the different media platforms.</p> <p>Risk Tolerance</p> <p>In managing our IP and brand risk, we have a moderate tolerance for risk in this area.</p>
Management	
<p>A significant change in the Group's senior management could weaken the Group's business and its ability to execute its strategy. The Group's senior management has extensive experience in the industry in which the Group operates and has skills that are critical to the operation of the Group's businesses and the execution of its strategy.</p>	<p>The CAHL Board regularly review the senior management remuneration policy and engagement to ensure that both are market appropriate and motivational. Given the scale and success of the business, the Group is confident that it is capable of attracting and retaining management resources of the highest quality.</p> <p>Risk Tolerance</p> <p>In managing our management risk, we have a moderate tolerance for risk in this area.</p>

RISK MANAGEMENT *continued*

Description	Response
<p>IT systems and information security</p> <p>The Group depends on a wide variety of information systems and infrastructure to run our business effectively. We also develop and provide digitally enabled solutions to our customers that connect to proprietary and third-party networks and/or the internet. It is therefore essential that key systems, software and hardware are always operational. Failure of these for more than a short period could impact the ability of the Group to support its businesses and have contractual implications which could lead to penalties or other liabilities.</p> <p>Cyber-attacks are increasing both in their frequency and their sophistication of attack and despite the measures taken by the Group, it is recognised that a cyber-attack on the Group could cause significant disruption and reputational damage. Our systems may be vulnerable to a cyber-attack that impacts the confidentiality, integrity and availability of our data and systems.</p> <p>This could result in disruption to customer-facing, supplier-facing and financial systems through:</p> <ul style="list-style-type: none">• Theft and misuse of confidential data• Damage to, or manipulation of operationally critical data, or• Interruption to our IT services <p>Any of which may have serious consequential impacts on the Group's operational performance, leading to penalties, fines and/or regulatory action.</p>	<p>The Group continues to invest in its ability to protect itself. This is critical to ensure the Group can operate day-to-day and deliver strategic growth. The Group has a dedicated Chief Information and Security Officer ('CISO') and their team has expanded both in number and capability to ensure that the Group keeps pace with the increasing cyber security threats. The CISO team maintains policies and procedures across the Group that ensures we continue to remove and upgrade our legacy infrastructure, and build new solutions with effective resilience, leading to modern, agile and scalable platforms.</p> <p>The CISO team regularly carry out security awareness activities, including training, email communications, videos and threat simulation activities for all staff within the Group.</p> <p>The Group actively monitors best practice, and uses tools such as multi-factor authentication to reduce the likelihood of remote attacks, and security information and event management ('SIEM') tools to provide real-time analysis of security alerts generated by applications and network hardware.</p> <p>The CISO and Product teams regularly perform penetration testing and vulnerability scanning. We have implemented endpoint protection and intrusion detection/prevention solutions. Data is protected based on the nature of the product and services, including encryption in transit and rest.</p> <p>The Group maintains robust business continuity plans and disaster recovery capabilities.</p> <p>Risk Tolerance</p> <p>In managing our IT systems and information security risk, we have a low tolerance for risk in this area.</p>

RISK MANAGEMENT *continued*

Description	Response
Financial and liquidity	
<p>The Group reports its results in Sterling but operates in the UK and continental Europe and is therefore exposed to risk on foreign currency exchange rate fluctuations.</p> <p>The Group's strategy involves, amongst other things, growing areas of the business that include providing credit facilities to vehicle buyers, and buying and holding vehicles in different countries as inventory on a short term basis prior to resale through the Group's remarketing centres. These strategies may increase the scale of credit and liquidity risk that the Group is exposed to. A lack of liquidity could inhibit the Group's ability to fulfil its strategic objectives.</p> <p>The Group has significant leverage and relies on its finance providers to provide adequate short term borrowings under the facilities in place to enable the Group to execute its strategies, and is subject to the risk that drawn facilities are not made available in line with the terms of the facility. In the longer term the Group will be required to refinance its borrowings within the maturity period of the facilities and is exposed to risks around the availability of borrowings at this future date.</p> <p>Some of the Group's financing is held at floating interest rates and the Group is subject to risk of further future interest rate increases.</p> <p>Further considerations of interest risk, liquidity and foreign exchange is in note 26 Financial risk management.</p>	<p>Management monitors the macroeconomic and legislative changes in the markets in which it operates.</p> <p>Credit provided to customers is closely reviewed, with appropriate security taken for certain customers under a risk-based approach.</p> <p>Regular dialogue is held with the Group's investors, finance providers and banking partners.</p> <p>Systems, procedures and controls are regularly reviewed to identify, detect and remediate any transactional issues.</p> <p>Weekly rolling 13-week cash flow forecasts are utilised, in addition to annual long term strategic planning exercises, to support financing and liquidity planning.</p>
	Risk Tolerance
	<p>In managing our financial and liquidity risk, we have a moderate tolerance for risk in this area.</p>
Physical damage	
<p>Natural events, such as hailstorms and flooding or other events such as terrorism, major accidents or theft may impact the Group's physical facilities or affect vehicles stored on the Group's property awaiting sale or other activity.</p>	<p>Management monitors potential causes of physical damage on each site, reviewing reported risks and concerns as well as possible remedial and/or preventative action. Adequate insurance is in place to moderate risk.</p> <p>Management ensures that all sites have adequate security and preventative measures in place, including fencing, security guards and CCTV, where appropriate.</p>
	Risk Tolerance
	<p>In managing our physical damage risk, we have a moderate tolerance for risk in this area.</p>

RISK MANAGEMENT *continued*

Description	Response
Regulation and legislation	
<p>The political and legislative environment the Group operates in is constantly changing.</p> <p>The Group must comply with an extensive range of regulation and legislation in order to provide its services and solutions both in the UK and across continental Europe, including laws relating to vehicle brokerages and auctions, data protection regulation, competition and consumer protection, labour and health and safety regulations, money laundering, anti-bribery and taxation laws.</p> <p>Non-compliance with the required standards could lead to significant legal cases and could have an adverse effect on the reputation and financial performance of the Group.</p> <p>The Group operates in multiple taxation regimes which increases the complexity and risk of compliance with certain indirect taxes such as VAT or its equivalent.</p>	<p>A strong central legal function plays a key role within the Group and retains external specialist legal advisers as necessary to support the businesses in the countries in which they operate.</p> <p>Policies and procedures are in place throughout all areas of the Group to ensure systems, business and central operations all comply with relevant areas of legislation and compliance.</p> <p>This includes detailed health and safety procedures, and health and safety teams are employed across the Group.</p> <p>Management monitors the impact of legislative and regulatory changes that could adversely affect the supply of vehicles, and regularly reviews the possible impact of these changes.</p> <p>The Group regularly invests in more modern transporters to improve environmental efficiency.</p>
	Risk Tolerance
	<p>In managing our legal and regulatory risk we have an extremely low tolerance for risk in this area.</p>
Climate related risks and opportunities	
<p>The automotive industry is also subject to legislation around environmental issues. These can impact vehicle supply and demand, as well as impacting operational activities with increased emission zones that limit the locations where our older transporters can operate.</p> <p>Climate change poses a number of physical risks for the Group, such as extreme weather events causing damage to assets or vehicles, and transition-related risks and opportunities for the Group, such as transition from ICE to EV.</p> <p>More in-depth information relating to climate-related risks and opportunities, can be found on pages 34 to 35.</p>	<p>As part of our commitment to operate ethically and sustainably, Group senior leaders participate in a Taskforce for Climate-related Disclosures ('TCFD') working group established by the CAHL board to take a risk-based and strategic approach to climate change.</p> <p>With representatives from across the wider Group, Management takes a top down and bottom up view of climate change risk and opportunity analysis to align internal processes with the TCFD recommendations.</p> <p>A climate risks and opportunities assessment was undertaken incorporating climate scenario analysis in conjunction with a third party consultancy which has enabled further understanding of these risks across varying temperature and time horizons.</p> <p>The assessment is utilised to further embed climate risk into risk management processes and to guide management decision making.</p>
	Risk Tolerance
	<p>In managing our climate related risk, we have a moderate tolerance for risk in this area.</p>

DIRECTORS' REPORT

FOR THE 52 WEEKS ENDED 31 MARCH 2024

The Directors present their report and audited financial statements for the 52 weeks ended 31 March 2024 ('year ended', 'the year' or 'financial year'). The comparative period relates to the 52 week period ended 2 April 2023.

The Strategic Report can be found on pages 4 to 57 and sets out the development and review of performance of the Group's business during the financial year, the position of the Group at the end of the year, a description of the principal risks and uncertainties facing the Group, indications of future developments in the business, disclosures around employment, information on stakeholder engagement and reporting of greenhouse gas emissions. The Group's Governance report can be found on pages 43 to 50 and is included by reference in this Directors' report.

DIRECTORS

The Directors of the Company who were in office during the year and up to the date of signing the financial statements are set out in the Governance section of the Strategic Report on pages 43 to 50.

DIVIDENDS

During the year a dividend of £nil was paid. During the prior year, the Directors approved a capital reduction by way of special resolution having made a solvency statement and subsequently declared an interim dividend in specie consisting of the entire issued share capital of Cinch Holdings Sarl. No other dividends were paid, and the Directors do not propose a final dividend.

POLITICAL DONATIONS

During the year the Group did not make any donations (year ended 2 April 2023: £nil) to political parties or other political organisations and did not incur any political expenditure within the meaning of Sections 362 to 379 of the Companies Act 2006.

INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

EMPLOYEE, SUPPLIER, AND CUSTOMER RELATIONSHIPS

Information on how the Company engages with its stakeholders is included in the Strategic Report on pages 22 to 42.

GREENHOUSE GAS EMISSIONS

The Strategic Report includes the disclosure of greenhouse gas emissions on page 39.

DIRECTORS' REPORT *continued*

GOING CONCERN

The Group has two operating segments, Constellation Group and Marshall Motor Group. Each segment has separate cash flows and financing arrangements. Therefore, for the purposes of reviewing going concern the Directors have considered each component of the Group individually, before concluding on the Group as a whole.

The main debt facilities in the Constellation Group have maturity dates from 2027 to 2029. Under these facilities the Constellation Group has access to £250m of ancillary facilities to manage working capital and liquidity, mainly comprising a revolving credit facility and overdraft. The CAHL Board reviews forecasts of the Constellation Group's liquidity requirements based on a range of scenarios including a severe but plausible downside to ensure it has sufficient cash to meet operational needs, while maintaining sufficient headroom in its committed borrowing facilities at all times. Significant market factors in the forecasts include new car registrations, impacts of zero emission vehicle mandates, consumer confidence over the purchase of vehicles, and how these dynamics will impact on new and used transaction volumes. Cost base and liquidity also remain under close review.

Marshall Motor Group has separate cash reserves with £57m of cash and cash equivalents at 31 March 2024 as well as £60m of committed, but undrawn, banking facilities at balance sheet date, made available under a revolving credit facility agreement. On 15 May 2024 this agreement was extended to September 2025 as a £40m revolving credit facility. The facility is subject to leverage and fixed charge cover covenants. Forecasts indicate that Marshall Motor Group is expected to be compliant with these covenants throughout the forecast period. In addition, it has a number of term loans secured against certain property assets, under which balances outstanding as at 31 March 2024 total £5m. Only £1m of borrowings are repayable within one year.

To support Marshall Motor Group's working capital position, alongside the above core banking facilities, it also has access to a number of ancillary vehicle inventory stocking arrangements of which £484m were utilised as at 31 March 2024. Significant market factors in the Marshall Motor Group financial forecasts include the impacts on profitability of changes in the new and used vehicle market as well economic headwinds such as inflationary cost pressures and interest rate changes.

After making appropriate enquiries and having considered business activities and the Group's principal risks and uncertainties, the Directors are satisfied that the Company and the Group as a whole have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

DIRECTORS' REPORT *continued*

FINANCIAL RISK MANAGEMENT

The Group's operations expose it to a variety of financial risks that include price risk, credit risk, liquidity risk and cash flow risk. The principal risks and uncertainties the Group is exposed to are set out in the Strategic Report on pages 51 to 57. Further detail on the Group's financial risks and risk management policies can be found in note 26.

DISCLOSURE OF INFORMATION TO THE AUDITOR

Each person who was a Director at the time this report was approved confirms that, so far as they are aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and the Company financial statements in accordance with UK-adopted international accounting standards.

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

DIRECTORS' REPORT *continued*

STRATEGIC REPORT

In accordance with Companies Act 2006 s.414C(11), certain information required to be contained in the Directors' report has been set out in the Group's Strategic Report, including future developments, disclosure of greenhouse gas emissions and information on engagement with stakeholders, environmental disclosures and key principal decisions.

GUIDELINES FOR DISCLOSURE AND TRANSPARENCY IN PRIVATE EQUITY

The Directors consider the Annual Report and financial statements to comply with all aspects of the Guidelines for Disclosure and Transparency in Private Equity.

This report was approved by the CAHL Board on 25 September 2024 and signed on its behalf.



T G Lampert

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CONSTELLATION AUTOMOTIVE HOLDINGS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion, Constellation Automotive Holdings Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2024 and of the group's loss and the group's and company's cash flows for the 52 week period then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the Consolidated Balance Sheet and the Company Balance Sheet as at 31 March 2024; the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Cash Flow Statement and the Company Cash Flow Statement for the period then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CONSTELLATION AUTOMOTIVE HOLDINGS LIMITED *continued*

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *continued*

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the period ended 31 March 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CONSTELLATION AUTOMOTIVE HOLDINGS LIMITED *continued*

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *continued*

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the financial reporting requirements of the Companies Act 2006 and corporation tax regulatory compliance in the UK and other jurisdictions, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the inappropriate posting of journals to manipulate reported results as well as bias being applied to key judgements and estimates to similarly manipulate reported results. Audit procedures performed by the engagement team included:

- Financial statement review procedures against Companies Act 2006 requirements;
- Audit of corporation and indirect taxes including tax disclosures within the financial statements and uncertain tax positions; and
- Audited manual journals demonstrating heightened risk of management override of controls, assessed material estimates and judgements individually and in aggregate across the group to identify any instances of management bias, and performed unpredictable procedures over new supplier accounts and intercompany balances.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CONSTELLATION AUTOMOTIVE HOLDINGS LIMITED *continued*

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *continued*

Responsibilities for the financial statements and the audit *continued*

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

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Julian Gray (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton
25 September 2024

PRIMARY STATEMENTS

CONSOLIDATED INCOME STATEMENT

for the 52 weeks ended 31 March 2024 (2023: 52 weeks ended 2 April 2023)

	Note	2024		2023	
		£m	£m	£m	£m
Revenue	6		9,337.1		9,683.3
Cost of sales			(8,382.5)		(8,790.6)
Gross profit from continuing operations			954.6		892.7
Operating costs	7		(865.9)		(837.8)
Movements on financial assets held at fair value	26		36.1		(8.8)
Other income			0.7		2.8
Operating profit from continuing operations			125.5		48.9
Finance income	9		16.6		0.7
Finance costs	9		(217.6)		(184.7)
Share of profit/(loss) of equity-accounted investments	29		1.1		(0.2)
Loss before income tax from continuing operations			(74.4)		(135.3)
Income tax	11		23.9		35.4
Loss for the period from continuing operations			(50.5)		(99.9)
Result for the period from discontinued operations	19		-		(105.3)
Loss for the period			(50.5)		(205.2)
Attributable to:					
Equity holders of the Company			(50.5)		(204.0)
Non-controlling interests			-		(1.2)
			(50.5)		(205.2)

Operating profit from continuing operations		125.5	48.9
Add/(less):			
Depreciation and other amortisation	6	116.4	116.8
Amortisation of acquired intangibles	6	89.4	87.1
Goodwill impairment	6	58.3	-
Restructuring (income)/costs	6	(27.4)	21.1
Profit on property sale and leaseback	6	(1.4)	-
Transaction costs	6	0.5	1.0
Movements on financial assets held at fair value	6	(36.1)	8.8
Impairment of intangible assets and related costs	6	2.6	6.2
Dividends from financial assets	6	(0.7)	(2.8)
Share based payment related charges	6	0.7	2.2
Adjusted EBITDA from continuing operations		327.8	289.3
Less:			
Depreciation and other amortisation	6	(116.4)	(116.8)
Finance costs	9	(217.6)	(184.7)
Add:			
Finance income	9	16.6	0.7
Adjusted profit/(loss) before income tax from continuing operations		10.4	(11.5)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the 52 weeks ended 31 March 2024 (2023: 52 weeks ended 2 April 2023)

Note	2024 £m	2023 £m
Loss for the period from continuing operations	(50.5)	(99.9)
Other comprehensive income/(expense):		
<i>Items that will not be reclassified to the income statement</i>		
Remeasurements on defined benefit schemes, including deferred tax	2.6	3.5
<i>Items that may be subsequently reclassified to the income statement</i>		
Unrealised gain on property disposal	1.0	-
Foreign exchange translation of foreign operations	(9.9)	14.8
Total other comprehensive income, net of tax	(6.3)	18.3
Total comprehensive loss for the period from continuing operations	(56.8)	(81.6)
Total comprehensive loss from discontinued operations (attributable to equity holders of the Company)	-	(105.3)
Total comprehensive loss for the period	(56.8)	(186.9)
Attributable to:		
Equity owner of the Company	(56.8)	(185.7)
Non-controlling interests	-	(1.2)
	(56.8)	(186.9)

CONSOLIDATED BALANCE SHEET

as at 31 March 2024 (2023: as at 2 April 2023)

	Note	2024 £m	2023 £m
ASSETS			
Non-current assets			
Intangible assets	20	1,870.2	2,031.8
Property, plant and equipment	21	445.3	479.1
Right of use assets	21	595.2	630.3
Equity-accounted investments	29	-	3.2
Financial assets	26	22.7	61.7
Pension surplus	25	12.6	7.0
Deferred tax assets	11	1.1	0.4
Trade and other receivables	14	1.0	-
Total non-current assets		2,948.1	3,213.5
Current assets			
Inventories ¹	13	703.3	777.0
Current tax		4.1	5.1
Trade and other receivables	14	739.9	720.9
Cash and cash equivalents	12	305.4	145.0
Total current assets		1,752.7	1,648.0
Total assets		4,700.8	4,861.5
LIABILITIES			
Non-current liabilities			
Borrowings	22	(1,740.9)	(1,746.5)
Lease liabilities	16	(643.6)	(681.8)
Trade and other payables	15	(12.8)	(14.0)
Provisions	17	(4.0)	(2.1)
Deferred tax liabilities	11	(185.7)	(228.2)
Total non-current liabilities		(2,587.0)	(2,672.6)
Current liabilities			
Cash and cash equivalents: bank overdrafts	12	(1.9)	-
Borrowings	22	(26.8)	(71.4)
Asset backed borrowings	23	(208.6)	(199.5)
Lease liabilities	16	(58.3)	(59.4)
Trade and other payables ¹	15	(1,372.2)	(1,365.0)
Current tax		(11.4)	(4.1)
Provisions	17	(14.9)	(13.7)
Total current liabilities		(1,694.1)	(1,713.1)
Total liabilities		(4,281.1)	(4,385.7)
Net assets		419.7	475.8
EQUITY			
Share capital	24	100.0	100.0
Share premium	24	821.5	821.5
Merger reserve	24	(373.5)	(373.5)
Foreign exchange reserve		(1.2)	8.7
Retained earnings		(127.1)	(80.9)
Equity shareholder's funds		419.7	475.8
Non-controlling interests		-	-
Total equity		419.7	475.8

¹ Inventories and Trade and other payables balances for the year ended 31 March 2023 have been adjusted as described in Notes 13 and 15 of these financial statements

The financial statements on pages 66 to 137 were approved by the CAHL Board on 25 September 2024 and were signed on its behalf by:



T G Lampert

Company registration number: 13634625

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the 52 weeks ended 31 March 2024 (2023: 52 weeks ended 2 April 2023)

Note	Attributable to equity owner of the Company						Non-controlling interests £m	Total equity £m
	Share capital £m	Share premium £m	Merger reserve £m	Foreign exchange reserve £m	Retained earnings £m	Total £m		
Balance as at 3 April 2022	100.0	1,421.5	(467.2)	(6.1)	(98.0)	950.2	(0.3)	949.9
<i>Total comprehensive (loss)/income for the period</i>								
Total loss for the period	-	-	-	-	(204.0)	(204.0)	(1.2)	(205.2)
Other comprehensive income	-	-	-	14.8	3.5	18.3	-	18.3
Total comprehensive income/(loss) for the period	-	-	-	14.8	(200.5)	(185.7)	(1.2)	(186.9)
<i>Contributions and distributions</i>								
Capital reduction	-	(600.0)	-	-	600.0	-	-	-
Distribution in specie	-	-	93.7	-	(384.6)	(290.9)	1.5	(289.4)
Share based payments	-	-	-	-	2.2	2.2	-	2.2
Total transactions with owner	-	(600.0)	93.7	-	217.6	(288.7)	1.5	(287.2)
Balance as at 2 April 2023	100.0	821.5	(373.5)	8.7	(80.9)	475.8	-	475.8
<i>Total comprehensive (loss)/income for the period</i>								
Total loss for the period	-	-	-	-	(50.5)	(50.5)	-	(50.5)
Other comprehensive (loss)/income	-	-	-	(9.9)	3.6	(6.3)	-	(6.3)
Total comprehensive (loss)/income for the period	-	-	-	(9.9)	(46.9)	(56.8)	-	(56.8)
<i>Contributions and distributions</i>								
Share based payments	-	-	-	-	0.7	0.7	-	0.7
Total transactions with owner	-	-	-	-	0.7	0.7	-	0.7
Balance as at 31 March 2024	100.0	821.5	(373.5)	(1.2)	(127.1)	419.7	-	419.7

CONSOLIDATED CASH FLOW STATEMENT

for the 52 weeks ended 31 March 2024 (2023: 52 weeks ended 2 April 2023)

	Note	2024 £m	2023 £m
Cash flows from operating activities			
Total loss for the period		(50.5)	(205.2)
Adjustments for:			
Income tax		(23.9)	(50.5)
Net finance costs		201.0	187.1
Depreciation and amortisation		205.8	211.1
Impairment of long term assets		0.3	16.4
Profit on sale of property, plant and equipment		(20.4)	(1.1)
Profit on sale of intangibles		(0.4)	-
Goodwill impairment		58.3	-
Movements on financial assets held at fair value		(36.1)	9.6
Dividends received from investing activities		(0.7)	-
Share of (profit)/loss of equity-accounted investments		(1.1)	0.2
Retirement benefit obligations		(1.7)	(1.2)
Non-cash significant or non-recurring items		(21.9)	(0.6)
Changes in working capital:			
Inventories		74.6	22.3
Trade and other receivables		(61.5)	(45.9)
Trade and other payables		57.7	100.9
Provisions		3.1	6.0
Cash generated by operations		382.6	249.1
Partner Finance loan book		(24.2)	42.7
Interest received		3.5	2.0
Interest paid		(165.2)	(126.1)
Lease interest paid		(35.2)	(34.4)
Income tax paid		(11.1)	(18.8)
Net cash inflow from operating activities before acquisition related cash flows		150.4	114.5
Acquisition related cash flows		-	(6.8)
Net cash inflow from operating activities		150.4	107.7
Cash flows from investing activities			
Purchase of long term assets		(84.6)	(125.5)
Proceeds from sale of long term assets		98.3	23.5
Acquisitions net of cash acquired	18	(0.6)	(245.3)
Proceeds from disposal of discontinued operations		-	(99.8)
Disposal proceeds and dividends from financial assets	26	97.5	6.6
Investments in financial assets	26	(21.8)	(0.4)
Proceeds on disposal of equity-accounted investments		6.2	-
Loans with equity-accounted investments	29	0.5	(0.4)
Net cash inflow/(outflow) from investing activities		95.5	(441.3)
Cash flows from financing activities			
Borrowings		(49.9)	(6.9)
Financing fees paid		-	(0.4)
Loan balances issued by/(repaid to) Constellation entities	28	7.4	(20.6)
Proceeds from sale and leaseback		8.6	7.5
Principal element of lease payments		(60.3)	(63.0)
Asset backed borrowings		9.1	(17.1)
Net cash outflow from financing activities		(85.1)	(100.5)
Net increase/(decrease) in cash and cash equivalents		160.8	(434.1)
Effect of foreign exchange on cash held		(2.3)	1.0
Net cash and cash equivalents at the beginning of the period		145.0	578.1
Net cash and cash equivalents at period end	12	303.5	145.0

Details of cash flows from discontinued operations are given in note 19. See note 2 for basis of preparation regarding discontinued operations.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Constellation Automotive Holdings Limited ('CAHL', the 'Company') was incorporated and domiciled in England as a private company limited by shares on 21 September 2021. CAHL and its subsidiaries are referred to in this report as the 'Group'. The Company's ultimate controlling party is TDR Capital LLP ('TDR'), a UK Limited Liability Partnership registered in England and Wales. TDR is a leading international private equity firm, managing capital on behalf of institutional, government and private investors worldwide. TDR has an experienced team of investment professionals and operating partners and has a low volume investment strategy based on principles developed by the investment team over the past two decades.

The Group financial statements consolidate those of the Company and its subsidiaries. The CAHL company financial statements present information about the Company as a separate entity and not about its Group and can be found on pages 138 to 143.

The Company's accounting reference date is 31 March and its financial statements are prepared to a Sunday within seven days of that date. Accordingly, they have been prepared for the 52 weeks ended 31 March 2024 ('year ended', 'the year' or 'financial year') and the comparative period being the 52 weeks ended 2 April 2023.

2. BASIS OF PREPARATION

These consolidated financial statements for the year ended 31 March 2024, have been prepared on a going concern basis in accordance with UK-adopted International Accounting Standards ('IFRSs') and the applicable legal requirements of the Companies Act 2006. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivatives) at fair value through profit or loss. The financial statements and the notes to the financial statements are presented in millions of Pounds Sterling ('£m'), except where otherwise indicated.

Judgements made by the Directors in the application of the accounting policies and accounting estimates that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial period are discussed in note 5.

Discontinued operations

During the year ended 31 March 2024, there were no discontinued operations. During the prior year, the Group distributed its investment in the Cinch Group and accounted for this as a discontinued operation. Discontinued operations are excluded from the results of continuing operations and are presented as a single amount under result for the period from discontinued operations in the consolidated income statement. Cinch Group cashflows prior to distribution are presented within the gross cashflows for each line item in the consolidated cashflow statement. Details of cash flows from discontinued operations are included in note 19.

Going concern

The Group has two operating segments, Constellation Group and Marshall Motor Group, and each has separate cash flows and financing arrangements. Therefore, for the purposes of reviewing going concern the Directors have considered each component of the Group individually, before concluding on the Group as a whole.

The main debt facilities in the Constellation Group have maturity dates from 2027 to 2029. Under these facilities the Constellation Group has access to £250m of ancillary facilities to manage working capital and liquidity, mainly comprising a revolving credit facility and overdraft. The Board reviews forecasts of the Group's liquidity requirements based on a range of scenarios including a severe but plausible downside to ensure it has sufficient cash to meet operational needs, while maintaining sufficient headroom in its committed borrowing facilities at all times. Significant market factors in the forecasts include new car registrations, impacts of zero emission vehicle mandates, consumer confidence over the purchase of vehicles, and how these dynamics will impact on new and used transaction volumes. Cost base and liquidity also remain under close review.

Marshall and its subsidiaries ('Marshall Motor Group'), operate independently from the Constellation Group. Marshall Motor Group has separate cash reserves of £57m of cash and cash equivalents as well as £60m of committed, but undrawn, banking facilities at balance sheet date, made available under a revolving credit facility agreement. This agreement was extended on 15 May 2024 to September 2025, as a £40m revolving credit facility.

NOTES TO THE FINANCIAL STATEMENTS *continued*

2. BASIS OF PREPARATION *continued*

Going concern continued

The facility is subject to leverage and fixed charge cover covenants. Forecasts indicate that Marshall Motor Group is expected to be compliant with these covenants throughout the forecast period. In addition, it has a number of term loans secured against certain property assets, under which balances outstanding as at 31 March 2024 total £5m. Only £1m of borrowings are repayable within one year.

To support Marshall Motor Group's working capital position, alongside the above core banking facilities, it also has access to a number of ancillary vehicle inventory stocking arrangements of which £484m were utilised as at 31 March 2024. Significant market factors in the Marshall Motor Group financial forecasts include the impacts on profitability of changes in the new and used vehicle market as well economic headwinds such as inflationary cost pressures and interest rate changes.

After making appropriate enquiries and having considered business activities and the Group's principal risks and uncertainties, the Directors are satisfied that the Company and the Group as a whole have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Basis of consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Where the Group has control but the subsidiary is not wholly owned, the Group separately presents any non-controlling interest attributable to the minority shareholders in the consolidated income statement, statement of comprehensive income, balance sheet and statement of changes in equity. Losses applicable to non-controlling interests are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Equity-accounted investments

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Joint ventures are all entities over which the Group has significant influence and joint control. This is generally the case where the Group holds 50% of the voting rights. Where the Group does not have significant influence, investments are accounted for as financial assets held at fair value through profit and loss. For the Group's accounting policy on financial assets held at fair value through profit or loss see note 4(i) Financial assets. Investments in associates and joint ventures are accounted for under the equity method, where the Group's investment is initially recognised at cost and subsequently adjusted to recognise the Group's share of profits and losses, which are included in the consolidated income statement. Dividends received are recognised as a reduction in the carrying amount of the investment.

Investments in associates and joint ventures are derecognised as equity-accounted investments when the Group no longer has significant influence or joint control. The Group measures and recognises any retained investment at its fair value. Any difference between the fair value of the retained investment and the carrying amount is recognised in the consolidated income statement, after accounting for any proceeds on disposal. If there is no retained investment, the gain or loss represents the difference between the consideration received and the carrying amount of the Group's share of the net assets at the date of disposal.

Losses applicable to equity-accounted investments are recognised against the carrying value of the investment only to the extent that the losses do not exceed the carrying value. The Group does not recognise further losses unless it incurs obligations or makes payments on behalf of the associate.

NOTES TO THE FINANCIAL STATEMENTS *continued*

2. BASIS OF PREPARATION *continued*

Intragroup transactions and balances

Intragroup balances, and any gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Gains arising from transactions with jointly controlled entities are eliminated to the extent of the Group's interest in the entity. Losses are eliminated in the same way as gains, but only to the extent that there is no evidence of impairment.

Foreign currency

The functional currency of the Company and the majority of entities within the Group is Pounds Sterling because that is the currency of the primary economic environment in which they operate. The Group's presentation currency is Pounds Sterling.

Foreign currency transactions are translated into the respective functional currency of Group entities using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of unsettled monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within finance income or costs. All other foreign exchange gains and losses are presented in the income statement within other income or other operating costs. The exchange rates used for the translation of other currencies into Pounds Sterling that have the most significant impact on the Group results are shown in note 26.

Consolidation of Group companies

The results and financial position of all Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities including goodwill, intangible assets arising on acquisition and fair value adjustments arising on consolidation for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement presented are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income and are accumulated in the foreign exchange translation reserve or non-controlling interest.

On disposal of a foreign subsidiary the cumulative amount of the exchange differences recognised in other comprehensive income and accumulated in the foreign exchange translation reserve is recognised in the income statement when the gain or loss on disposal is recognised.

NOTES TO THE FINANCIAL STATEMENTS *continued*

2. BASIS OF PREPARATION *continued*

Subsidiary audit exemptions

The consolidated financial statements include the results of all subsidiary undertakings of the Company as listed in note 29.

For the year ended 31 March 2024, certain of the Group's subsidiaries listed below are entitled to exemption from audit under section 479A of the Companies Act 2006. Constellation Automotive Holdings Limited (company number: 13634625) will guarantee all outstanding liabilities to which the subsidiary companies listed below are subject at the end of the financial year ended 31 March 2024, until they are satisfied in full. The guarantee is enforceable when disclosed in the individual accounts and in accordance with section 479C against Constellation Automotive Holdings Limited by any person to whom the subsidiary companies listed below are liable in respect of those liabilities.

- Constellation Retail Limited (company number: 13849951) - (previously CAG Lynx 1 Limited)
- CAG Sirius 1 Limited (company number: 13851915)
- CAG Sirius 2 Limited (company number: 13854721)
- CAG Vega 1 Limited (company number: 13764028)
- CAG Zeta 1 Limited (company number: 14067077)
- CAG Zeta 2 Limited (company number: 14067404)

3. NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

Standards and interpretations applied for the first time in the year ended 31 March 2024 are summarised in the table below:

Standard	Applicable from	Amendments	Impact
IAS 12 Deferred tax assets and liabilities arising from a single transaction	Periods beginning on or after 1 January 2023	The amendment requires recognition of deferred tax that, on initial recognition, gives rise to an equal deferred tax asset and liability	Low impact
IAS 12 International Tax Reform — Pillar Two Model Rules	Periods beginning on or after 1 January 2023	On 20 June 2023, Finance (No.2) Act 2023 was substantively enacted in the UK, introducing a global minimum effective tax rate of 15%. The legislation implements a domestic top-up tax and a multinational top-up tax, effective for accounting periods starting on or after 31 December 2023. The Group has applied the exception under IAS 12 to recognising and disclosing information about deferred tax assets and liabilities related to top-up income taxes	Low impact
IAS 8 Definition of Accounting Estimates	Periods beginning on or after 1 January 2023	The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. The amendment also clarifies how entities use measurement techniques and inputs to develop accounting estimates	Low impact
IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies	Periods beginning on or after 1 January 2023	Provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures	Low impact
IFRS 17 Insurance Contracts	Periods beginning on or after 1 January 2023	IFRS 17 Insurance Contracts replaces IFRS 4 and is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure	Low impact

NOTES TO THE FINANCIAL STATEMENTS *continued*

3. NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS *continued*

Standards and interpretations which are issued but not yet effective and have not been early adopted by the Group are summarised in the table below:

Standard	Applicable from	Amendments	Expected impact
IAS 1 (Amendment – Classification of Liabilities as Current or Non-current)	Periods beginning on or after 1 January 2024	The amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date	Low expected impact
IAS 1 and Practice Statement 2 Amendment – Non-current Liabilities with Covenants	Periods beginning on or after 1 January 2024	The amendments require additional disclosure about liabilities arising from loan arrangements under certain conditions	Low expected impact
IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosures: Supplier Finance Arrangements	Periods beginning on or after 1 January 2024	The amendments relate to disclosure requirements in connection with supplier financing arrangements. The new requirements supplement those already included in IFRS standards and are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk	Low expected impact
IFRS 16 Amendment – Liability in a Sale and Leaseback	Periods beginning on or after 1 January 2024	The amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use asset it retains	Low expected impact
IAS 21 Amendments to clarify the accounting when there is a lack of exchangeability	Periods beginning on or after 1 January 2025	The amendments to IAS 21 add requirements to help entities to determine whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not. The amendments include accompanying new disclosures to help investors to understand the effects, risks and estimated rates and techniques used when a currency is not exchangeable	Low expected impact
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	N/A: The effective date of the amendments has yet to be set by the IASB	Scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures clarify the accounting treatment for sales or contribution of assets between an investor and their associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively	Low expected impact

NOTES TO THE FINANCIAL STATEMENTS *continued*

3. NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS *continued*

Standard	Applicable from	Amendments	Expected impact
IFRS 18 Presentation and Disclosure in Financial Statements	Periods beginning on or after 1 January 2027	IFRS 18 lays out the general requirements for presentation and disclosure in financial statements and introduces new prescribed operating, investing, and financing structures for the income statement, along with new defined subtotals, additional disaggregation, and a more relevant cash flow presentation. The standard also introduces disclosures about Management Defined Performance Measures ('MPMs') for transparency	Low expected impact

NOTES TO THE FINANCIAL STATEMENTS *continued*

4. ACCOUNTING POLICIES

(a) Revenue

The Group's revenue represents revenue from contracts with customers. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services supplied, stated net of discounts, estimated returns and value added taxes. Revenue excludes amounts collected on behalf of third parties. The Group recognises revenue for each contractual performance obligation when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when certain criteria have been met, specifically when the contracted performance obligation has been satisfied. This approach applies for each of the Group's activities, as described below.

Auction revenue

Vehicle auction revenue represents vendor and buyer fees for vehicles sold by the Group together with fees for related services including transportation, inspection, valeting and mechanical checks. Revenue is recognised at the time the service is provided, which is predominantly at the point the vehicle is sold at auction. Revenue represents the fees for the auction service, not the value of the vehicle sold, as the Group does not control or direct the use of the vehicle before being transferred from vendor to buyer, and does not incur the significant risks and rewards of ownership as part of the transaction.

In the ordinary course of business at vehicle auctions, in certain circumstances a vehicle will be purchased from a vendor in order to honour a sale where, for example, a buyer has reneged on the purchase or there was an error in the sales process. The subsequent resale vehicle proceeds are recognised in full as takeover revenue on the date of resale.

Vehicle revenue

Revenue from the sale of new and used vehicles, vehicle buying, outsourced remarketing and other contracts where the Group obtains control and takes legal title to certain vehicles based on contractual agreements, represents the vehicle sale proceeds obtained when the vehicle is sold and is recognised when the customer takes control, typically on the date of sale. For consumer retail customers, this is typically when the customer takes possession of the vehicle, or the vehicle is delivered. Where the Group provides outsourced remarketing services but does not obtain control, revenue represents the fees for the outsourced remarketing services provided and not the value of the vehicle sold. Transaction fees charged to customers are recognised on the purchase date and treated as a reduction in the cost of inventory and therefore in the cost of sales unless they are charged in connection with providing additional services.

Interest income

Interest and loan origination fees earned in provision of Partner Finance loans are recognised over the term of the funding and are included within revenue. Other fees charged by Partner Finance are recognised evenly over the period that the relevant service is provided.

Other revenue

Revenue for other services, including aftersales, logistics and automotive services, is recognised once the contracted service has been provided. For transportation or delivery services this is deemed to be when the customer has received the vehicle; for storage services this is deemed to be once an activity has been completed, such as receiving and parking a vehicle, and generally on a daily basis for storage charges; for vehicle repair and vehicle enhancement work this is deemed to be when work has been completed to a stage that can be invoiced to the customer; and for fleet services management this is deemed to be over the period the service is provided on a straight line basis. Income received in respect of warranty policies sold and administered by the Group is recognised over the period during which a customer can exercise their rights under the warranty; as such, revenue is recognised over the period of the policy on a straight line basis.

Contract liabilities

Where the Group receives an amount of consideration in advance of completion of performance obligations under a contract with a customer, such as service packages, the value of the advance consideration is initially recognised as a contract liability in liabilities. Revenue is subsequently recognised as the performance obligations are completed over the period of the contract. Contract liabilities are presented as accruals and other payables within trade and other payables in the consolidated balance sheet and disclosed in note 15.

NOTES TO THE FINANCIAL STATEMENTS *continued*

4. ACCOUNTING POLICIES *continued*

(a) Revenue *continued*

Finance commission

Consumers purchasing vehicles may enter into a contract with the Group's financing partners, for which the Group receives a commission from the financing partner. This commission revenue is recognised on the date of delivery to the customer, net of a reserve for estimated finance contract cancellations which is calculated based on historical data.

Contract costs

The Group applies the practical expedient in paragraph 94 of IFRS 15 and recognises the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is one year or less.

Transaction price allocation to remaining performance obligations

The Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have an original expected duration of one year or less.

(b) Supplier income

The Group receives income from brand partners and other suppliers based on specific agreements in place. These are generally based on achieving certain objectives such as specific sales volumes and maintaining agreed operational standards. This supplier income received is recognised as a deduction from cost of sales at the point when it is reasonably certain that the targets have been achieved for the relevant period and when income can be measured reliably based on the terms of each relevant supplier agreement.

Supplier income that has been earned but not invoiced at the balance sheet date is recognised in other receivables and primarily relates to volume-based incentives occurring to the period end.

(c) Advertising and marketing costs

The Group carries out a variety of advertising and marketing activities. These include advertising activities which directly correlate to the number of vehicles that are acquired by the Group through the vehicle buying business and for subsequent sale through the Group's auctions for which revenue is recognised. These direct advertising costs are therefore recognised as a cost of sale. Other indirect advertising, marketing and brand awareness costs are recognised within operating costs.

The cost of advertising design is expensed as incurred and the expense of advertising campaigns is expensed in the income statement in the period in which the advertising space or air time is utilised.

(d) Net finance costs

Finance costs

Finance costs comprise interest payable on borrowings, direct transaction costs, stock financing charges, unwinding of the discount on provisions and lease liabilities, interest on loans with related parties, net interest expense on retirement benefit obligations and foreign exchange losses on finance balances. Transaction costs and original issue discount are amortised over the expected life of the debt using the effective interest method.

Finance income

Finance income comprises interest receivable on funds invested, interest on loans with related parties, net interest income on retirement benefit obligations and foreign exchange gains on finance balances. Interest income is recognised in the income statement as it accrues using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS *continued*

4. ACCOUNTING POLICIES *continued*

(e) Income tax

Income tax for the period presented comprises current and deferred tax. Tax is recognised in the income statement, except to the extent it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or directly in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to taxes payable in respect of prior periods. Current tax assets and liabilities are offset only if certain criteria are met.

Provisions for uncertain tax positions are recognised when the Group has a present obligation as a result of a past event and management judge that it is probable that there will be a future outflow of economic benefits to settle the obligation. Uncertain tax positions are assessed and measured on an issue by issue basis within the jurisdictions that the Group operates, and are measured as appropriate on an expected value or most likely outcome method, in line with the interpretation issued in IFRIC 23.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of other assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they are unlikely to reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner and timing of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. No deferred tax liability is provided in respect of any future remittance of earnings of foreign subsidiaries where the group is able to control the remittance of earnings and it is probable that such earnings will not be remitted in the foreseeable future, or where no liability would arise on remittance.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less. Bank overdrafts form an integral part of the Group's cash management and are included as a component of cash and cash equivalents for the purpose of the cash flow statement. Overdrafts that do not meet the criteria for offsetting are presented as current liabilities in the consolidated balance sheet.

(g) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS *continued*

4. ACCOUNTING POLICIES *continued*

(h) Inventories

Inventories primarily represent vehicles acquired by the Group that have not yet been sold and where the Group has the risk and reward of ownership of such vehicles. Other inventories include vehicle parts. All inventories are stated at the lower of cost and net realisable value. Cost includes the original purchase and subsequent expenses incurred in bringing each product to its present location and condition. Where vehicles are subject to cosmetic or mechanical refurbishment, this may include capitalised costs such as vehicle parts, labour costs and associated overheads. In the vehicle buying business the vehicle cost is net of any administration fees paid to the Group by the seller of the vehicle. Net realisable value is based on estimated normal selling price, less further costs expected to be incurred on completion of the sale and disposal.

Inventories held on consignment are recognised when the terms of a consignment agreement and industry practice indicate that the risk and reward of ownership of vehicles rest with the Group.

The Group finances the purchase of some new and used vehicle inventories using vehicle stocking facilities provided by various lenders including the captive finance companies associated with certain brand partners. These arrangements generally have a maturity of 90 days or less. The Group is normally required to repay amounts outstanding on the earlier of the sale of the vehicle or the stated maturity date. Amounts due to finance companies are included within trade payables and disclosed under vehicle stocking arrangements.

The Group repurchases certain vehicles based on contracts with customers at predetermined values and dates. The Group recognises these vehicles within inventory, valued at the lower of the repurchase price or net realisable value. The associated liability is recognised within other payables at the contracted repurchase price.

(i) Financial assets

Initial recognition and measurement

Financial assets are classified at initial recognition, and subsequently measured at amortised cost or at fair value through profit or loss.

The classification of a financial asset at initial recognition depends on the characteristics of the financial asset and the Group's business model for managing it. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus transaction costs. In the case of a financial asset held at fair value through profit or loss, transaction costs are expensed as incurred.

Subsequent measurement – financial assets at amortised cost

These assets include loans and receivables that are non-derivative financial assets with fixed or determinable payments that arise principally through the provision of goods or services to customers. These loans and receivables do not contain a significant financing component and are initially recognised at the transaction price. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. Loans and receivables comprise trade and other receivables.

Impairment of financial assets

Impairment provisions are recognised under the expected credit loss model on initial recognition of the receivable. The expected credit loss model is calculated using the simplified approach as there is no significant financing component. This approach requires expected lifetime losses to be recognised using an expected default rate that is based on historical experience as well as relevant forward-looking considerations.

For receivables, which are reported net of any provisions, such provisions are recorded in a separate provision account with the loss being recognised within operating costs in the income statement. On confirmation that the receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

NOTES TO THE FINANCIAL STATEMENTS *continued*

4. ACCOUNTING POLICIES *continued*

(i) Financial assets *continued*

Subsequent measurement – financial assets held at fair value through profit or loss

Financial assets held at fair value through profit or loss are carried in the statement of financial position at fair value with movements in fair value recognised in the income statement.

This category includes listed and unlisted equity investments which the Group does not irrevocably elect to classify at fair value through other comprehensive income. Listed investments are valued with reference to a quoted price on an active market. Unlisted equity investments are valued with reference to valuation techniques because the shares are not listed. Dividends on listed and unlisted equity investments are recognised as other income in the income statement when the right of payment has been established.

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred.

(j) Trade and other payables

Trade and other payables are initially stated at fair value and subsequently measured at amortised cost using the effective interest method.

(k) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be measured reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability. The increase in the provision due to the passage of time is recognised in finance costs.

Dilapidations

Provisions for dilapidations are made in respect of property leases on a lease by lease basis and are based on the Group's best estimate of the likely committed cash outflow. Where relevant, these estimated outflows are discounted to net present value.

(l) Business combinations

Business combinations not subject to common control

The Group applies the acquisition method to account for business combinations that are not subject to common control. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree, and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition by acquisition basis at the fair value of the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. Acquisition costs are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS *continued*

4. ACCOUNTING POLICIES *continued*

(l) Business combinations *continued*

Business combinations subject to common control

Business combinations between entities under common control, which do not fall within the scope of IFRS 3, are accounted for using either the acquisition method or the predecessor method, depending on the most appropriate method based on the facts and circumstances of the business combination. Under the predecessor method of accounting, assets and liabilities are consolidated based on their carrying values in the acquired entity from the consolidated accounts of the highest entity that has common control, or from the accounts of the acquired entity if consolidated accounts are not available. These amounts include any goodwill and other fair value adjustments recorded at the consolidated level in respect of the acquired entity. Any difference between the consideration given and the aggregate value of the assets and liabilities of the acquired entity at the date of the transaction is included in equity as a separate reserve, called merger reserve. The financial statements incorporate the results of the acquired entity prospectively from the date on which the transaction occurred. Accordingly, no comparative financial information is reported.

(m) Impairment of non-financial assets

Goodwill has an indefinite useful life and is not subject to amortisation. As a result, it is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Other assets that are subject to amortisation 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 of disposal and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows ('cash generating units'), which are largely independent of the cash inflows from other assets or groups of assets. Non-financial assets other than goodwill that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(n) Intangible assets

Intangible assets comprise internally generated software, acquired computer software, and intangible assets such as customer relationships and brands arising as part of the assessment of assets on the acquisition of a business. These are carried at cost less accumulated amortisation and any recognised impairment loss.

Costs relating to the development of computer software for internal use are capitalised once all the development phase recognition criteria of IAS 38 are met. Costs incurred before this point are expensed as incurred and are not recognised as an asset in a subsequent period. The assessment identifies unique software products that are controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year. Salary and related employment costs that are directly attributable to the development of the software are then capitalised. When the software is available for its intended use, these costs are amortised in equal annual amounts over the estimated useful life of the software.

Amortisation and impairment are charged to operating costs in the period in which they arise. Amortisation is calculated on a straight line basis from the date on which the assets are brought into use, with useful lives as indicated below:

Customer relationships	12 – 20 years
Franchise agreements	5 – 10 years
Brands	15 – 25 years
Software – Internally generated	3 – 10 years
Software – Acquired	3 – 7 years, or the licence term if shorter

Assets acquired through business combinations are amortised over the remaining useful life at acquisition.

Amortisation periods and methods are reviewed annually and adjusted if appropriate. For the Group's impairment policy on non-financial assets see (m) Impairment of non-financial assets.

NOTES TO THE FINANCIAL STATEMENTS *continued*

4. ACCOUNTING POLICIES *continued*

(o) Goodwill

Goodwill arises on the acquisition of subsidiaries and is recognised initially as the excess of the consideration transferred in excess of the Group's interest in fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree. Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash generating units, which are no higher than an operating segment prior to aggregation, and is not amortised but is tested annually for impairment.

An impairment charge is recognised in the income statement for any amount by which the carrying value of goodwill exceeds its recoverable amount. Goodwill that is not denominated in Sterling is retranslated at each balance sheet date.

(p) Property, plant and equipment and right of use assets

Owned assets

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items of property, plant and equipment. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and when the cost of the item can be measured reliably.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

Leased assets

The right of use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right of use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right of use asset reflects that the Group expects to exercise a purchase option, the related right of use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Assets under construction

The costs of assets that are being constructed are capitalised as described in the Owned assets paragraph above. Assets under construction are not depreciated until the asset is deemed to be available for use. For the asset to be available for use it has to be in the location and condition necessary for it to be capable of operating in the intended manner. Once the asset is available for use it is no longer classified as an asset under construction and is depreciated at the applicable rate.

Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Freehold land and assets under construction are not depreciated. The rates of depreciation are as follows:

Buildings	50 years or the unexpired lease term if shorter
Fixtures, fittings and equipment	2 – 10 years
Plant, machinery and motor vehicles	3 – 25 years

Assets acquired through business combinations are depreciated over the remaining useful life at acquisition. The residual values and useful lives are reviewed and adjusted if appropriate, at each balance sheet date. For the Group's impairment policy on non-financial assets see (m) Impairment of non-financial assets.

NOTES TO THE FINANCIAL STATEMENTS *continued*

4. ACCOUNTING POLICIES *continued*

(q) Non-current assets held for sale, disposal groups and discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative income statement and statement of other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount under 'Result for the period from discontinued operations' in the consolidated income statement.

(r) Leases

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of a contract. The Group recognises a right of use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is presented as a separate line in the consolidated statement of financial position and is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right of use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of an option to purchase, extend or terminate the lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the change in lease payments is due to a change in a floating interest rate, in which case a revised discount rate is used).
- the lease payments substantially change or other rent concessions are agreed with the lessor during the lease term.
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

NOTES TO THE FINANCIAL STATEMENTS *continued*

4. ACCOUNTING POLICIES *continued*

(r) Leases *continued*

The Group as a lessee continued

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. The Group has elected to not apply IFRS 16 to leases of intangible assets.

Sale and leaseback arrangements

The Group enters into sale and leaseback agreements with respect to some transporters and properties. When the performance obligation has been satisfied in accordance with IFRS 15, the transfer of the asset is accounted for as a sale and the asset is derecognised from property, plant and equipment. The Group subsequently recognises a right of use asset and associated lease liability in accordance with (r) Leases *The Group as a lessee*. In limited circumstances where a gain or loss is recognised on sale, this is recognised as a reduction to the right of use asset to the extent that the gain or loss relates to contractual rights retained by the Group, and otherwise is recognised in the consolidated income statement.

The Group as a lessor

The Group enters into lease agreements as a lessor with respect to some of its properties. These are classified as operating leases unless the terms of the lease substantially transfer all the risks and rewards of ownership to the lessee.

Where the Group is an intermediate lessor, the head lease and sublease are accounted for separately.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

(s) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs and original issue discounts incurred. Borrowings are subsequently carried at amortised cost using the effective interest method.

Fees paid on the establishment of debt facilities are recognised as transaction costs of the debt to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. Fees and discounts are amortised using the effective interest rate method based on the expected future cash flows. The impact of changes in expected cash flows are recognised as a profit or loss within finance costs in the period in which the expectation of future flows changes.

Movements in borrowings in respect of drawings and repayments on the revolving credit facility are presented on a net basis in the cash flow statement as the amounts are large and the maturities are short. In the prior year, the drawings and repayments on the revolving credit facility were shown on a gross basis (year ended 2 April 2023: proceeds from borrowings of £315.0m and repayment of borrowings of £320.0m). The net presentation provides a more relevant reflection of the aggregate facility usage given the range of value and maturity of drawing available on the facility. For further detail on the movements in borrowings refer to note 26.

(t) Share capital

Ordinary shares are classified as equity.

NOTES TO THE FINANCIAL STATEMENTS *continued*

4. ACCOUNTING POLICIES *continued*

(u) Employee benefits

Pension obligations

The Group operates defined contribution and defined benefit plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group 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. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The defined benefit plans operated by the Group in the United Kingdom are closed to new members. The costs of providing benefits under the plans are determined using the projected unit credit actuarial valuation method.

The current service cost is included in operating costs in the consolidated income statement. Past service costs are similarly included where the benefits have vested, otherwise they are amortised on a straight line basis over the vesting period. Administrative scheme expenses associated with the plans are recorded within operating costs when incurred in line with IAS 19. Net interest income or interest cost relating to the funded defined benefit pension plans is included within finance income or finance costs as relevant in the consolidated income statement.

Changes to the retirement benefit obligation or asset due to experience and changes in actuarial assumptions are included in the consolidated statement of comprehensive income, presented as remeasurements of the defined benefit scheme in full in the period in which they arise.

Where scheme assets exceed the defined benefit obligation the net asset is only recognised to the extent that an economic benefit is available to the Group in accordance with the terms of the scheme and where consistent with relevant statutory requirements.

(v) Share based payments

The Group operates equity-settled, share based plans. The expense recognised represents the difference between the fair value of the awards granted and the consideration invested by the recipients. The fair value of the awards granted is determined by independent valuations.

The cost of equity-settled transactions are recognised with a corresponding entry in retained earnings over the period during which the relevant employees are expected to become fully entitled to the award (vesting date).

NOTES TO THE FINANCIAL STATEMENTS *continued*

5. CRITICAL JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements under IFRSs requires the Directors and management to establish accounting policies which involve judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the associated disclosures including any contingent assets and liabilities.

Accounting policies are reviewed annually for appropriateness. Estimates and judgements are evaluated continually and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates, with any changes arising being recognised in the period in which the change in estimate is made or the final result determined. Existing judgements, where applicable, are contained within the accounting policies.

Details of the critical accounting estimates with a risk of material adjustment within the next financial year and critical accounting judgements made by management in applying accounting policies can be found in the following notes:

Page			Estimate	Judgement
93	Note 11	Taxation	✓	
97	Note 13	Inventories	✓	
98	Note 14	Trade and other receivables		✓
105	Note 20	Intangible assets	✓	
111	Note 25	Pensions and other post-retirement benefits	✓	

RESULTS FOR THE YEAR

The following pages provide information about the financial performance for the period on a segmental and Group basis.

A detailed narrative regarding Group and divisional performance has been provided in the Group operating review section on pages 8 to 21. The key performance indicators and adjusted EBITDA are presented and defined in note 6. These are considered key performance indicators because management use these measures to assess long and short term performance of the Group on a periodic basis against the Group's strategy.

This section also provides details of the primary operating and finance costs, as well as providing analysis on employee related information and taxation.

6. SEGMENTAL REPORTING

Non-GAAP measures

Key Financial Performance Indicator – adjusted EBITDA

Management uses an adjusted profit measure to monitor the ongoing profitability of the Group, which is defined as Earnings before interest, taxation, depreciation and amortisation ('EBITDA') adjusted for significant or non-recurring ('SONR') items. The Directors primarily use adjusted EBITDA as a measure of the Group's success in delivering its near term strategy and when making decisions about the Group's activities as it is the most reliable and relevant profit measure across all segments.

The SONR items that are excluded from EBITDA to calculate adjusted EBITDA are as follows:

- Income and expenses that are significant or non-recurring or non-trading in nature, including business closure costs, restructuring costs, refinancing costs and share based payment related charges;
- Impairment charges and accelerated depreciation and amortisation on property, plant and equipment, right of use assets, intangibles and goodwill;
- Amortisation of intangible assets arising on acquisition;
- Fair value gains and losses on financial assets measured at fair value through profit or loss;
- Acquisition expenses and gains and losses on business combinations, disposals and changes in ownership.

Amortisation of intangible assets arising on acquisition are excluded because they reflect the nature of the acquisition accounting and are not reflective of underlying business performance. Share based payment related charges are excluded as the initial implementation and ongoing costs are significant or non-recurring and are not reflective of underlying business performance. As this is a non-GAAP measure, adjusted EBITDA measures used by other entities may not be calculated in the same way and hence may not be directly comparable.

All non-GAAP measures are reconciled back to statutory equivalents. They are provided with the clear intention to aid understanding of performance.

Management has determined the operating segments based on the operating reports reviewed by the chief operating decision maker ('CODM'), that are used to assess performance, make strategic decisions and allocate resources. Management has identified the CAHL Board is the CODM. For further detail on the CAHL Board, please refer to the Governance section.

The CAHL Board consider the business to be split into the two main revenue-generating segments: Constellation Group and Marshall Motor Group. These have been reconciled to total Group results. Transactions between segments are based on prices which are similar to transactions with third parties.

The Group's CODM regularly reviews the segment information related to its share of revenue and adjusted EBITDA to assess performance. Information on segment assets and liabilities is not regularly reported to the chief CODM and is therefore not disclosed.

RESULTS FOR THE YEAR *continued*

6. SEGMENTAL REPORTING *continued*

	2024			Total £m
	Constellation Group £m	Marshall Motor Group £m	Other – Group £m	
Revenue				
Total revenue	5,787.7	3,671.4	-	9,459.1
Inter-segment revenue	(122.0)	-	-	(122.0)
Total revenue from external customers	5,665.7	3,671.4	-	9,337.1
Sale of goods	4,612.7	3,464.6	-	8,077.3
Rendering of services	1,024.3	206.8	-	1,231.1
Interest	28.7	-	-	28.7
Total revenue from external customers	5,665.7	3,671.4	-	9,337.1
Adjusted EBITDA	246.8	81.6	(0.6)	327.8
Depreciation and other amortisation	(84.4)	(32.0)	-	(116.4)
Significant or non-recurring items:				
Amortisation of acquired intangibles	(72.8)	(16.6)	-	(89.4)
Goodwill impairment	(58.3)	-	-	(58.3)
Restructuring income/(costs)	23.6	6.1	(2.3)	27.4
Profit on property sale and leaseback	1.4	-	-	1.4
Movements on financial assets held at fair value	-	-	36.1	36.1
Impairment of intangible assets and related costs	(2.6)	-	-	(2.6)
Dividends from financial assets	-	-	0.7	0.7
Share based payment related charges	(0.7)	-	-	(0.7)
Transaction costs	-	-	(0.5)	(0.5)
Operating profit from continuing operations	53.0	39.1	33.4	125.5
Finance income				16.6
Finance costs				(217.6)
Share of profit of equity-accounted investments				1.1
Loss before income tax from continuing operations				(74.4)

Revenue with external customers in the UK and Ireland represents £8.7bn, with the other £0.6bn being generated within Europe. Revenue by type is shown above.

Included within restructuring income/(costs) for the year ended 31 March 2024 is £16.4m relating to gains on property disposals and a £11.6m gain relating to the restructuring of the lease portfolio and the partial sublet of a lease that was onerous on transition to IFRS 16. During the year, the Group disposed of the trade and assets of various dealerships held by the Group, generating an overall gain of £10.9m.

These were offset by costs of £8.2m relating to a series of restructuring programmes, and £3.3m relating primarily to scalable system enhancements and a cloud migration project.

RESULTS FOR THE YEAR *continued*

6. SEGMENTAL REPORTING *continued*

	2023			Total £m
	Constellation Group £m	Marshall Motor Group £m	Other – Group £m	
Revenue				
Total revenue	7,022.1	3,348.2	-	10,370.3
Inter-segment revenue	(635.9)	(51.1)	-	(687.0)
Total revenue from external customers	6,386.2	3,297.1	-	9,683.3
Sale of goods	5,534.5	3,125.4	-	8,659.9
Rendering of services	827.9	171.7	-	999.6
Interest	23.8	-	-	23.8
Total revenue from external customers	6,386.2	3,297.1	-	9,683.3
Adjusted EBITDA	212.9	76.4	-	289.3
Depreciation and other amortisation	(85.3)	(31.5)	-	(116.8)
Significant or non-recurring items:				
Amortisation of acquired intangibles	(72.9)	(14.2)	-	(87.1)
Restructuring costs	(20.0)	(1.1)	-	(21.1)
Movements on financial assets held at fair value	-	-	(8.8)	(8.8)
Impairment of intangible assets and related costs	(6.2)	-	-	(6.2)
Dividends from financial assets	-	-	2.8	2.8
Share based payment related charges	(2.2)	-	-	(2.2)
Transaction costs	-	-	(1.0)	(1.0)
Operating profit/loss from continuing operations	26.3	29.6	(7.0)	48.9
Finance income				0.7
Finance costs				(184.7)
Share of loss of equity-accounted investments				(0.2)
Loss before income tax from continuing operations				(135.3)

Group revenue with external customers in the UK and Ireland represents £8.8bn, with the other £0.9bn being generated within Europe. Revenue by type is shown above.

Restructuring costs of £21.1m included the impairment of right of use assets totalling £11.8m in the Constellation Group as non-core auction sites were closed in the year ended 2 April 2023. Restructuring costs also included costs predominantly related to site closures as Retail Ready capacity requirements were reduced in Constellation Group.

RESULTS FOR THE YEAR *continued*

7. OPERATING COSTS

	2024	2023
	£m	£m
Personnel costs	467.0	443.7
Short term, low value and variable lease expense	9.8	9.7
Non-recurring impairment of intangible assets and related costs	2.6	6.2
Income from sub-leasing long term assets	(0.7)	(0.3)
Depreciation of property, plant and equipment and right of use assets	82.9	84.5
Profit on sale of property, plant and equipment	(20.4)	(1.1)
Profit on sale of intangible assets	(0.4)	-
Goodwill impairment	58.3	-
Amortisation of intangible assets	99.8	96.8
Restructuring (income)/costs	(10.2)	21.1
Other operating costs	177.2	177.2
Operating costs	865.9	837.8

In addition to the amount stated above, £23.1m (year ended 2 April 2023: £19.6m) of depreciation on property, plant and equipment and right of use assets was charged to cost of sales. Profit on sale of property, plant and equipment for the year ended 31 March 2024 of £20.4m includes non-recurring profits of £17.2m (year ended 2 April 2023: £0.7m) included within 'Restructuring income/(costs)' in note 6 and a £1.4m gain (year ended 2 April 2023: £nil) on a sale and leaseback which is presented separately in note 6.

8. EMPLOYEES

Staff costs for the Group during the year:

	Note	2024	2023
		£m	£m
Wages and salaries		594.3	534.6
Pension costs		14.7	15.0
Social security costs		65.5	64.1
Share based payment expense	27	0.7	2.2
Gross employment costs		675.2	615.9
Staff costs capitalised		(2.4)	(2.7)
Employment cost expense		672.8	613.2

Average monthly number of people employed (including Executive Directors) by reportable segment:

	2024	2023
	Number	Number
Constellation Group	10,106	9,768
Marshall Motor Group	5,004	4,690
Total employee numbers	15,110	14,458

There were no discontinued operations in the current year. The table above excludes employees from discontinued operations in the comparative period.

Retirement benefits

The Group offers membership of defined contribution schemes in the UK and Europe. The pensions cost in the year ended 31 March 2024 was £15.2m (year ended 2 April 2023: £14.3m).

In addition, the Group operates the BCA Pension Plan and the Automotive Pension Plan. The BCA Pension Plan and the Automotive Pension Plan are defined benefit schemes closed to new members. Further information is set out in note 25.

RESULTS FOR THE YEAR *continued*

9. NET FINANCE COSTS

	Note	2024 £m	2023 £m
Interest payable		161.3	131.0
Interest expense on lease liabilities		35.2	33.8
Vehicle stocking arrangements interest		21.1	7.2
Net foreign exchange expense		-	12.7
Finance costs		217.6	184.7

		2024 £m	2023 £m
Interest income		8.8	0.6
Net foreign exchange income		7.4	-
Net interest income on retirement benefit obligations	25	0.4	0.1
Finance income		16.6	0.7

Foreign exchange mainly arises on revaluation of cash and cash equivalents and borrowings, which can be seen in note 26.

10. AUDITORS' REMUNERATION

During the year, the Group (including its overseas subsidiaries) obtained the following services from the Group auditors with fees as detailed below:

	2024 £m	2023 £m
Fees payable to the Group auditors and its associates for the audit of:		
– The Parent Company and consolidated financial statements	0.2	0.1
– Group subsidiaries	2.4	2.0
Total auditors' remuneration	2.6	2.1

Included in fees payable to the Group auditors and its associates for the audit of the Parent Company and consolidated financial statements is £15k (year ended 2 April 2023: £15k) relating to the audit of the Company's financial statements.

RESULTS FOR THE YEAR *continued*

11. TAXATION

	2024	2023
	£m	£m
Current taxation		
Current tax on loss for the period on continuing operations	21.7	13.3
Current tax on loss for the period on discontinued operations	-	(12.4)
Adjustments in respect of prior periods on continuing operations	(2.4)	(9.8)
Adjustments in respect of prior periods on discontinued operations	-	(0.4)
Total current tax charge/(credit)	19.3	(9.3)
Deferred taxation		
Origination and reversal of temporary differences on continuing operations	(47.6)	(34.3)
Origination and reversal of temporary differences on discontinued operations	-	(2.5)
Adjustments in respect of prior periods on continuing operations	1.6	1.3
Adjustments in respect of prior periods on discontinued operations	-	0.7
Changes in recognition of deferred tax on continuing operations	2.8	(5.9)
Changes in recognition of deferred tax on discontinued operations	-	(0.5)
Total deferred tax credit	(43.2)	(41.2)
Income tax credit	(23.9)	(50.5)
Attributable to:		
Continuing operations	(23.9)	(35.4)
Discontinued operations	-	(15.1)
	(23.9)	(50.5)

Critical accounting estimates – taxation

Accruals for current tax and amounts payable under local indirect taxes such as sales taxes and VAT are based on management's interpretation of country specific tax law, and requires estimation of the likely tax positions that will be sustained. Management estimates the amount of taxes payable based upon this analysis and determines whether provision should be made for potential settlement of disputed positions which are under negotiation. Any estimated exposure to interest on tax liabilities is provided for in the related tax amount.

On 20 June 2023, the UK government enacted the Pillar Two income taxes legislation effective for annual reporting periods beginning on or after 1 January 2024. Under the legislation, the parent company will be required to pay top-up tax in the UK on profits of its subsidiaries that are taxed at an effective tax rate of less than 15%.

The Group has applied the temporary exception issued by the IASB in May 2023 from the accounting requirements for deferred taxes in IAS 12. Accordingly, the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

The Group has performed the necessary analysis in preparation of complying with the Pillar Two model rules for the year ending 30 March 2025. The Group does not expect the impact of the Pillar Two income taxes legislation on its future financial performance to be material.

RESULTS FOR THE YEAR *continued*

11. TAXATION *continued*

Income tax reconciliation

The tax credit for the period differs from the standard rate of corporation tax in the UK of 25.0% (year ended 2 April 2023: 19.0%). The differences are explained below:

	2024 £m	2023 £m
Loss before income tax from continuing operations	(74.4)	(135.3)
Loss before income tax from discontinued operations (inclusive of gain on sale)	-	(120.4)
	(74.4)	(255.7)
Loss on ordinary activities multiplied by the rate of corporation tax in the UK of 25.0% (year ended 2 April 2023: 19.0%)	(18.6)	(48.6)
Effects of:		
Net expenses not deductible for tax purposes on continuing operations	11.6	4.8
Net expenses not deductible for tax purposes on discontinued operations	-	0.2
Loss on property disposals	(0.4)	-
Changes in recognition of deferred tax on continuing operations	2.8	(5.2)
Changes in recognition of deferred tax on discontinued operations	-	7.3
Effect of different tax rates on profits earned outside the UK from continuing operations	(0.4)	(0.2)
Group relief adjustment in respect of current period on continuing operations	(18.1)	(0.6)
Group relief adjustment in respect of prior periods on continuing operations	-	(9.8)
Other adjustments in respect of prior periods on continuing operations	(0.8)	1.3
Other adjustments in respect of prior periods on discontinued operations	-	0.3
Income tax credit	(23.9)	(50.5)

The Group has operations across Europe, however, the principal location of trading where the majority of business profits are derived is the UK. The effective tax rate has therefore been referenced to the UK corporation tax rate of 25.0% for the current year and 19.0% for the prior year.

Effective tax rate

The effective tax rate on the loss before tax on the continuing operations for the period of 32.1% is higher than the standard rate of corporation tax in the UK principally as a result of the following differences:

- Current year adjustment for group relief purchased for lower payment than 25.0% applied to losses surrendered; and
- Non-deductible exceptional goodwill impairment in the period.

RESULTS FOR THE YEAR *continued*

11. TAXATION *continued*

Significant ongoing changes in the international tax environment and an increase in global tax audit activity means the Group is routinely subject to audit by tax authorities in the territories in which it operates. Where points are investigated, the Group considers each issue on its merits and, where appropriate, holds a provision in respect of the potential tax liability which may arise. Provisions for uncertain tax positions are recognised when the Group has a present obligation as a result of a past event and management judge that it is probable that there will be a future outflow of economic benefits to settle the obligation. Uncertain tax positions are assessed and measured on an issue by issue basis within the jurisdictions that the Group operates, and are measured as appropriate on an expected value or most likely outcome method, in line with the interpretation issued in IFRIC 23. There are no provisions that are individually or collectively material.

Deferred taxation

Critical accounting estimates – deferred tax

Deferred tax assets and liabilities represent management's best estimate in determining the amounts to be recognised. When assessing the extent to which deferred tax assets should be recognised, consideration is given to the timing and level of future taxable income.

Deferred tax positions are sensitive to the level of actual taxable income that is recognised in the future compared to the taxable income that is expected to be achieved when the deferred tax positions are recognised. These positions are based on the Group's forecasts, which are sensitised in note 20. Deferred tax positions may be subject to a range of outcomes based on the available taxable positions in the Group.

	Property, plant and equipment £m	Lease liabilities £m	Pension surplus £m	Losses carried forward £m	Interest restricted under CIR £m	Intangible assets £m	Fair value adjustments on PPE £m	Roll over relief £m	Other £m	Total £m
As at 3 April 2022	(0.4)	6.1	(0.2)	1.4	31.5	(222.3)	(3.2)	-	1.9	(185.2)
Acquired through business combinations	(0.3)	(0.8)	-	0.3	-	(37.3)	(39.0)	(1.7)	0.3	(78.5)
Disposal of business (Charged)/credited to:	0.7	-	-	(0.6)	(0.5)	-	-	-	(0.1)	(0.5)
Income statement	(2.7)	1.8	(0.3)	0.7	17.7	17.4	3.6	-	0.7	38.9
Other comprehensive income	-	-	(1.2)	-	-	(1.3)	-	-	-	(2.5)
As at 2 April 2023	(2.7)	7.1	(1.7)	1.8	48.7	(243.5)	(38.6)	(1.7)	2.8	(227.8)
Assets	-	0.4	-	-	-	-	-	-	-	0.4
Liabilities	(2.7)	6.7	(1.7)	1.8	48.7	(243.5)	(38.6)	(1.7)	2.8	(228.2)
As at 2 April 2023	(2.7)	7.1	(1.7)	1.8	48.7	(243.5)	(38.6)	(1.7)	2.8	(227.8)
(Charged)/credited to:										
Income statement	(1.0)	-	(0.5)	1.0	17.6	23.3	3.5	-	(0.7)	43.2
Other comprehensive income	-	-	(0.9)	-	-	0.9	-	-	-	-
As at 31 March 2024	(3.7)	7.1	(3.1)	2.8	66.3	(219.3)	(35.1)	(1.7)	2.1	(184.6)
Assets	-	1.1	-	-	-	-	-	-	-	1.1
Liabilities	(3.7)	6.0	(3.1)	2.8	66.3	(219.3)	(35.1)	(1.7)	2.1	(185.7)
As at 31 March 2024	(3.7)	7.1	(3.1)	2.8	66.3	(219.3)	(35.1)	(1.7)	2.1	(184.6)

RESULTS FOR THE YEAR *continued*

11. TAXATION *continued*

Deferred taxation *continued*

Within the lease liabilities deferred tax category there is a net deferred tax liability of £0.1m (at 2 April 2023: £0.9m net deferred tax asset) relating to the Marshall Motor Group and a net deferred tax asset of £1.1m (at 2 April 2023: £0.4m) relating to the European entities in the Group, where the tax bases of the lease asset and lease liability are nil, and therefore give rise to deductible temporary differences in respect of the asset and liability. For the Marshall Motor Group, this balance consists of a deferred tax liability of £36.3m (at 2 April 2023: £39.0m) in respect of the right of use assets and a deferred tax asset of £36.2m (at 2 April 2023: £39.9m) in respect of the lease liabilities. For the European entities, this balance consists of a deferred tax asset of £9.1m (at 2 April 2023: £7.3m) in respect of the lease liabilities and a deferred tax liability of £8.0m (at 2 April 2023: £6.9m) in respect of the right of use assets.

A deferred tax asset has been recognised in respect of management expenses in the UK and trading losses in Belgium, Spain and Sweden due to the ability to utilise these losses in future periods. Tax losses in these jurisdictions do not have an expiry date.

A deferred tax asset has been recognised in respect of interest deductions restricted in the current period under the UK's corporate interest restriction (CIR) regulations to the extent that it offsets against deferred tax liabilities created in the accounting for business combinations and other relevant deferred tax liabilities. For the period ended 31 March 2024, there are insufficient deferred tax liabilities to support the accounting recovery of the full potential deferred tax asset for interest deductions restricted and therefore £5.3m (at 2 April 2023: £nil) of the deferred tax asset has not been recognised.

Deferred tax liabilities are offset where there is a legally enforceable right of offset and there is an intention to settle the balance on a net basis.

A net deferred tax liability of £165.0m (at 2 April 2023: £204.0m) is expected to be recovered or settled more than 12 months after the end of the reporting period.

Deferred tax on losses not recognised

At 31 March 2024 a deferred tax asset of £5.0m relating to gross tax losses of £18.9m has not been recognised (at 2 April 2023: £5.4m deferred tax asset). Due to the nature of the losses and resulting restrictions on their use it is not expected that the asset will reverse in future periods based on current forecasts.

Unrecognised deferred tax liabilities

No deferred tax liability is provided in respect of future remittance of earnings of foreign subsidiaries where the Group is able to control the remittance of earnings and it is probable that such earnings will not be remitted in the foreseeable future, or where no liability would arise on the remittance.

Relevant legislation largely exempts gains and overseas dividends remitted from corporation tax, with a potential liability more likely to arise in respect of withholding taxes levied by the overseas jurisdiction. Due to the location of the Group's subsidiaries and the double tax treaties that are in place, the aggregate amount of temporary differences in respect of unremitted earnings not recognised is nil.

WORKING CAPITAL AND PROVISIONS

This section details the assets and liabilities that are directly generated through the Group's trading activities. This includes cash and cash equivalents, inventories, trade and other receivables, trade and other payables and lease liabilities. It also includes provisions, commitments and contingencies.

Trade receivables include the gross auction proceeds due from buyers, regardless of whether the vehicle was owned by the Group. Gross auction proceeds represent the full value of the vehicles sold, not just the fees recognised in the income statement. Correspondingly, trade payables also include the auction proceeds due to external vendors of vehicles.

Inventories include vehicles only where the Group holds the risk and rewards of ownership, as detailed in accounting policy (h).

12. CASH AND CASH EQUIVALENTS

	2024 £m	2023 £m
Gross amount of recognised financial assets: Cash at bank and in hand	305.4	145.0
Gross amount of recognised financial liabilities: Bank overdrafts	(1.9)	-
Net cash and cash equivalents	303.5	145.0

Where the Group has a legal right of offset over specified bank accounts but does not intend to settle these balances on a net basis, cash and cash equivalents are presented gross of overdrafts at the balance sheet date.

13. INVENTORIES

Critical accounting estimates – inventories

Inventory is held at the lower of cost and net realisable value. Management are required to develop estimates of vehicle selling prices using a combination of historical sales data and independent market data.

In developing estimates of selling prices, management are required to make assumptions with respect to future market conditions. Estimates derived are sensitive to changes in these market conditions.

	2024 £m	2023 £m
Gross inventories	736.1	818.7
Inventory provision	(32.8)	(41.7)
Net inventories	703.3	777.0

Inventories recognised as an expense and charged to cost of sales for the year ended 31 March 2024 were £7.1bn (year ended 2 April 2023: £7.6bn). Write-down of inventories recognised as an expense where the value of inventory is irrecoverable in the year ended 31 March 2024 amounted to £0.4m (year ended 2 April 2023: £0.6m). At 31 March 2024 £478.9m (at 2 April 2023: £457.8m) of finished goods were held under vehicle financing arrangements.

The inventory provision at 31 March 2024 represents 4.5% of the gross inventory balance (at 2 April 2023: 5.2%). An increase in this ratio by 100 basis points at 31 March 2024 (at 2 April 2023: 100 basis points) represents a reasonably possible change and would increase the provision in the consolidated balance sheet by £7.3m (at 2 April 2023: £8.0m). Changes in vehicle values can occur at any time and typically arise from market conditions including changing macroeconomic factors, consumer confidence, regulatory changes, supply of new or used vehicles, or other factors. The Group has a wide range of vehicles of different ages, sold to different markets, with a range of expected churn, and as a result this estimated change in provision ratio may differ to the final value at which vehicles are disposed of. The total value of inventory held by the Group may fluctuate at any given point throughout the normal operating cycle, and the Group is subject to the risk of vehicle price changes based on the inventory held when price changes occur.

Marshall Motor Group repurchases certain vehicles based on contracts with customers at predetermined values and dates. Contracts allow the Group not to repurchase at inception if notice is provided, but it is common practise under the current process to do so. The Group recognises the right to repurchase these vehicles within inventory, valued at the lower of the repurchase price or net realisable value. The associated liability is recognised within Accruals and other payables at the contracted repurchase price. This is adjusted from the prior year where the inventory and the associated liability were shown on a net basis (year ended 2 April 2023: a change of £20.1m from inventory of £756.9m).

WORKING CAPITAL AND PROVISIONS *continued*

14. TRADE AND OTHER RECEIVABLES

	Note	2024 £m	2023 £m
Trade receivables not past due		468.0	440.7
Trade receivables past due		94.0	67.5
Loss allowance		(12.1)	(6.2)
Net trade receivables		549.9	502.0
Other receivables		95.9	86.8
Accrued income		37.7	25.7
Prepayments		34.7	34.9
Amounts due from related parties	28	21.7	71.5
Total current trade and other receivables		739.9	720.9

At 31 March 2024 £272.5m (at 2 April 2023: £248.3m) of trade receivables were due from customers under Partner Finance arrangements and are secured on vehicles held by those customers. Trade and other receivables are presented as current assets and there is no difference between the carrying amount and the fair value. Trade and other receivables are considered past due once they have passed their contracted due date. Balances are considered impaired based on the facts and circumstances relevant to the balance and customer, and are only written off when there is no reasonable expectation of recovery and when they are not subject to enforcement activity. For amounts receivable from accrued income, other receivables and amounts due from related parties, the expected credit loss allowance is immaterial. Movements on loss allowances for trade receivables are shown below:

	2024 £m	2023 £m
At start of year	(6.2)	(4.4)
Acquired through business combinations	-	(1.8)
Increase in loss allowance recognised during the period	(6.4)	(1.2)
Unused amounts reversed	0.5	1.2
At year end	(12.1)	(6.2)

Critical accounting judgements – trade and other receivables

Loss allowances for trade receivables due from customers under Partner Finance arrangements are recognised under the expected credit loss model on initial recognition of the receivable. Management use judgement to develop estimates of credit risk using the best available information about past events, current conditions and forecasts of economic conditions. Partner Finance receivables are asset backed, providing a level of protection based on the value and recovery of the asset. Management apply judgement in assessing whether there is a significant change in credit risk which would impact the expected credit loss allowance recognised.

The creation and release of loss allowances on trade receivables has been included in operating costs in the income statement. The ageing of receivables is as follows:

	2024 £m	2023 £m
Not past due and not impaired	468.0	440.7
Up to 30 days overdue and not impaired	62.3	42.7
Up to 30 days overdue and impaired	0.3	2.0
Past 30 days overdue and not impaired	19.8	16.6
Past 30 days overdue and impaired	11.6	6.2
Total trade receivables	562.0	508.2
Loss allowance	(12.1)	(6.2)
Net trade receivables	549.9	502.0

The Group has non-cancellable leases as the intermediate lessor of leases for properties. The terms of these leases vary. Future lease receivable balances for property under non-cancellable finance leases of £1.0m and £0.1m were presented as non-current Trade and other receivables and Other receivables respectively.

WORKING CAPITAL AND PROVISIONS *continued*

15. TRADE AND OTHER PAYABLES

	Note	2024 £m	2023 £m
Trade payables		512.0	444.7
Vehicle stocking arrangements		483.6	465.2
Social security and other taxes		51.4	65.3
Accruals and other payables		275.7	302.5
Amounts due to related parties	28	49.5	87.3
Total current trade and other payables		1,372.2	1,365.0

	2024 £m	2023 £m
Other payables	12.8	14.0
Total non-current other payables	12.8	14.0

Marshall Motor Group repurchases certain vehicles based on contracts with customers at predetermined values and dates. Contracts allow the Group not to repurchase at inception if notice is provided, but it is common practise under the current process to do so. The Group recognises the right to repurchase these vehicles within inventory, valued at the lower of the repurchase price or net realisable value. The associated liability is recognised within Accruals and other payables at the contracted repurchase price. This is adjusted from the prior year where the inventory and the associated liability were shown on a net basis (year ended 2 April 2023: a change of £20.1m from Accruals and other payables of £282.4m). An amount of £6.5m has been reclassified in the prior year trade payables to vehicle stocking arrangements.

Vehicle stocking arrangements

The Group finances the purchase of some new and used vehicle inventories using vehicle stocking facilities provided by various lenders including the captive finance companies associated with certain brand partners. These arrangements generally have a maturity of 90 days or less. The Group is normally required to repay amounts outstanding on the earlier of the sale of the vehicle or the stated maturity date.

Other payables

Other payables include commission income received in advance from the various finance and insurance companies for which the Group acts as agent and service packages received in advance from customers for which the Group acts as principal.

16. LEASE LIABILITIES

The Group leases various properties, plant, machinery, vehicles and other assets under lease agreements. The leases typically have varying terms between 3 and 20 years, including escalation clauses, renewal rights and purchase options. Some property leases include rent reviews with variable lease payments depending on an index or rate (typically inflation) or open market rent adjustments. A small number of property leases may contain extension or early termination options. None of these terms represent unusual arrangements.

	2024 £m	2023 £m
Current lease liabilities	58.3	59.4
Non-current lease liabilities	643.6	681.8
Total lease liabilities	701.9	741.2

At 31 March 2024, there were commitments to future undiscounted lease payments of £0.1m (at 2 April 2023: £nil) in respect of leases which had not yet commenced.

The total cash outflow for leases including short term leases, low value leases and variable payments for the year ended 31 March 2024 was £105.3m (year ended 2 April 2023: £107.1m).

Please refer to Note 7 for short term, low value and variable lease expense, Note 9 for lease liability interest and Note 21 for right of use asset disclosures.

WORKING CAPITAL AND PROVISIONS *continued*

17. PROVISIONS, COMMITMENTS AND CONTINGENCIES

Provisions

	2024	2023
	£m	£m
At start of year	15.8	2.3
Acquired through business combinations	-	7.5
Additional provisions	11.6	9.9
Utilisation of provision during the period	(4.8)	(3.1)
Released during the period	(3.7)	(0.8)
At year end	18.9	15.8

Analysis of maturity profile:

	2024	2023
	£m	£m
Current provisions	14.9	13.7
Non-current provisions	4.0	2.1
Total provisions	18.9	15.8

The balance primarily relates to dilapidation provisions, which were made in order to make good any defects within leasehold buildings used by the business. The residual balance relates predominantly to restructuring costs and onerous contracts.

Commitments

During the year, the Group entered into a number of contracts with various suppliers committing the Group to the purchase of property, plant and equipment and inventory. The Group expects to settle these contracts within the next twelve months. At 31 March 2024, the Group had total commitments of £35.5m (at 2 April 2023: £67.4m).

Contingencies

Bank loans and overdrafts

Certain Group subsidiaries have entered into an agreement over various bank loans, letters of credit and overdrafts of certain Group undertakings and has granted as security a fixed and floating charge over all their present and future assets.

Mortgage borrowings from commercial financial institutions are secured by fixed charges over specified property assets held by subsidiaries in Marshall Motor Group.

On 15 May 2024, the Marshall Motor Group revolving credit facility was extended to 30 September 2025. The facility is secured by cross guarantees granted by certain members of the Marshall Motor Group. The facility is subject to leverage and fixed charge cover covenants.

Other contingencies

At any point in time the Company and its subsidiaries may be party to various legal proceedings, some of which may involve claims for damages or disputes with customers, suppliers, employees or other contractors. A subsidiary of the Group, BCA Logistics Limited, is currently subject to tribunal proceedings with regards to the worker status of a group of individuals contracted to provide vehicle logistics services. The outcome of such proceedings cannot be readily foreseen. Based on current facts and circumstances, it is not reasonably possible to assess or measure whether it will result in a cash outflow for the Group.

LONG TERM ASSETS

This section outlines the acquisitions and capital transactions made by the Group in the period, as well as the tangible and intangible assets held by the Group.

Tangible assets include the physical assets which are used by the Group in the course of business which generate, or contribute to the generation of, revenue and profit. Tangible assets include the property, plant and equipment owned by the Group as well as right of use assets available to the Group through lease arrangements. These assets include property and property improvements used by our divisions, equipment used by our employees, and our fleet of transporters and other motor vehicles.

Intangible assets are non-physical assets which generate, or contribute to the generation of, revenue and profit. These assets include goodwill, customer relationships and brands, acquired through business combinations. This also includes software, which can be purchased, acquired through business combinations, or generated internally based on bespoke requirements and demands in the business. This includes a comprehensive suite of digital tools which are used by internal and external stakeholders to facilitate and coordinate our business activities.

18. ACQUISITIONS AND DISPOSALS

Acquisitions

On 31 August 2023, Marshall Motor Group acquired the trade and assets of two Honda dealerships in Blackburn and Clitheroe for £0.6m cash consideration, resulting in goodwill of £0.1m being recognised.

The Group made two acquisitions in the prior year. No final measurement period adjustments required to the provisional values disclosed in the Annual Report and Accounts 2024 relating to the acquisitions listed below.

Prior year acquisition – Marshall Motor Group

On 29 November 2021, the Group announced a cash offer to acquire the entire issued and to be issued share capital of Marshall Motor Holdings plc ('MMH'). On 11 May 2022, the offer was deemed unconditional, at which point control was obtained and Marshall formed part of the Group. MMH was delisted from AIM on 15 June 2022, reregistering as a private limited company on 26 July 2022.

The acquisition broadens the Groups offering for both consumers and business partners, developing omni-channel retail mixing the physical and digital journeys to give customers flexibility in how they interact.

The business combination is being accounted for under IFRS 3 Business Combinations, using the acquisition method of accounting, with the following table detailing the fair values of assets and liabilities as acquired:

	£m
Franchise agreements	144.6
Software	0.7
Customer related intangibles	3.1
Property, plant and equipment	236.6
Right of use assets	188.8
Non-current financial assets	1.2
Inventories	400.7
Trade Receivables	129.0
Cash and cash equivalents	41.4
Trade and other payables	(610.5)
Borrowings	(12.1)
Provisions	(6.7)
Lease liabilities	(181.4)
Tax liabilities	(2.8)
Net deferred tax liabilities	(77.4)
Total identifiable assets acquired	255.2
Goodwill	69.8
Fair value of consideration	325.0

LONG TERM ASSETS *continued*

18. ACQUISITIONS AND DISPOSALS *continued*

Prior year acquisition – Marshall Motor Group *continued*

Franchise agreements, representing contracts with OEM brand partners, have been valued using a multi-period excess earnings model, whereby the value is estimated based upon the present value of the operating cash flows generated by the identified assets over their respective useful lives, determined to be between 5–10 years.

Land and buildings, which is the most significant component of property, plant and equipment, has been valued using market value as defined by the Royal Institute of Chartered Surveyors, being the estimated amount for exchange in an arm's length transaction, upon valuation date. Inventory has been valued based on estimated sales value less cost of disposal. The Group recorded a fair value adjustment to increase the carrying value of finished goods on hand at the time of the acquisition by £12.7m. Customer related intangibles primarily relate to the order book as of the acquisition date for customer vehicle purchases that are expected to be fulfilled within 12 months after the acquisition date. These are being amortised over 1 year.

Goodwill of £69.8m has been recognised in connection with the acquisition, representing the excess of consideration transferred over the fair values of the net identifiable assets, attributable to new growth opportunities, workforce and synergies of the combined business operations, and it is not expected to be deductible for tax purposes.

If the acquisition of MMH had occurred on the first day of the period, Group revenues would have been £386.3m higher.

Following the acquisition, MMH acquired the trade and assets of a Jaguar Land Rover dealership in Leicester, with goodwill of £2.0m being recognised.

Prior year acquisition – ECM

On 19 July 2022, the Group acquired the entire issued share capital of Cold Fell Group Limited and its subsidiary E. C. M. (Vehicle Delivery Service) Limited (together referred to as 'ECM'), for cash consideration of £17.4m.

The acquisition brings with it a number of long-term OEM transport relationships, and significantly increases the bulk movement capacity of the Group.

The business combination is being accounted for under IFRS 3 Business Combinations, using the acquisition method of accounting, with the following table detailing the fair values of assets and liabilities as acquired:

	£m
Customer related intangibles	4.5
Right of use assets	20.7
Property, plant and equipment	2.3
Inventories	0.7
Trade and other receivables	10.7
Corporation tax asset	0.2
Cash and cash equivalents	0.6
Trade and other payables	(3.2)
Provisions	(0.8)
Lease liabilities	(20.3)
Net deferred tax liability	(1.1)
Total identifiable assets acquired	14.3
Goodwill	3.1
Fair value of consideration	17.4

Goodwill of £3.1m has been recognised in connection with the acquisition, representing the excess of consideration transferred over the fair values of the net identifiable assets, attributable to the workforce and synergies of the combined business operations, and it is not expected to be deductible for tax purposes.

ECM contributed £60.6m to Group revenues in the period. If the acquisition of ECM had occurred on the first day of the period, Group revenues would have been £24.6m higher.

LONG TERM ASSETS *continued*

18. ACQUISITIONS AND DISPOSALS *continued*

Business disposals

Disposals – current year

On 30 June 2023 the group disposed of the trade and assets of the Toyota and Lexus dealerships held by the group (19 in total) to Steven Eagell Limited, FRF (South Wales) Limited and Listers Group Limited for a total consideration of £54.8m.

On 8 December 2023 the group disposed of the trade and assets of the VW Tunbridge Wells dealership held by the group to JCB Medway Limited for a total consideration of £1.8m.

On 30 November 2023 the group disposed of the trade and asset of the Volvo Bishop Stortford dealership held by the group to Lookers Motor Group Limited and Bolling Investments Limited for a total consideration of £0.3m.

	Toyota and Lexus	VW Tunbridge Wells	Volvo Bishop Stortford	Total
	£m	£m	£m	£m
Goodwill & intangible assets	9.1	0.7	0.1	9.9
Property, plant and equipment	17.2	0.1	0.1	17.4
Inventories	17.4	0.7	0.1	18.2
Total	43.7	1.5	0.3	45.5
Consideration	54.8	1.8	0.3	56.9
Carrying amount of net assets sold	(43.7)	(1.5)	(0.3)	(45.5)
Net IFRS 16 lease disposal	0.2	(0.1)	0.1	0.2
Less net apportionments	(0.2)	-	-	(0.2)
Profit on disposal before tax	11.1	0.2	0.1	11.4
Taxation	9.1	0.2	-	9.3
Profit on disposal after tax	20.2	0.4	0.1	20.7

The total cash consideration received was £57.1m, which differs from the information in the table above due to assets and liabilities retained by the Group that have a future profit impact for the acquirers.

LONG TERM ASSETS *continued*

19. DISCONTINUED OPERATIONS

Prior year discontinued operations – Cinch Holdings and subsidiaries ('Cinch Group')

On 28 November 2022, CAHL distributed its investment in the Cinch Group to its parent, Constellation Automotive Group Sarl. Cinch Group was distributed at carrying value through a dividend in specie to CAHL's sole shareholder, consisting of the entire issued share capital of Cinch Holdings Sarl. The carrying value of assets and liabilities at distribution was £289.4m of which £290.9m was attributable to equity holders of the group, and the balance to non-controlling interests.

The repositioning of Cinch Group within the wider structure is in line with the principal activity of CAHL to hold certain investments, and provides greater funding flexibility to further mature a business that is now firmly established in the minds of consumers.

During the period until 28 November 2022, the Cinch Group contributed a loss of £105.3m to the Group.

The results of discontinued operations are presented separately on the face of the consolidated income statement and consolidated statement of comprehensive income. Financial information relating to the trade and cash flow information of discontinued operations for the period up to the date of disposal is set out below:

	For the period 4 April 2022 to 28 November 2022 £m
Revenue	573.9
Expenses	(691.2)
Operating loss	(117.3)
Finance costs	(3.1)
Loss before income tax from discontinued operations	(120.4)
Income tax	15.1
Loss for the period from discontinued operations	(105.3)
Gain on sale after income tax	-
Loss from discontinued operations	(105.3)
Attributable to:	
Equity owner of the Company	(104.1)
Non-controlling interests	(1.2)
	(105.3)

	For the period 4 April 2022 to 28 November 2022 £m
Net cash outflow from operating activities	(85.0)
Net cash outflow from investing activities	(153.6)
Net cash inflow from financing activities	14.5
Net movement in cash generated by discontinued operations	(224.1)

LONG TERM ASSETS *continued*

20. INTANGIBLE ASSETS

	Goodwill £m	Customer relationships £m	Brands £m	Software £m	Franchise agreements £m	Total £m
Cost						
As at 3 April 2022	938.2	751.3	178.0	55.4	-	1,922.9
Acquired through business combinations	74.9	7.6	-	0.7	144.6	227.8
Additions	-	-	-	40.8	-	40.8
Disposals	-	-	-	(0.1)	-	(0.1)
Discontinued operations	(3.4)	-	-	(34.8)	-	(38.2)
Exchange difference	10.2	6.8	0.3	0.5	-	17.8
As at 2 April 2023	1,019.9	765.7	178.3	62.5	144.6	2,171.0
Acquired through business combinations	0.1	-	-	-	-	0.1
Additions	-	-	-	16.4	-	16.4
Disposals	(3.5)	-	-	(2.3)	(7.4)	(13.2)
Exchange difference	(6.6)	(4.5)	(0.3)	(0.5)	-	(11.9)
As at 31 March 2024	1,009.9	761.2	178.0	76.1	137.2	2,162.4
Accumulated amortisation						
As at 3 April 2022	3.4	27.3	6.8	7.5	-	45.0
Charge for the period	-	58.1	13.7	16.8	11.6	100.2
Impairment	-	-	-	4.2	-	4.2
Disposals	-	-	-	(0.1)	-	(0.1)
Discontinued operations	(3.4)	-	-	(8.9)	-	(12.3)
Exchange difference	-	1.7	-	0.5	-	2.2
As at 2 April 2023	-	87.1	20.5	20.0	11.6	139.2
Charge for the period	-	56.6	13.6	13.6	16.0	99.8
Impairment	58.3	-	-	0.3	-	58.6
Disposals	-	-	-	(2.3)	(1.1)	(3.4)
Exchange difference	(0.1)	(1.4)	(0.1)	(0.4)	-	(2.0)
As at 31 March 2024	58.2	142.3	34.0	31.2	26.5	292.2
Net book value						
As at 2 April 2023	1,019.9	678.6	157.8	42.5	133.0	2,031.8
As at 31 March 2024	951.7	618.9	144.0	44.9	110.7	1,870.2

Amortisation charges have been treated as operating costs in the income statement.

During the year ended 31 March 2024, the Group recognised a non-recurring impairment charge in the Constellation Group of £0.3m (year ended 2 April 2023: £4.2m). The impairment charge represented a portion of the total carrying value for two specific pieces of software for which the Group expects to receive lower future benefit.

Critical accounting estimates – impairment of goodwill and intangible assets

An impairment review has been conducted on all goodwill held by the Group. The impairment review is performed on a value in use basis, which requires estimation of future net operating cash flows, the time period over which they will occur, an appropriate discount rate and an appropriate growth rate. Specifically, the future cash flows are sensitive to the assumptions made about the financial performance of the cash generating units, including EBITDA margin and the long term growth rate of the relevant market. Given the degree of subjectivity involved, actual outcomes could vary significantly from these estimates.

LONG TERM ASSETS *continued*

20. INTANGIBLE ASSETS *continued*

Goodwill

Goodwill acquired in a business combination is allocated to the cash generating unit ('CGU') or group of CGUs that are expected to benefit from the synergies associated with that business combination. These CGU groups represent the lowest level within the Group at which the associated goodwill is monitored for management purposes. Goodwill is tested annually for impairment, or whenever there is an indication that the asset may be impaired, by comparing the carrying amount of these assets with their recoverable amounts, which is derived from a value in use calculation. Where the recoverable amount exceeds the carrying amount of the assets, the assets are considered as not impaired.

Goodwill is monitored by management at an operating segment level and has been allocated to operating segments as follows:

Cash generating unit	Segment	2024 £m	2023 £m
UK Vehicle Remarketing	Constellation Group	496.9	555.2
International Vehicle Remarketing	Constellation Group	228.5	235.0
Vehicle Buying	Constellation Group	91.3	91.3
Automotive Services	Constellation Group	66.6	66.6
Dealerships	Marshall Motor Group	68.4	71.8
		951.7	1,019.9

Value in use for each CGU is calculated based on projected cash flows over a five year period. Cash flow forecasts use the annual budget, five year strategic plan forecasts, and other internal and market data. The cash flow forecasts reflect management's overall expectations of the medium term operating performance of each CGU, and growth prospects in the CGU's markets and regions.

Performance since 2020 has been impacted by lack of availability of used vehicles following new vehicle supply shortages related to covid-19, semiconductor chip shortages and the war in Ukraine. Strategic plan forecasts incorporate a number of assumptions about future changes to the new and used car market. Latest market forecasts have been used to inform the plan and there is possible outperformance or underperformance to the outturn.

The impact of climate change on the future cashflows has been considered. Climate change does impact the profile of vehicles in the market and Group operations. Cash flows in each CGU are not typically sensitive to vehicle fuel type. However, uncertainty in the market as a result of the ZEV mandate in the UK does present a risk to total market volumes, with a consequential impact on CGU cashflows. This risk has been reflected in cashflow models.

Other key assumptions in the value in use calculation are shown below:

	2024		2023	
	Pre-tax discount rate	Growth rate applied beyond approved forecast period	Pre-tax discount rate	Growth rate applied beyond approved forecast period
UK Vehicle Remarketing	12.1%	2.0%	15.4%	2.0%
International Vehicle Remarketing	12.6%	2.0%	16.0%	2.0%
Vehicle Buying	13.7%	2.0%	19.9%	2.0%
Automotive Services	11.4%	2.0%	12.3%	2.0%
Dealerships	13.6%	2.0%	12.0%	2.0%

Growth rates applied beyond the approved forecast period do not exceed expectations of long term growth in the local market. These rates were applied to the terminal year cash flows, which are based on the final year of the forecast period. The discount rates are estimated by the Group with reference to external inputs and external specialists, and are prepared on a nominal post-tax basis. These inputs include equity costs and nominal debt costs for similar companies based on external market data, with samples chosen where applicable from the same markets or territories as the CGU, as well as CGU specific inputs including the level of market and other risks incorporated into future cashflows.

LONG TERM ASSETS *continued*

20. INTANGIBLE ASSETS *continued*

Goodwill *continued*

An enhanced reflection of market risks in projected cashflows has led to a relative reduction in discount rates in the year. These post-tax discount rates are then used to derive the pre-tax discount rates used in the value in use calculations.

UK Vehicle Remarketing impairment

During the year ended 31 March 2024, the Group recognised an exceptional non-cash Goodwill impairment charge of £58.3m, within operating costs. This was within the UK Vehicle Remarketing cash generating unit.

Management have reassessed the Group's growth forecasts as part of the annual strategic planning process. The Group's business model is volume dependent, and strategic plan forecasts incorporate a number of assumptions about future changes to the new and used car market, including a continued gradual recovery of new vehicle supply to normal historic levels.

Growth forecasts have been revised to reflect the combined impact of industry headwinds including the pace of recovery in new car registrations, consumer challenges around the cost of living, inflation and high interest rates, and the uncertain impacts over the medium term of the ZEV mandate on new and used car markets.

For the consumer, the day-to-day cost of living remains high. Inflation persisted above historic levels throughout 2023, and interest rates have in turn remained high, with expectations for rate reductions remaining modest. While inflation rates as at June 2024 have now returned to around 2%, this has only slowed the rate of price increases meaning no significant relief is expected for consumers over the medium term.

The ZEV mandate will have significant implications throughout the UK automotive industry, creating significant pressure for OEMs to push BEVs into the market. At the same time, private consumers have a lack of incentives to transition to a vehicle that historically had a much higher price than the internal combustion engine ('ICE') equivalent.

EV values according to CAP HPI have declined for 21 consecutive months at May 2024, resulting in a cumulative decline in values of 57%, creating another hurdle to change that consumers and the industry will have to address on top of existing reservations around range and charging infrastructure.

These industry headwinds have been incorporated into the Group's strategic plan and annual goodwill impairment assessment, resulting in a revised outlook over the medium term. Following completion of the annual impairment exercise, the impairment charge has been recognised within the UK Vehicle Remarketing cash generating unit. The recoverable amount of Vehicle Remarketing UK is £1,283.0m, based on a value in use calculation, using a pre-tax discount rate of 12.1%.

No impairment has been recorded within the other cash generating units. Other than UK Vehicle Remarketing, the lowest headroom is within Automotive Services CGUs, which has headroom equivalent to around 10% of its carrying value in the base case model.

Sensitivities

The Directors have reviewed the key assumptions used in the impairment calculations and have considered the impact of reasonably possible changes in these assumptions, including the following sensitivities;

- A 1.0% increase in post-tax discount rate would increase the impairment charge for UK Vehicle Remarketing by £144.7m, and create an impairment charge for Automotive Services of £14.7m.
- A 0.5% reduction to the growth rate applied beyond the approved forecast would increase the impairment charge for UK Vehicle Remarketing by £59.8m.
- A 10% reduction in the two to five year free cash flows would increase the impairment charge for UK Vehicle Remarketing by £119.4m, and create an impairment charge for Automotive Services of £7.0m.

The Directors note that changes outside of the sensitivities or market conditions described above, including any long-term underperformance in volume or market share, could give rise to different outcomes from those described above.

LONG TERM ASSETS *continued*

21. PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS

	Land and buildings £m	Fixtures, fittings and equipment £m	Plant, machinery and motor vehicles £m	Assets under construction £m	Total £m
Cost					
As at 3 April 2022	580.9	20.5	111.4	-	712.8
Acquired through business combinations	410.8	0.3	35.9	1.4	448.4
Transfers from assets under construction	0.6	-	0.6	(1.2)	-
Additions – property, plant and equipment	10.4	6.3	64.7	3.3	84.7
Additions – right of use assets	94.9	-	8.5	-	103.4
Disposals	(37.0)	(1.0)	(25.6)	(0.2)	(63.8)
Disposal of business	(10.1)	(2.2)	(39.6)	-	(51.9)
Exchange difference	3.4	0.5	0.1	-	4.0
As at 2 April 2023	1,053.9	24.4	156.0	3.3	1,237.6
Transfers from assets under construction	3.5	-	2.3	(5.8)	-
Additions – property, plant and equipment	25.4	4.5	34.2	11.7	75.8
Additions – right of use assets	34.1	-	11.7	-	45.8
Disposals	(92.2)	(2.8)	(47.8)	(0.4)	(143.2)
Exchange difference	(2.7)	(0.3)	(0.5)	-	(3.5)
As at 31 March 2024	1,022.0	25.8	155.9	8.8	1,212.5
Accumulated depreciation					
As at 3 April 2022	12.5	3.9	12.0	-	28.4
Charge for the period – property, plant and equipment	9.7	7.0	25.1	-	41.8
Charge for the period – right of use assets	54.5	-	14.6	-	69.1
Impairment	12.2	-	-	-	12.2
Disposals	(4.8)	(0.9)	(13.7)	-	(19.4)
Disposal of business	(1.2)	(0.5)	(3.8)	-	(5.5)
Exchange difference	1.1	0.4	0.1	-	1.6
As at 2 April 2023	84.0	9.9	34.3	-	128.2
Charge for the period - property, plant and equipment	9.1	6.1	26.9	-	42.1
Charge for the period – right of use assets	52.6	-	11.3	-	63.9
Disposals	(26.4)	(2.8)	(31.9)	-	(61.1)
Exchange difference	(0.7)	(0.2)	(0.2)	-	(1.1)
As at 31 March 2024	118.6	13.0	40.4	-	172.0
Net book value					
Property, plant and equipment	383.3	14.5	78.0	3.3	479.1
Right of use assets	586.6	-	43.7	-	630.3
As at 2 April 2023	969.9	14.5	121.7	3.3	1,109.4
Property, plant and equipment	349.2	12.8	74.5	8.8	445.3
Right of use assets	554.2	-	41.0	-	595.2
As at 31 March 2024	903.4	12.8	115.5	8.8	1,040.5

During the year, the Group disposed of land in Corby in exchange for cash and two freehold sites. Accordingly, additions for the year includes £7.6m of non-cash consideration representing the fair value of the two sites received.

During the year ended 2 April 2023, the Group completed a series of restructuring activities and recognised a non-recurring impairment charge against right of use assets in operating costs of £11.8m within the Constellation Group.

Property, plant and equipment and right of use assets have been shown on a combined basis to provide more meaningful disclosure of the Groups combined physical asset base. In the prior year these balances were shown separately.

CAPITAL STRUCTURE AND FINANCING

This section details the Group's capital structure, financing and any associated distributions. This includes amounts available and utilised in the form of external borrowings. Asset backed borrowings and lease liabilities are asset backed facilities and are therefore presented separately to borrowings.

The Group utilises a combination of shareholder equity, secured bonds, bank loans and flexible revolving facilities to manage the Group's capital and liquidity requirements, to meet strategic objectives and fund investment opportunities. This section also includes the capital transactions which have occurred during the period.

22. BORROWINGS

	2024 £m	2023 £m
Non-current		
Borrowings	1,740.9	1,746.5
Current		
Borrowings	26.8	71.4

In July 2021, the Constellation Group refinanced, putting in place a High Yield Bond, a Senior Term and Revolving Facilities Agreement and a Second Lien Facilities Agreement. The High Yield Bond comprises notes of £695.0m (expiring July 2027). The Senior Facilities Agreement comprises a Facility B1 €400.0m (expiring July 2028), Facility B2 €400.0m (expiring July 2028) and a £250.0m Revolving Facility (expiring January 2027). Within the Revolving Facility, £5.0m is available as a Letter of Credit facility and £35.0m is provided as an overdraft, with the balance being available to draw on demand. The Second Lien Facility is £325.0m (expiring July 2029). The term facilities were drawn down in full at inception, net of arrangement fees of £48.4m.

Carrying amounts are stated net of £24.7m (at 2 April 2023: £34.0m) unamortised transaction costs. The transaction costs, together with the interest expense, are being allocated to the income statement over the shortest facility term at a constant rate on the carrying amount.

Included within Marshall Motor Group borrowings is £4.6m (at 2 April 2023: £10.2m) of mortgages from commercial financial institutions, that are secured by fixed charges over specified property assets held by subsidiaries in Marshall Motor Group.

At the year end, the Marshall Motor Group had a revolving credit facility of £60.0m (at 2 April 2023: £60.0m) of which £nil was drawn at 31 March 2024 (at 2 April 2023: £nil). On 15 May 2024, the agreement was extended to 30 September 2025 with a £40.0m revolving credit facility. Of this facility £25.0m is provided as an overdraft, with the balance being available to draw on demand. The facility is secured by cross guarantees granted by certain members of the Marshall Motor Group and subject to leverage and fixed charge cover covenants.

At 31 March 2024, the Group had issued letters of credit in the ordinary course of business of £4.3m (at 2 April 2023: £4.4m), had drawn down £25.7m (at 2 April 2023: £70.0m) on the Constellation Group's revolving facility and utilised £nil of the net overdraft (at 2 April 2023: £nil), leaving the following as undrawn borrowing facilities:

	2024 £m	2023 £m
Floating rate borrowings		
Expiring in less than 1 year	60.0	-
Expiring in 1 – 5 years	220.0	235.6

Certain subsidiaries within the Group have entered into agreements over various bank loans and overdrafts and granted as security a fixed and floating charge over all its present and future assets.

23. ASSET BACKED BORROWINGS

At 31 March 2024, the Group had an asset backed finance facility of £300.0m to fund the Partner Finance business, expiring January 2025. After the year end, the Group extended the terms of the syndicated asset backed facility with the full support of the existing lender group, which will now run to January 2028. The amount is advanced solely to a Partner Finance subsidiary in respect of specific receivables. Interest is charged on the drawn down element of the facility at a variable rate of interest, based on the Bank of England base rate. At 31 March 2024 the borrowings were £208.6m (at 2 April 2023: £199.5m).

CAPITAL STRUCTURE AND FINANCING *continued*

24. SHARE CAPITAL AND RESERVES

	Number of £1 Ordinary shares issued and fully paid	Nominal value £m	Share premium £m
As at 3 April 2022	100,002,002	100.0	1,421.5
Capital reduction on 25 November 2022	-	-	(600.0)
As at 2 April 2023 and 31 March 2024	100,002,002	100.0	821.5

Capital reduction

On 25 November 2022, the Company reduced share premium following a capital reduction of £600.0m.

The holders of Ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company. The movements in share capital are described below:

Nature of other reserves – Company accounts

The following describes the nature of other reserves within shareholder's funds in the Company accounts:

Share premium

The value of the net proceeds from shares issued above the nominal value of the shares issued.

Retained earnings

Cumulative retained profits and losses of the Company.

Nature of other reserves – Group accounts

The following describes the nature of other reserves within shareholder's funds in the Group accounts:

Merger reserve

Represents the difference between the original carrying value of investments in the Company accounts and the aggregate value of the assets and liabilities of the acquired entities on initial consolidation, following the group reorganisation on 4 October 2021. For the distribution of the Cinch Group on 28 November 2022, the relevant component of the merger reserve, £93.7m, was recycled through retained earnings.

Foreign exchange reserve

Represents the cumulative difference arising from changes to foreign exchange rates on assets and liabilities of overseas subsidiaries.

Retained earnings

Cumulative net gains and losses recognised in the Group income statement. Consolidated retained earnings do not include retained earnings held in subsidiaries which could be remitted to the Parent through dividends.

PENSIONS AND OTHER INFORMATION

25. PENSIONS AND OTHER POST-RETIREMENT BENEFITS

Following the group reorganisation that took place on 4 October 2021, the Group participates in several defined contribution schemes and two defined benefit schemes ('the BCA Pension Plan' within British Car Auctions Limited and 'the Automotive Plan' within Walon Limited).

The BCA Pension Plan provides benefits based on final pensionable salary. The plan was closed to new members in April 2000 and on 30 April 2023, the plan was closed to the future accrual of benefits. The valuation used for these accounts is based on the results of an actuarial valuation carried out as at 5 April 2023 and updated to the period end date by Capita, independent consulting actuaries, in accordance with IAS 19.

The Automotive Plan provides benefits based on final pensionable salary. The plan closed to future accrual from 1997. The valuation used for these accounts is based on the results of an actuarial valuation carried out as at 5 April 2022 and updated to the period end date by Mercer, independent consulting actuaries, in accordance with IAS 19.

The defined benefit plans are registered with HMRC and comply fully with the regulatory framework published by the UK pensions regulator. Benefits are paid to the members from a separate fund administered by independent trustees. The BCA Pension Plan has three trustees, two of whom are appointed by the Group and one chosen by scheme members. The Automotive Plan also has three trustees, two of whom are appointed by the Group and one chosen by scheme members. The trustees are required to act in the best interests of the members and are responsible for making funding and investment decisions in conjunction with the Group.

Critical accounting estimates – pensions

The Group's pension surplus includes plan liabilities which are reviewed by management using assessments from independent actuaries each period based on key assumptions including discount, inflation and mortality rates. These assumptions may be different to the actual outcome.

The principal assumptions used for the BCA Pension Plan and the Automotive Plan are as follows:

	2024		2023	
	BCA	Automotive	BCA	Automotive
Rate of increase in salaries	n/a	n/a	3.25% p.a.	n/a
Rate of increase in deferred pensions:	2.50%	2.50%	2.50%	2.50%
Rate of increase in pensions:				
LPI (5.0% Cap)	3.15%	n/a	3.15%	n/a
LPI (2.5% Cap)	2.25%	n/a	2.25%	n/a
Fixed	3.00%	-	3.00%	-
Discount rate	4.90%	4.90%	4.85%	4.85%
Rate of inflation:				
Retail price index	3.25%	3.25%	3.25%	3.25%
Consumer price index	2.50%	2.50%	2.50%	2.50%

Assumptions regarding future mortality experience are set based on published statistics and experience.

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The mortality assumptions adopted imply the following expected future lifetimes from age 65:

	2024		2023	
	BCA Age (current 65 year olds)	Automotive Age (current 65 year olds)	BCA Age (current 65 year olds)	Automotive Age (current 65 year olds)
Males	22.1	20.4	22.6	20.9
Females	24.5	23.0	25.0	23.4

PENSIONS AND OTHER INFORMATION *continued*

25. PENSIONS AND OTHER POST-RETIREMENT BENEFITS *continued*

Changes in the fair value of the defined benefit asset/(liability) in the BCA Pension Plan are as follows:

	2024			2023		
	Plan assets £m	Plan liabilities £m	Total £m	Plan assets £m	Plan liabilities £m	Total £m
At start of year	62.3	(56.3)	6.0	82.0	(81.9)	0.1
Income statement expense:						
Current service cost	-	-	-	-	(0.7)	(0.7)
Past service costs including curtailments	-	0.5	0.5	-	-	-
Interest income/(expense)	3.0	(2.7)	0.3	2.2	(2.2)	-
Total amount credited/(charged) to the income statement	3.0	(2.2)	0.8	2.2	(2.9)	(0.7)
Remeasurements:						
Actuarial gains due to changes in financial assumptions	-	0.3	0.3	-	24.1	24.1
Actuarial gains/(losses) due to changes in demographic assumptions	-	1.0	1.0	-	(0.1)	(0.1)
Experience gains/(losses)	1.7	0.2	1.9	(17.4)	(1.6)	(19.0)
Total amount recognised in other comprehensive income	1.7	1.5	3.2	(17.4)	22.4	5.0
Cash:						
Employer contributions	1.2	-	1.2	1.6	-	1.6
Employee contributions	-	-	-	0.1	(0.1)	-
Benefits paid	(3.1)	3.1	-	(6.2)	6.2	-
Net cash	(1.9)	3.1	1.2	(4.5)	6.1	1.6
At year end	65.1	(53.9)	11.2	62.3	(56.3)	6.0

Changes in the fair value of the defined benefit asset/(liability) in the Automotive Pension Plan are as follows:

	2024			2023		
	Plan assets £m	Plan liabilities £m	Total £m	Plan assets £m	Plan liabilities £m	Total £m
At start of year	15.7	(14.7)	1.0	17.5	(16.6)	0.9
Income statement expense:						
Interest income/(expense)	0.7	(0.6)	0.1	0.5	(0.4)	0.1
Total amount credited/(charged) to the income statement	0.7	(0.6)	0.1	0.5	(0.4)	0.1
Remeasurements:						
Actuarial gains due to changes in financial assumptions	-	0.1	0.1	-	4.2	4.2
Actuarial gains due to changes in demographic assumptions	-	0.2	0.2	-	-	-
Experience losses	-	-	-	(1.9)	(2.7)	(4.6)
Total amount recognised in other comprehensive income	-	0.3	0.3	(1.9)	1.5	(0.4)
Cash:						
Employer contributions	-	-	-	0.4	-	0.4
Benefits paid	(0.6)	0.6	-	(0.8)	0.8	-
Net cash	(0.6)	0.6	-	(0.4)	0.8	0.4
At year end	15.8	(14.4)	1.4	15.7	(14.7)	1.0

PENSIONS AND OTHER INFORMATION *continued*

25. PENSIONS AND OTHER POST-RETIREMENT BENEFITS *continued*

Amount recognised in the balance sheet asset/(liability) represented by:

	2024			2023		
	Plan assets	Plan liabilities	Total	Plan assets	Plan liabilities	Total
	£m	£m	£m	£m	£m	£m
BCA plan	65.1	(53.9)	11.2	62.3	(56.3)	6.0
Automotive plan	15.8	(14.4)	1.4	15.7	(14.7)	1.0
Total	80.9	(68.3)	12.6	78.0	(71.0)	7.0

At the end of the reporting period the plan assets by category had been invested as follows:

	2024			2023		
	BCA	Automotive	Total	BCA	Automotive	Total
	£m	£m	£m	£m	£m	£m
Equities (quoted)	17.5	6.0	23.5	29.0	6.0	35.0
Corporate bonds (quoted)	18.3	1.9	20.2	17.5	1.9	19.4
Government bonds (quoted)	29.0	5.1	34.1	6.2	5.1	11.3
Diversified growth funds (quoted)	-	-	-	7.4	-	7.4
Liability driven investments	-	-	-	2.0	-	2.0
Other	0.3	2.8	3.1	0.2	2.7	2.9
Total plan assets	65.1	15.8	80.9	62.3	15.7	78.0

PENSIONS AND OTHER INFORMATION *continued*

25. PENSIONS AND OTHER POST-RETIREMENT BENEFITS *continued*

Risk management

These defined benefit plans expose the Group to actuarial risks, such as mortality risk, interest rate risk and market investment risk. The investment policies of each scheme are described below:

Asset volatility	<p>Plan liabilities, in respect of defined benefit obligations, are calculated on a discounted basis using a discount rate which is set with reference to corporate bond yields. If the plan assets underperform this yield, then this will create a deficit. The trustees of each plan, and their advisers, carry out regular reviews of asset allocations within each plan and consider the need to switch assets in line with the investment strategies. Currently the plans hold approximately 67% of assets as defensive assets (government and corporate bonds).</p> <p>As each plan matures, the level of investment risk is reduced by investing more in government and corporate bonds that better match the liabilities. However, the Group believes that due to the long term nature of the scheme liabilities, a level of continuing equity investment is an appropriate element of the long term investment strategy.</p> <p>In respect of Guaranteed Minimum Pension ('GMP') obligations, the strategy has the objectives of achieving an overall rate of return that is sufficient to meet pensioners' reasonable expectations, reduce investment return volatility over the short term period to retirement where this is possible and to invest in assets that are liquid such that they enable switching between asset classes. In order to achieve these objectives, the strategy is to invest in a mixture of on-risk assets (including equities) and off-risk assets (including bonds, gilts and cash), with the proportionate allocation of the latter increasing according to an agreed profile as members approach their normal retirement date.</p>
Inflation	<p>The plans' pension liabilities in deferment are linked to inflation. Higher inflation will lead to higher liabilities, although in the majority of cases there are caps on the level of inflationary increases to be applied to pension obligations in order to protect the plans from extreme inflation. The BCA Pension Plan holds approximately 45% of the plans' assets in index-linked bonds (including government bonds) to partially hedge against this risk. The remainder of the plans' assets are either unaffected by or loosely correlated with inflation, and so an increase in inflation can lead to an increase in the plan deficit.</p>
Mortality	<p>The plans' obligation is to provide a pension for the life of their members, so realised increases in life expectancy will result in an increase in the plans' benefit payments. Whilst future mortality rates cannot be predicted with certainty the plans adopt up to date mortality assumptions and review the overall risk as part of the triennial actuarial valuations.</p>
Bond yields	<p>Plan assets are likely to decrease following an increase in the interest rate. This is due to an increase in interest rates having the effect of a decrease in value of the defensive assets held by the plans. This risk is partially mitigated by the measurement of plan liabilities being linked to bond yields. An increase in interest rates has the effect of increasing bond yields, which in turn decreases plan liabilities. If interest rates decrease the opposite is true for both plan liabilities and assets.</p>

PENSIONS AND OTHER INFORMATION *continued*

25. PENSIONS AND OTHER POST-RETIREMENT BENEFITS *continued*

Sensitivity analysis

The disclosures above are dependent on the assumptions used. The table below demonstrates the sensitivity of the defined benefit obligations to changes in the significant assumptions used for the schemes.

Impact on the defined benefit obligations at 31 March 2024:

	BCA £m	Automotive £m	BCA % of liability	Automotive % of liability
Discount rate: +0.25%	(1.6)	(0.4)	(2.9%)	(2.7%)
Inflation and related assumptions: +0.25%	0.8	-	1.5%	(0.3%)
Mortality: reduced by 10%	1.5	n/a	2.8%	n/a
Mortality: increase in life expectancy of 1 year	n/a	(0.4)	n/a	(2.7%)

Impact on the defined benefit obligations at 2 April 2023:

	BCA £m	Automotive £m	BCA % of liability	Automotive % of liability
Discount rate: +0.25%	(1.7)	(0.4)	(3.0%)	(2.7%)
Inflation and related assumptions: +0.25%	0.9	-	1.6%	(0.3%)
Mortality: reduced by 10%	1.5	n/a	2.7%	n/a
Mortality: increase in life expectancy of 1 year	n/a	(0.4)	n/a	(2.6%)

The above analysis is based on a change in an assumption while holding all other assumptions constant, and in practice this is unlikely to occur. The above variances have been used as they are believed to be reasonably possible fluctuations.

Expected future cash flows

The Group expects employer contributions of £nil to be made to defined benefit plans in the next financial year, in line with the existing schedule of contributions. Based on current estimates of the plans' funding status, further contributions are not currently expected but this will remain under review subject to movements in the funding position of the schemes.

The defined benefit obligations are based on the current value of expected benefit payment cash flows to members over the next several decades. The average duration of the liabilities is approximately 12 years for the BCA Pension Plan and 11 years for the Automotive Plan.

26. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

Categories of financial instruments

	2024 £m	2023 £m
Financial assets		
At amortised cost – Loans and receivables	976.4	799.6
Fair value through profit or loss	22.7	61.7
Financial liabilities		
Amortised cost	4,000.5	4,036.8

Financial assets at amortised cost – loans and receivables

Financial assets at amortised cost include trade receivables, other receivables excluding VAT receivable, accrued income, amounts due from related parties and cash and cash equivalents. Expected credit loss allowances on trade and other receivables are shown in note 14.

PENSIONS AND OTHER INFORMATION *continued*

26. FINANCIAL INSTRUMENTS – RISK MANAGEMENT *continued*

Financial assets – fair value through profit or loss

Financial assets held at fair value through profit or loss include investments in listed and unlisted equity shares. The fair values of listed equity shares are determined by reference to published price quotations in an active market. Unlisted equity investments are valued with reference to valuation techniques that are based on unobservable market data (categorised as Level 3 within the fair value hierarchy). These holdings have been assessed under IFRS 9 Financial Instruments and categorised as financial assets held at fair value through profit and loss, and any transaction costs are expensed as incurred. As the Group does not consider them to be associates, they are not accounted for on an equity basis.

Included within financial assets held at fair value through profit and loss for the year ended 31 March 2024, are the following direct interests held by the Group:

- 9.3% (at 2 April 2023: nil%) interest in Vertu Motors plc
- 13.5% (at 2 April 2023: 16.0%) interest in Proov Station S.A.S
- nil% (at 2 April 2023: 19.0 – 19.9%) interest in Lookers plc

The following table shows the aggregate movement in the Group's financial assets held at fair value through profit or loss during the year:

	2024	2023
	£m	£m
At start of year	61.7	136.4
Purchase of shares	21.8	0.4
Disposal of shares	(96.8)	(3.8)
Listed investments relating to business combination	-	(60.7)
Disposal of discontinued operations	-	(2.5)
Residual equity investment in former associate held at FVTPL	-	1.4
Exchange difference	(0.1)	0.1
Movements in fair value recognised by discontinued operations	-	(0.8)
Movements in fair value recognised through income statement	36.1	(8.8)
At year end	22.7	61.7

Current year acquisition of interest in Vertu Motors plc

During the year ended 31 March 2024, the Group acquired a 9.3% shareholding in Vertu Motors plc from a related party for consideration of £21.8m.

Current year disposal of interest in Lookers plc

During the year ended 31 March 2024, the Group disposed of its entire interest in Lookers plc generating total proceeds of £96.8m.

Prior year disposal of listed interest in Marshall Group

In line with note 18, the Group completed the acquisition of shares in Marshall Motor Holdings plc on 11 May 2022. From this date, shares previously held were no longer accounted for as financial assets held at fair value through profit or loss ('FVTPL') following the completion of this business combination and consolidation into the Group.

PENSIONS AND OTHER INFORMATION *continued*

26. FINANCIAL INSTRUMENTS – RISK MANAGEMENT *continued*

Financial assets – fair value through profit or loss *continued*

Proov Station S.A.S

Current year

During the year, the Group's shareholding was diluted from 16.0% to 13.5%. There was no material change in the fair value of the retained investment, which was carried at £1.4m on 31 March 2024 (at 2 April 2023: £1.5m). Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The shares are not listed on an exchange and are valued based on unobservable market data (categorised as Level 3 within the fair value hierarchy).

Prior year

On 16 December 2022 the Group derecognised its equity-accounted investment in Proov Station S.A.S following a dilution in shareholding from 22.02% to 16.0% and the subsequent loss of significant influence. The retained investment was subsequently reclassified as a financial asset held at FVTPL of £1.4m with no resulting gain or loss recognised.

PENSIONS AND OTHER INFORMATION *continued*

26. FINANCIAL INSTRUMENTS – RISK MANAGEMENT *continued*

Financial liabilities – amortised cost

Included in financial liabilities at amortised cost are trade and other payables, lease liabilities, borrowings, bank overdrafts and asset backed borrowings.

Reconciliation of liabilities arising from financing activities

	As at 2 April 2023 £m	Cash flows £m	Non cash changes				As at 31 March 2024 £m
			Additions £m	Disposals £m	Foreign exchange movements £m	Finance charge £m	
Long term borrowings	1,746.5	(5.3)	-	-	(9.6)	9.3	1,740.9
Short term borrowings	71.4	(44.6)	-	-	-	-	26.8
Bank overdrafts	-	1.9	-	-	-	-	1.9
Asset backed borrowings	199.5	9.1	-	-	-	-	208.6
Lease liabilities	741.2	(95.5)	45.3	(23.2)	(1.1)	35.2	701.9
Total liabilities from financing activities	2,758.6	(134.4)	45.3	(23.2)	(10.7)	44.5	2,680.1

For the year ended 31 March 2024, lease liability additions of £45.3m includes £10.5m from the sale and leaseback of an auction property in the Netherlands and £16.0m additions from extensions of previously occupied sites, lease renewals, and rent reviews. The remaining £18.7m of additions primarily relate to new transporter leases. Cash flows on short term borrowings of £44.3m relate to net movements on the Group's revolving credit facility. Cash flows on short term borrowings of £0.3m and cash flows on long term borrowings of £5.3m relate to repayment of mortgages.

For the year ended 31 March 2024, lease liability disposals of £23.2m includes £9.5m relating to the early termination of a lease at a non-core auction site no longer in use in Derby. The Group recognised a £10.1m gain in SONR following the termination of the lease, being the net carrying values of the right of use asset and lease liability at the date of termination.

PENSIONS AND OTHER INFORMATION *continued*

26. FINANCIAL INSTRUMENTS – RISK MANAGEMENT *continued*

Reconciliation of liabilities arising from financing activities *continued*

	As at 3 April 2022 £m	Acquired through group reorganisation £m	Disposal through group reorganisation £m	Cash flows £m	Non cash changes				As at 2 April 2023 £m
					Additions £m	Disposals £m	Foreign exchange movements £m	Finance charge £m	
Long term borrowings	1,713.6	10.7	-	(1.9)	-	-	14.9	9.2	1,746.5
Short term borrowings	75.0	1.4	-	(5.0)	-	-	-	-	71.4
Bank overdrafts	10.3	-	-	(10.3)	-	-	-	-	-
Asset backed borrowings	280.5	-	(63.9)	(17.1)	-	-	-	-	199.5
Lease liabilities	523.4	201.7	(10.2)	(97.4)	103.4	(14.9)	0.8	34.4	741.2
Total liabilities from financing activities	2,602.8	213.8	(74.1)	(131.7)	103.4	(14.9)	15.7	43.6	2,758.6

For the year ended 2 April 2023, lease liability additions of £103.4m includes £83.5m additions from extensions of previously occupied sites, lease renewals, and rent reviews. This includes £52.3m relating to a five-yearly RPI-linked rent review on a number of key properties in the auction estate held by the Constellation Group. The remaining £19.9m of additions primarily relate to new transporter leases. Cash flows on short term borrowings of £5.0m relate to net movements on the Group's revolving credit facility. Cash flows on long term borrowings of £1.9m relate to repayment of mortgages.

PENSIONS AND OTHER INFORMATION *continued*

26. FINANCIAL INSTRUMENTS – RISK MANAGEMENT *continued*

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk), equity price risk, credit risk and liquidity risk. The responsibility for monitoring the effectiveness of risk management is carried out by the CAHL Board.

Market risk

Market risk is the risk that changes in market prices (principally exchange rates, interest rates and equity prices) will affect the Group's income or the value of its holdings of financial instruments.

Foreign exchange risk

The Group operates in the UK and continental Europe (Belgium, France, Germany, Italy, Netherlands, Portugal, Spain, Denmark, Norway, Finland, Poland, Sweden, Austria and Switzerland) and is therefore exposed to foreign exchange risk. Foreign exchange risk arises primarily on recognised assets and liabilities and net investments in foreign operations. These overseas operations' revenues and costs are mainly denominated in the currencies of the countries in which the operations are located. The most significant of these is the Euro. The Euro to Sterling exchange rates used by the Group are shown below:

	2024	2023
Euro - opening	1.1375	1.1876
Euro - average	1.1572	1.1619
Euro - closing	1.1694	1.1375

The functional currencies of the revenue and adjusted EBITDA of the Group's operations are as follows:

	2024				2023			
	GBP	Euro	Other	Total	GBP	Euro	Other	Total
Revenue (£m)	8,719.8	529.1	88.2	9,337.1	8,812.1	756.8	114.4	9,683.3
Revenue (%)	93.4%	5.7%	0.9%	100.0%	91.0%	7.8%	1.2%	100.0%
Adjusted EBITDA (£m)	277.4	59.1	(8.7)	327.8	255.1	41.3	(7.1)	289.3
Adjusted EBITDA (%)	84.7%	18.0%	(2.7%)	100.0%	88.2%	14.3%	(2.5%)	100.0%

The Group does not have significant transactional foreign currency cash flow exposures. The Group monitors its exposure to currency fluctuations on an ongoing basis. The Group maintains part of its debt in Euro to reflect the currency in which its EBITDA is generated.

In certain markets such as Denmark, Sweden and Norway, the Group frequently transacts in both Euro and local currency. To the extent these local operations have opted to purchase and subsequently sell vehicles in different currencies, the impact on the Group's EBITDA has been presented on a net basis in the table above as this does not significantly increase the Group's sensitivity to currencies other than Euro.

The Group has not hedged profit translation exposures. During the year and at 31 March 2024 and 2 April 2023, the Group did not have any hedges in place.

For the year ended 31 March 2024, if Sterling had strengthened by 10% on average against the Euro with all other variables held constant, adjusted EBITDA for the year would have been £5.4m lower (year ended 2 April 2023: £3.8m lower) as a result of a reduction of the equivalent value in Sterling of profits denominated in Euros and other currencies closely linked to the Euro exchange rate.

PENSIONS AND OTHER INFORMATION *continued*

26. FINANCIAL INSTRUMENTS – RISK MANAGEMENT *continued*

Foreign exchange risk *continued*

Details of the currencies in which the Group's cash, trade and other receivables, trade and other payables and loans and overdrafts are denominated are set out below:

	2024				2023			
	GBP £m	Euro £m	Other £m	Total £m	GBP £m	Euro £m	Other £m	Total £m
Net cash and cash equivalents	222.8	50.4	30.3	303.5	100.1	31.4	13.5	145.0
Trade and other receivables	610.0	105.5	25.4	740.9	631.3	65.2	24.4	720.9
Trade and other payables	(1,201.1)	(133.5)	(50.4)	(1,385.0)	(1,256.5)	(90.4)	(32.1)	(1,379.0)
Asset backed borrowings	(208.6)	-	-	(208.6)	(199.5)	-	-	(199.5)
Borrowings	(1,429.1)	(338.6)	-	(1,767.7)	(1,471.0)	(346.9)	-	(1,817.9)
Net	(2,006.0)	(316.2)	5.3	(2,316.9)	(2,195.6)	(340.7)	5.8	(2,530.5)

Interest rate risk

The Group's interest rate risk arises from the Group's variable rate borrowings, as disclosed in note 22, in addition to the Group's asset backed borrowings, as disclosed in note 23. Fixed rate borrowing instruments represent 39% of the Group's borrowings, with the remaining 61% comprising variable rate borrowings based on SONIA or EURIBOR. No structured hedging has been implemented in the current year. The Group will continue to monitor interest rates and assess whether forward rates provide appropriate economic benefit for efficient hedging.

For the year ended 31 March 2024, if the average rate on floating rate borrowings had been 50 basis points higher with all other variables held constant, post-tax profit for the period would have been £5.9m lower (year ended 2 April 2023: £5.9m lower).

Equity price risk

The Group's listed equity investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. At 31 March 2024, the exposure to equity investments at fair value listed on stock exchanges was £21.3m (at 2 April 2023: £60.2m).

The price risk relates to volatility in the market, and how other comprehensive income and equity would be affected by changes in market risk that were reasonably possible at the reporting date. If market indices change this could have an impact on the income and equity attributable to the Group.

The listed securities are classified as long term investments at fair value through profit or loss. The investments in listed equity securities are considered medium to long-term strategic investments. In accordance with the Group's policies, no specific hedging activities are undertaken in relation to these investments.

Credit risk

Credit risk is the risk of financial loss in the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally through trade and other receivables from customers and cash balances.

The Group evaluates the concentration of credit risk from trade receivables as low, as a result of the diverse portfolio of customers across various geographies. The Group has policies in place to ensure that credit terms are only provided to clients with an appropriate credit history.

Customers who have an account with BCA Partner Finance are able to finance vehicles acquired mainly through UK Vehicle Remarketing. Prior to opening an account and subsequently, a credit assessment is completed and appropriate security is obtained. In addition, legal title of the vehicle remains with the Group until the outstanding balance is settled.

Cash and cash equivalents are held with reputable institutions. The cash required for working capital is held with reputable banks in each country of operation as appropriate. All other material cash balances are deposited with financial institutions whose credit rating is at least Standard and Poor's A- or equivalent.

PENSIONS AND OTHER INFORMATION *continued*

26. FINANCIAL INSTRUMENTS – RISK MANAGEMENT *continued*

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group Finance. Group Finance monitors forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group minimises the risk of breaching borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's capital structure and covenant compliance requirements on its borrowings.

Following the acquisition detailed in note 18, Cold Fell Group Limited and its subsidiary E. C. M. (Vehicle Delivery Service) Limited (together referred to as 'ECM') joined the Group on 19 July 2022. In the ordinary course of business, ECM has access to a Confidential Invoice Discounting Facility. At 2 April 2023, £nil was drawn on the facility. During the year ended 31 March 2024, the Group cancelled the facility.

Following the acquisition detailed in note 18, Marshall Motor Holdings ('MMH') joined the Group on 11 May 2022. In the ordinary course of business, MMH has a revolving credit facility of £60.0m (at 2 April 2023: £60.0m). At 31 March 2024, £nil (at 2 April 2023: £nil) was drawn on the facility. On 15 May 2024 the agreement was extended to 30 September 2025 with a £40.0m revolving credit facility. Of this facility £25.0m is provided as an overdraft, with the balance being available to draw on demand.

The Group also has a £250.0m revolving facility (at 2 April 2023: £250.0m). At 31 March 2024 £25.7m (at 2 April 2023: £70.0m) of the facility had been drawn and £4.3m (at 2 April 2023: £4.4m) of the facility was utilised to provide guarantees to third parties. This revolving facility is considered by management to provide adequate flexibility given the current liquidity requirements of the business.

The table below presents the carrying amount of financial and non-financial liabilities and analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the tables below are the contractual undiscounted cash flows:

	Carrying amount £m	Contractual total £m	Within 1 year £m	Between 1 and 5 years £m	Over 5 years £m
As at 31 March 2024					
Borrowings	1,767.7	1,792.4	26.8	1,440.6	325.0
Bank overdrafts	1.9	1.9	1.9	-	-
Asset backed borrowings	208.6	208.6	208.6	-	-
Lease liabilities	701.9	1,014.3	92.4	306.7	615.2
Trade and other payables	1,385.0	1,320.4	1,320.4	-	-
As at 2 April 2023					
Borrowings	1,817.9	1,851.9	71.4	701.5	1,079.0
Bank overdrafts	-	-	-	-	-
Asset backed borrowings	199.5	199.5	199.5	-	-
Lease liabilities	741.2	825.2	65.9	239.8	519.5
Trade and other payables	1,379.0	1,298.3	1,298.3	-	-

Capital risk management

The Group's policy is to maintain a strong capital base (which comprises share capital, reserves, cash and debt) to ensure the Group's viability, maintain stakeholder confidence, and sustain future development of the business. This includes consideration of the Group's debt financing plan and covenant compliance requirements on its borrowings. The Constellation Group revolving credit facility is subject to a covenant test only if, at the end of a quarter, more than 40% of the total RCF facility is drawn in revolving loans. The Marshall Motor Group revolving credit facility is subject to leverage and fixed charge cover covenants, and is undrawn at period end. The Group is not subject to any material capital requirements.

PENSIONS AND OTHER INFORMATION *continued*

26. FINANCIAL INSTRUMENTS – RISK MANAGEMENT *continued*

Fair value

The fair values of cash and cash equivalents, trade receivables, accrued income, trade payables, bank overdrafts and other current assets and liabilities approximate to their carrying amounts largely due to the short-term maturities of these instruments. Group borrowings, including the £695m fixed interest High Yield Bond, had a fair value at 31 March 2024 of £1,533.3m (at 2 April 2023: £1,372.9m). With the exception of the Group's non-current mortgage loans which have a fair value at 31 March 2024 of £3.0m (at 2 April 2023: £7.6m) held by Marshall Group, fair values are based on Level 1 measurements from quoted prices in an active market. The fair value of non-current mortgages are based on cash flows discounted using the prevailing market interest rates for facilities with similar characteristics (Level 2 measurement).

The contractual value at 31 March 2024 of £1,792.4m (at 2 April 2023: £1,851.9m) stated net of arrangement fees of £24.7m (at 2 April 2023: £34.0m) resulted in a carrying value of £1,767.7m (at 2 April 2023: £1,817.9m).

PENSIONS AND OTHER INFORMATION *continued*

27. SHARE BASED PAYMENTS

Under the terms of a Management Investment Plan ('MIP') agreement, certain senior executives of the Company acquired shares in Constellation Automotive Holdings Sarl ('CAHS'), an intermediate parent of the Company. The shares issued under the MIP are designed to incentivise the holders to grow the equity value of the group headed by CAHS (the 'Constellation Holdings Group') at all times while in its employment.

No shares were subscribed for or issued to employees of the Group during either the current or prior year. During the year agreement was reached for an affiliate company to acquire 4,900 MIP shares from employees (year ended 2 April 2023: 50,000 MIP shares). At 31 March 2024 there were 120,000 shares held by staff employed within the Group (at 2 April 2023: 124,900), representing 0.9% (at 2 April 2023: 1.3%) of the issued ordinary share capital of CAHS. The shares are split such that each participant holds equal numbers of A ordinary shares and Sweet Equity shares. These shares remain in issue at 31 March 2024 and are held on trust by a nominee (the 'Nominee'). Constellation Automotive Topco Sarl (formerly BBD Topco Sarl) ('Topco') and a co-investor hold the remaining shares in CAHS. The total accounting charge arising from share-based payment transactions recognised during the year was £0.7m (year ended 2 April 2023: £2.2m), which includes £nil charge that has been accelerated in respect of shares held by employees that left the scheme during the year (year ended 2 April 2023: £0.9m). Subsequent to year end, loans totalling £5.3m were issued to employees with maturity dates up to 28 March 2025 in connection with the MIP.

In addition to rights to dividends, the MIP shares entitle the holders to investment returns determined as follows:

- Upon an Exit event (including a sale of CAHS, a sale of its assets, its winding up or an IPO of its shares) and after payment of amounts due in relation to any debt securities in issue at the time:
 - The Sweet Equity shares entitle the holders to a priority return based upon an investment multiple (the 'MIP Multiple'). The MIP multiple comprises a ratcheted return subject to a minimum internal rate of return achieved by Topco on its investment in CAHS. The MIP Multiple achievable ranges between one and three times the investment multiple achieved by Topco and is applied to the total amount invested by holders in both A shares and Sweet Equity. The amount payable on Sweet Equity shares is after deduction of the amount payable on A shares.
 - The A shares entitle the holders to an equal return, on a pro-rata basis, to that of Topco and the co-investor.
- Upon leaving the employment of the Constellation Holdings Group and Topco exercising its entitlement to require the holder to transfer their MIP shares to the Nominee:
 - The A shares entitle the holder to the market value of those shares (as determined at the time).
 - The Sweet Equity shares entitle the holder to a return dependent upon whether they leave the Constellation Holdings Group:
 - As a designated 'good leaver' – in which case they will receive a return representing the higher of cost and market value
 - As a designated 'bad leaver' – in which case they will receive a return representing the lower of cost and market value

As a designated 'intermediate leaver' – in which case they will receive a return referenced to the period over which the MIP shares were held, the maximum entitlement being full market value where the MIP shares were held for 5 years or more.

PENSIONS AND OTHER INFORMATION *continued*

28. RELATED PARTY TRANSACTIONS AND DIRECTORS' EMOLUMENTS

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

The Group has a related party relationship with its key management personnel, equity-accounted investments, the ultimate controlling party and other entities also controlled by the ultimate controlling party.

Following the group reorganisation that took place on 28 November 2022, transactions and balances with the Cinch Group after this date are no longer eliminated on consolidation and are disclosed as related party balances and transactions in the note below.

Transactions with related parties

Related parties represent the Group's parent company and its other subsidiaries, TDR, and other entities in TDR's investment portfolio. The Group entered into the following transactions with equity-accounted investments and parties that are related by virtue of shared control through TDR ownership:

	2024	2023
	£m	£m
Sale of goods to related parties	715.9	257.3
Purchase of goods from related parties	6.3	52.9
Purchase of assets from related parties	-	2.5
Rendering of services to related parties	72.8	19.3
Rendering of services from related parties	15.2	0.9
Other income from related parties	2.0	-
Purchase of property, plant and equipment from equity-accounted investments	-	0.2
Rental of property from related parties	0.9	0.6
Rendering of services to equity-accounted investments	0.1	0.1
Purchase of services from equity-accounted investments	1.0	1.3

Other transactions

During the year, a related party by virtue of shared control became party to two vehicle stocking facilities held in Marshall Motor Group with total capacity in excess of £200m.

During the year ended 31 March 2024, the Group acquired a 9.3% shareholding in Vertu Motors plc from a related party for consideration of £21.8m.

A subsidiary within Constellation Group is guarantor for a property leased by a related party by virtue of shared control.

Under the Group's tax sharing agreements, the Group has entered into a tax loss transfer arrangement with related parties. During the year, the Group has recognised £15.4m (year ended 2 April 2023: £nil) that would otherwise have led to payments to the UK tax authorities by entities under common control for UK group relief purposes.

Amounts due from related parties

	2024	2023
	£m	£m
Loan balances due from related parties	-	58.8
Loan balances due from equity-accounted investments	-	2.4
Trading balances with related parties	21.7	10.3
Total due from related parties	21.7	71.5

No provisions have been recognised against the receivable balance.

PENSIONS AND OTHER INFORMATION *continued*

28. RELATED PARTY TRANSACTIONS AND DIRECTORS' EMOLUMENTS *continued*

Amounts due to related parties

	2024	2023
	£m	£m
Trading balances due to related parties	35.9	22.5
Loan balances due to related parties	13.6	64.8
Total due to related parties	49.5	87.3

Amounts due to and from related parties are unsecured and only offset when the Group has both the legal right and intention to settle the balances on a net basis.

Loans due from related parties

	2024	2023
	£m	£m
At start of year	58.8	1.5
Recognised through group reorganisation	-	57.1
Capital repayments	(56.0)	-
Interest charged	7.5	1.7
Interest received	(10.3)	(1.5)
At year end	-	58.8

Following the group reorganisation, loans due from related parties are unsecured, repayable on demand and accrue interest at SONIA + 5%. Capital injections occurred in exchange for the capital repayment of existing loan balances (and settlement of associated outstanding interest) and were non-cash transactions during the year.

Loans due to related parties

	2024	2023
	£m	£m
At start of year	64.8	-
Recognised through group reorganisation	-	85.8
Loans issued	7.4	-
Capital repayments	(56.8)	(20.6)
Interest paid	(8.8)	(2.7)
Interest charged	7.0	2.3
At year end	13.6	64.8

Following the group reorganisation, loans due to related parties are unsecured, repayable on demand and accrue interest at between SONIA +3.25% and SONIA + 5%. Loan balances were issued in exchange for the capital repayment of existing loan balances (and settlement of associated outstanding interest) and were non-cash transactions during the year.

PENSIONS AND OTHER INFORMATION *continued*

28. RELATED PARTY TRANSACTIONS AND DIRECTORS' EMOLUMENTS *continued*

Loans due from equity-accounted investments

	2024	2023
	£m	£m
At start of year	2.4	1.9
Loans issued	-	0.4
Capitalisation of loan	(1.9)	-
Loans repaid	(0.5)	-
Foreign exchange	-	0.1
At year end	-	2.4

Loans to equity-accounted investments are unsecured, repayable on demand and bear no interest.

Key management personnel

The Group considers key management personnel, as defined under IAS 24 Related Party Disclosures, to be senior leadership including the CAHL Board. Directors may be paid by subsidiaries within this Group or within the wider Constellation group. The remuneration for key management personnel for services provided to this Group was as follows:

	2024	2023
	£m	£m
Short term employee benefits	5.3	3.2
Post-employment benefits	0.2	0.2
Share based payments	0.6	2.1
	6.1	5.5

Included in the amounts above are the following paid to Company directors in respect of qualifying services:

	2024	2023
	£m	£m
Director's remuneration	1.6	1.2
Company contributions to pension schemes	0.1	0.1
	1.7	1.3

Included in the amounts above are the following paid to the highest paid Company director in respect of qualifying services:

	2024	2023
	£m	£m
Director's remuneration	1.3	1.2
Company contributions to pension schemes	0.1	0.1
	1.4	1.3

At 31 March 2024, the Group held £nil (at 2 April 2023: £nil) in respect of balances related to key management personnel. There were no other transactions during the period with key management personnel.

Ultimate controlling party

The Company's ultimate controlling party is TDR Capital LLP ('TDR'), a Limited Liability Partnership incorporated in England and Wales. TDR is a leading international private equity firm, managing capital on behalf of institutional, government and private investors worldwide. TDR has an experienced team of investment professionals and operating partners and has a low volume investment strategy based on principles developed by the investment team over the past two decades.

TDR Nominees 2016 Limited, a 100% subsidiary of TDR Capital LLP, acts as a nominee company and holds the entire share capital of Constellation Automotive Topco Sarl ('Topco', formerly BBD Topco Sarl) as legal owner. Topco indirectly owns 70.0% of the immediate and sole parent, Constellation Automotive Group Sarl, a company incorporated in Luxembourg.

These consolidated accounts are the largest group which include the results of Constellation Automotive Holdings Limited and its subsidiaries. The consolidated financial statements can be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.

PENSIONS AND OTHER INFORMATION *continued*

29. GROUP UNDERTAKINGS

The Group's subsidiaries as at the year ended 31 March 2024 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares, are 100% owned, and the proportion of voting rights is equal to the proportion of shares owned. The country of incorporation or registration is also their principal place of business. All subsidiary undertakings are included in the consolidation.

Name and Address	Nature of business
Austria	
<i>Börsegasse 10/5, 1010 Wien</i> BCA Autoauktionen GesmbH	Non-trading
<i>1 Lainzer Straße 16/5, 1130 Wien</i> BCA Remarketing Austria GmbH	Vehicle Sale and Purchase
Belgium	
<i>Rue du Bosquet 8, 1400 Nivelles</i> BCA Autoveiling - Enchères Autos S.A. BCA Europe Transport Solutions S.A. CarTrade2B Belgium S.A.	Motor Vehicle Remarketing Logistics Services for the Automotive Sector Vehicle Sale and Purchase
Denmark	
<i>Auktionsvej 8, DK-7120, Vejle</i> BCA Autoauktion A/S BCA Transport Danmark A/S (formally Carwire A/S) T4G One Europe ApS	Motor Vehicle Remarketing Vehicle Sale and Purchase Vehicle Sale and Purchase
England and Wales	
<i>Form 2, 18 Bartley Wood Business Park, Bartley Way, Hook, Hampshire, United Kingdom, RG27 9XA</i>	
Autolink Limited	Non-trading
Autos on Show Limited	Non-trading
Autotrax Limited	Non-trading
BBD Rock Limited	Intermediate Parent
BCA Automotive Ltd	Intermediate Parent
BCA Central Limited	Intermediate Parent and Management Service Company
BCA Europe Limited	Intermediate Parent and Management Service Company
BCA Fleet Solutions Limited	Motor Vehicle Processing Services
BCA Fleet Solutions 2 Limited ¹⁰	Non-trading
BCA Group Europe Limited	Intermediate Parent
BCA Holdings Limited	Intermediate Parent
BCA Limited	Non-trading
BCA Logistics Limited	Logistics Services for the Automotive Sector
BCA Marketplace Limited	Intermediate Parent
BCA Osprey Finance Limited	Non-trading
BCA Osprey I Limited	Intermediate Parent
BCA Osprey II Limited	Intermediate Parent
BCA Outsource Solutions Limited	Vehicle Sale and Purchase
BCA Pension Trustees Limited	Non-trading
BCA Remarketing Group Limited	Intermediate Parent
BCA Remarketing Solutions Limited	Motor Vehicle Remarketing
BCA Trading Limited	Intermediate Parent
BCA Vehicle Finance Limited	Motor Vehicle Finance

PENSIONS AND OTHER INFORMATION *continued*

29. GROUP UNDERTAKINGS *continued*

Name and Address	Nature of business
England and Wales <i>continued</i>	
<i>Form 2, 18 Bartley Wood Business Park, Bartley Way, Hook, Hampshire, United Kingdom, RG27 9XA</i>	
BCA Vehicle Services Limited	Motor Vehicle Processing Services
British Car Auctions Limited	Motor Vehicle Remarketing
CAG Sirius 1 Limited ¹	Non-trading
CAG Sirius 2 Limited ¹	Non-trading
CAG Vega 1 Limited ¹	Non-trading
CAG Vega 2 Limited	Non-trading
CAG Zeta 1 Limited ¹	Non-trading
CAG Zeta 2 Limited ¹	Non-trading
Carland.com Limited	Non-trading
Constellation Automotive Financing plc	Financing Services
Constellation Automotive Group Limited	Intermediate Parent
Constellation Automotive Limited	Intermediate Parent
Constellation Developments Limited	Intermediate Parent
Constellation Retail Limited ^{1, 2}	Non-trading
Expedier Catering Limited ¹⁰	Non-trading
Expert Remarketing Limited	Non-trading
Life on Show Limited	Motor Vehicle Photographic Services
Paragon Automotive 2009 Limited ¹⁰	Non-trading
Paragon Automotive Limited ¹⁰	Non-trading
Paragon Automotive Logistics Ltd	Logistics Services for the Automotive Sector
Paragon Automotive Services Limited ¹⁰	Non-trading
Paragon Fleet Solutions Limited ¹⁰	Non-trading
Paragon Remarketing Services Limited ¹⁰	Non-trading
Paragon Vehicle Services Limited ¹⁰	Non-trading
Pennine Metals B Limited	Intermediate Parent
Scottish Motor Auctions (Holdings) Limited	Intermediate Parent
Sensible Automotive Limited	Logistics Services for the Automotive Sector
SMA Vehicle Remarketing Limited	Non-trading
Smart Prepared Systems Limited	Non-trading
Supreme Wheels Direct Ltd	Motor Vehicle Processing Services
TF1 Limited	Intermediate Parent
The British Car Auction Group Limited	Intermediate Parent
Tradeouts Limited	Non-trading
VAM UK Acquisition Corporation Limited ¹⁰	Non-trading
Walon Automotive Services Limited	Non-trading
Walon Limited	Logistics Services for the Automotive Sector
We Buy Any Car Limited	Vehicle Sale and Purchase
<i>Boundary Way, Lufton Trading Estate, Yeovil, Somerset BA22 8HZ</i>	
Magna Motors Limited	Non-trading
<i>C/O Marshall Volkswagen Milton Keynes, Greyfriars Court, Milton Keynes, Buckinghamshire MK10 0BN</i>	
Astle Limited ³	Franchised motor dealership
Audi South West Limited ³	Dormant
CMG 2007 Limited ³	Dormant
Crystal Motor Group Limited ³	Franchised motor dealership
Dealcairn Limited ⁴	Property holding

PENSIONS AND OTHER INFORMATION *continued*

29. GROUP UNDERTAKINGS *continued*

Name and Address	Nature of business
England and Wales <i>continued</i>	
<i>C/O Marshall Volkswagen Milton Keynes, Greyfriars Court, Milton Keynes, Buckinghamshire MK10 0BN</i>	
Driveline Limited ⁵	Franchised motor dealership
Exeter Trade Parts Specialists LLP ³	Motor parts sales
Hanjo Russell Limited ³	Dormant
Marshall Commercial Vehicles Limited ³	Dormant
Marshall Motor Group Limited ³	Franchised motor dealership
Marshall Motor Holdings Limited ³	Non-trading
Marshall North West Limited ³	Franchised motor dealership
Marshall of Cambridge (Garage Properties) Limited ³	Property investment and development
Marshall of Ipswich Limited ³	Franchised motor dealership
Marshall of Peterborough Limited ³	Franchised motor dealership
Marshall of Scunthorpe Limited ³	Franchised motor dealership
Marshall of Stevenage Limited ³	Franchised motor dealership
Motorline (Broad Oak) Limited ⁵	Franchised motor dealership
Motorline (Canterbury) Limited ⁵	Franchised motor dealership
Motorline (Kent) Limited ⁵	Franchised motor dealership
Motorline (UK) LLP ⁵	Dormant
Motorline Holdings Limited ⁵	Franchised motor dealership
Motorline Limited ⁵	Franchised motor dealership
Motorline TPS Limited ⁵	Motor parts sales
Pentagon Limited ³	Franchised motor dealership
Pentagon South West Limited ³	Dormant
Prep-Point Ltd ³	Maintenance and repair of motor vehicles
Ridgeway Bavarian Limited ³	Franchised motor dealership
Ridgeway Garages (Newbury) Limited ³	Franchised motor dealership
Ridgeway TPS Limited ³	Motor parts sales
S G Smith Automotive Limited ³	Holding Company
S G Smith Holdings Limited ³	Dormant
S G Smith (Motors) Beckenham Limited ³	Franchised motor dealership
S G Smith (Motors) Crown Point Limited ³	Franchised motor dealership
S G Smith (Motors) Croydon Limited ³	Dormant
S G Smith (Motors) Forest Hill Limited ³	Franchised motor dealership
S G Smith (Motors) Limited ³	Dormant
S G Smith (Motors) Sydenham Limited ³	Dormant
S G Smith Trade Parts Ltd ³	Motor parts sales
Silver Street Automotive Limited ³	Franchised motor dealership
Tim Brinton Cars Limited ³	Property holding
Wood in Hampshire Limited ³	Dormant
Wood of Salisbury Limited ³	Dormant
<i>The Airport, Carlisle, Cumbria, CA6 4NW</i>	
Cold Fell Group Limited	Intermediate Parent
E.C.M. (Vehicle Delivery Service) Limited	Logistics Services for the Automotive Sector

PENSIONS AND OTHER INFORMATION *continued*

29. GROUP UNDERTAKINGS *continued*

Name and Address	Nature of business
Finland	
<i>Firdonkatu 2 T 63, 00520 Helsinki, Finland</i>	
BCA Finland Oy ⁶	Motor Vehicle Remarketing
T4G One Europe Finland Oy ⁶	Vehicle Sale and Purchase
France	
<i>5 rue Charles de Gaulle - 94140 Alfortville</i>	
BC Remarketing S.A.S	Motor Vehicle Remarketing
BCAuto Enchères S.A.S	Motor Vehicle Remarketing
<i>53 rue Boissière 75116 Paris</i>	
CarTrade2B France S.A.S ⁷	Vehicle Sale and Purchase
Germany	
<i>Alsfelder Str.23, 36272 Niederaula</i>	
Fleet Control Monitor GmbH (76%)	Vehicle Inventory Management
<i>Flosshafenstrasse 5, 41460 Neuss</i>	
BCA Auctions GmbH	Motor Vehicle Remarketing
BCA Autoauktionen GmbH	Motor Vehicle Remarketing
BCA Automotiv GmbH & Co. KG	Motor Vehicle Remarketing
BCA Automotiv Verwaltungs GmbH	Intermediate Parent
BCA Europe GmbH	Intermediate Parent
CarTrade2B GmbH	Vehicle Sale and Purchase
<i>Herzogstrasse 15, 40217 Düsseldorf</i>	
ZABATUS Grundstücks – Vermietungsgesellschaft mbH & Co. Objekt BCA Neuss KG (94%)	Property Leasing
Hungary	
<i>1061 Budapest, Andrássy út 36. 2. em. 5., Magyarország</i>	
BCA Hungária Gépjármű-aukciós Kft.	Non-trading
Italy	
<i>Ripa di Porta Ticinese 7, 20143 Milano</i>	
BCA Italia SRL ⁸	Motor Vehicle Remarketing
CT2B Italia SRL ⁸	Vehicle Sale and Purchase

PENSIONS AND OTHER INFORMATION *continued*

29. GROUP UNDERTAKINGS *continued*

Name and Address	Nature of business
Jersey	
<i>47 Esplanade, St Helier, Jersey, JE1 0BD</i>	
H.I.J. Limited	Intermediate Parent
Rockingham (RT) Limited	Property Management
Rockingham (GW) Limited	Property Management
Rockingham (CP) Limited	Property Management
Netherlands	
<i>De Landweer 4, 3771 LN Barneveld</i>	
BCA Administratie B.V.	Vehicle Sale and Purchase
BCA Auctions Holdings B.V.	Intermediate Parent
BCA Autoveiling B.V.	Motor Vehicle Remarketing
FleetSelect B.V.	Motor Vehicle Remarketing
Norway	
<i>Kragerudveien 80, 2013 Skjetten, Norway</i>	
BCA Bilauksjon AS	Motor Vehicle Remarketing
T4G One Europe Norge AS	Vehicle Sale and Purchase
Poland	
<i>Rabowicka 9, 62-020 Swazędze</i>	
BCA Polska Sp. z.o.o.	Motor Vehicle Remarketing
Portugal	
<i>Av. Antonio Augusto de Aguiar, 38 - 6º, 1050-016 Lisboa</i>	
G – Grupo – Investimentos e Participações, S.A.	Intermediate Parent
S.P.L.A. – Sociedade Portuguesa de Leilões de Automóveis, S.A.	Motor Vehicle Remarketing
CarTrade2B Unipessoal, Lda	Vehicle Sale and Purchase
Romania	
<i>Bucharest, 1st district, Buzesti St. no. 50-52, module 12, 11th floor</i>	
BC Autolicitatii România - S.R.L	Non-trading
<i>București Sectorul 2, Strada GARA HERĂSTRĂU, Nr. 4B, spatiul 20, Etaj 9</i>	
BCA Remarketing Romania S.R.L ⁹	Motor Vehicle Remarketing
Scotland	
<i>199 Siemens Street, Blochairn, Glasgow, Scotland, G21 2BU</i>	
BCA 100 Limited ¹⁰	Non-trading
Motor Auctions (Properties) Limited	Property Leasing
Scottish Motor Auctions Limited	Non-trading

PENSIONS AND OTHER INFORMATION *continued*

29. GROUP UNDERTAKINGS *continued*

Name and Address	Nature of business
Spain	
<i>Sagasta, 15 Planta 2 puerta Izquierda 28004 Madrid</i>	
BCA España Autosubastas de Vehículos SL	Motor Vehicle Remarketing
BCA Management de Vehiculos SL	Vehicle Sale and Purchase
BCA Management de Vehiculos SL	Property Leasing
Sweden	
<i>Box 5208, 151 13 Södertälje</i>	
BCA Vehicle Remarketing AB	Motor Vehicle Remarketing
CarTrade2B AB	Vehicle Sale and Purchase
Switzerland	
<i>Zugerstrasse 72 6340 Baar</i>	
BCA AutoRemarketing Schweiz AG	Motor Vehicle Remarketing

¹subsidiaries for which exemption from audit by virtue of s479A of the Companies Act 2006 has been taken for the year ended 31 March 2024

²on 19 August 2024 CAG Lynx 1 was renamed to Constellation Retail Limited

³registered office address changed from Airport House, The Airport, Cambridge CB5 8RY to C/O Marshall Volkswagen Milton Keynes, Greyfriars Court, Milton Keynes, Buckinghamshire MK10 0BN on 30 August 2023

⁴registered office address changed from Motorline House, Shalloak Road, Broad Oak, Canterbury, Kent CT2 0PR to C/O Marshall Volkswagen Milton Keynes, Greyfriars Court, Milton Keynes, Buckinghamshire MK10 0BN on 31 August 2023

⁵registered office address changed from Motorline House, Shalloak Road, Broad Oak, Canterbury, Kent CT2 0PR to C/O Marshall Volkswagen Milton Keynes, Greyfriars Court, Milton Keynes, Buckinghamshire MK10 0BN on 30 August 2023

⁶registered office address changed from Lamminsuontie 1, 01750 Vantaa Finland on 15 March 2024

⁷registered office address changed to 53 rue Boissière 75116 Paris on 8 February 2022

⁸registered office address changed from Montanaso Lombardo (LO), Via Emilia 143/A, CAP 26836 on 28 February 2023

⁹incorporated on 11 June 2024

¹⁰On 23 September 2024 applications to commence strike off proceedings were approved by the relevant directors

PENSIONS AND OTHER INFORMATION *continued*

29. GROUP UNDERTAKINGS *continued*

Equity-accounted investments

Associates and joint ventures had no contingent liabilities or capital commitments at 31 March 2024 and 2 April 2023.

Reconciliation to carrying amounts:

	Associates		Joint Ventures		Total £m
	Proov Station	Automotion Events ¹	CRVO Ingrandes	CRVO Lens	
	£m	£m	£m	£m	
As at 3 April 2022	1.6	0.3	0.5	2.7	5.1
Disposal of discontinued operation	-	(0.3)	-	-	(0.3)
Share of (loss)/profit	(0.2)	-	(0.5)	0.5	(0.2)
Reclassification to financial assets	(1.4)	-	-	-	(1.4)
As at 2 April 2023	-	-	-	3.2	3.2
Share of (loss)/profit	-	-	(0.2)	0.5	0.3
Capitalisation of loan	-	-	1.9	-	1.9
Disposal of joint ventures	-	-	(1.7)	(3.7)	(5.4)
As at 31 March 2024	-	-	-	-	-

¹For the year ended 2 April 2023, Automotion Events results were equity accounted prior to the disposal of Cinch Group on 28 November 2022.

Disposal of Vehicle Reconditioning Joint Ventures

During the year ended 31 March 2024, the Group divested its 50% interest in two European joint ventures, Centre De Rénovation De Véhicules D'Occasion Ingrandes S.A.S and Centre De Rénovation De Véhicules D'Occasion Lens S.A.S, generating a gain of £0.8m on disposal. The disposal of these reconditioning companies to the joint venture partner generated total proceeds of £6.2m in addition to the repayment of outstanding loan receivables of £0.5m.

PENSIONS AND OTHER INFORMATION *continued*

29. GROUP UNDERTAKINGS *continued*

The tables below provide summarised financial information of the Group's current and previous equity-accounted investments. The information disclosed reflects the amounts presented in the financial statements of the relevant equity-accounted investments and not the Group's share of those amounts. They are shown as at the date of the most recent financial statements, which may not be coterminous to the Group. They have been amended to reflect adjustments made by the entity for differences in accounting policies.

Centre De Rénovation De Véhicules D'Occasion Ingrandes

	As at 31 December 2022
	€m
Non-current assets	4.5
Current assets	3.0
Non-current liabilities	(5.6)
Current liabilities	(2.2)
Net liabilities	(0.3)

	For the year ended 31 December 2022
	€m
Operating income	14.4
Operating costs	(15.3)
Depreciation and amortisation	(0.7)
Operating loss	(1.6)
Net finance costs	(0.1)
Income tax	-
Result for the year	(1.7)

Centre De Rénovation De Véhicules D'Occasion Lens

	As at 31 December 2022
	€m
Non-current assets	13.0
Current assets	4.3
Non-current liabilities	(3.0)
Current liabilities	(7.4)
Net assets	6.9

	For the year ended 31 December 2022
	€m
Operating income	11.5
Operating costs	(11.1)
Depreciation and amortisation	(1.1)
Operating loss	(0.7)
Net finance costs	-
Income tax	-
Result for the year	(0.7)

Transactions with non-controlling interests

There were no transactions with non-controlling interests in the year ended 31 March 2024 (year ended 2 April 2023: €nil).

PENSIONS AND OTHER INFORMATION *continued*

29. GROUP UNDERTAKINGS *continued*

Prior year cessation of equity accounting – Proov Station S.A.S

On 16 December 2022, the Group derecognised its equity-accounted investment in Proov Station S.A.S following a dilution in shareholding from 22.02% to 16.0% and the subsequent loss of significant influence. The retained investment was subsequently reclassified as a financial asset held at fair value through profit or loss (FVTPL).

The retained investment was reclassified at a fair value of £1.4m with no resulting gain or loss recognised. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The shares are not listed on an exchange and are valued based on unobservable market data (categorised as Level 3 within the fair value hierarchy).

The tables below provide summarised financial information of the Group's current and previous equity-accounted investments. The information disclosed reflects the amounts presented in the financial statements of the relevant equity-accounted investments and not the Group's share of those amounts. They are shown as at the date of the most recent financial statements, which may not be coterminous to the Group. They have been amended to reflect adjustments made by the entity for differences in accounting policies.

	As at 31 December 2022
	€m
Non-current assets	4.2
Current assets	9.0
Current liabilities	(6.8)
Net assets	6.4

	For the year ended 31 December 2022
	€m
Operating income	5.2
Operating costs	(8.0)
Operating loss	(2.8)
Net finance costs	(0.1)
Income tax	0.4
Result for the year	(2.5)

PENSIONS AND OTHER INFORMATION *continued*

29. GROUP UNDERTAKINGS *continued*

Prior year disposal of Automotion Events Ltd

On 28 November 2022, CAHL distributed its investment in the Cinch Group to its parent, Constellation Automotive Group Sarl. As a result, Automotion Events Ltd ceased to be an associate of CAHL from this date.

	As at 31 March 2023
	£m
Non-current assets	0.1
Current assets	0.2
Non-current liabilities	(0.1)
Current liabilities	(0.4)
Net assets	(0.2)

	For the year ended 31 March 2023
	£m
Operating income	0.6
Operating costs	(0.8)
Depreciation and amortisation	-
Operating loss	(0.2)
Net finance costs	-
Income tax	-
Result for the year	(0.2)

COMPANY FINANCIAL STATEMENTS

COMPANY BALANCE SHEET

<i>as at 31 March 2024 (2023: as at 2 April 2023)</i>	Note	2024 £m	2023 £m
Non-current assets			
Investments	4	960.7	960.7
Total non-current assets		960.7	960.7
Current assets			
Trade and other receivables	5	8.4	7.4
Total current assets		8.4	7.4
Total assets		969.1	968.1
Current liabilities			
Trade and other payables	6	(11.6)	(8.3)
Total current liabilities		(11.6)	(8.3)
Total liabilities		(11.6)	(8.3)
Net assets		957.5	959.8
Equity shareholder's funds			
Share capital	7	100.0	100.0
Share premium	7	821.5	821.5
Retained earnings		36.0	38.3
Total shareholder's funds		957.5	959.8

The Company has elected to take the exemption under Section 408 of the Companies Act 2006 not to present the Parent Company profit and loss account and the related notes. The loss for the Parent Company for the year ended 31 March 2024 was £2.3m (year ended 2 April 2023: £0.3m).

The financial statements on pages 138 to 143 were approved by the CAHL Board on 25 September 2024 and were signed on its behalf by:



T G Lampert

Company registration number: 13634625

COMPANY STATEMENT OF CHANGES IN EQUITY

for the 52 weeks ended 31 March 2024 (2023: 52 weeks ended 2 April 2023)

	Note	Share capital £m	Share premium £m	Retained earnings £m	Total £m
Balance as at 3 April 2022		100.0	1,421.5	(270.5)	1,251.0
<i>Total comprehensive loss for the period</i>					
Loss for the period		-	-	(0.3)	(0.3)
Total comprehensive expense for the period		-	-	(0.3)	(0.3)
<i>Contributions and distributions</i>					
Capital reduction		-	(600.0)	600.0	-
Distribution in specie		-	-	(290.9)	(290.9)
Total transactions with owners		-	(600.0)	309.1	(290.9)
Balance as at 2 April 2023		100.0	821.5	38.3	959.8
<i>Total comprehensive loss for the period</i>					
Loss for the period		-	-	(2.3)	(2.3)
Total comprehensive expense for the period		-	-	(2.3)	(2.3)
Balance as at 31 March 2024		100.0	821.5	36.0	957.5

COMPANY CASH FLOW STATEMENT

for the 52 weeks ended 31 March 2024 (2023: 52 weeks ended 2 April 2023)

	2024	2023
	£m	£m
Cash flows from operating activities		
Loss for the period	(2.3)	(0.3)
Adjustments for:		
Income tax (credit)/charge	(0.7)	0.1
Finance income	(0.5)	(0.4)
Finance costs	0.2	-
Changes in working capital:		
Trade and other receivables	(0.5)	-
Trade and other payables	(4.3)	(0.4)
Cash flow from operations	(8.1)	(1.0)
Interest received	0.1	0.5
Income tax received	0.6	0.9
Net cash (outflow)/inflow from operating activities	(7.4)	0.4
Cash flows from financing activities		
Amounts loaned from related parties	7.4	-
Amounts loaned to subsidiary undertakings	-	(0.4)
Net cash inflow/(outflow) from financing activities	7.4	(0.4)
Net increase in cash and cash equivalents	-	-
Foreign exchange on cash held	-	-
Cash and cash equivalents at period end	-	-

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of preparation

Constellation Automotive Holdings Limited ('CAHL', the 'Company') is a UK private company limited by shares. These Company financial statements for the 52 weeks ended 31 March 2024 ('year ended', 'the year' or 'financial year') have been prepared on a going concern basis in accordance with UK-adopted International Accounting Standards ('IFRSs') and the applicable legal requirements of the Companies Act 2006. The comparative period being the 52 weeks ended 2 April 2023. The accounting policies have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. The financial statements have been prepared under the historical cost convention. The financial statements and the notes to the financial statements are presented in millions of Pounds Sterling ('£m') except where otherwise indicated.

The accounting policies applied in the preparation of these Company financial statements are the same as those set out in note 4 of the Annual Report and Accounts 2024, with the exception of note 2 'Basis of consolidation' and the policy on investments in subsidiaries, which are stated at cost less impairment. The preparation of the Company's financial statements require the establishment of accounting policies which involve judgements, estimates and assumptions that affect the reported amounts. The Company has identified a critical accounting estimate with a risk of material adjustment within the next financial year in respect of investment impairment, and details can be found in note 4 Investments in subsidiaries.

2. EMPLOYEES

There were no employees of the Company during the year ended 31 March 2024 (year ended 2 April 2023: nil).

3. NET FINANCE INCOME

During the year ended 31 March 2024, net finance income of £0.3m relates to £0.5m of interest accrued on amounts owed by subsidiary undertakings (year ended 2 April 2023: £0.4m) less £0.2m of interest accrued on amounts owed to subsidiary undertakings (year ended 2 April 2023: £nil).

4. INVESTMENTS IN SUBSIDIARIES

	Total £m
Cost	
As at 3 April 2022	1,251.6
Disposal of business	(290.9)
As at 2 April 2023 and 31 March 2024	960.7

Investments in Company undertakings are recorded at cost less impairment. The cost of investments acquired through group reorganisation are based on the predecessor cost from Constellation Automotive Group Sarl, with subsequent investment based on the fair of value of consideration given.

At 3 April 2022, the Company owned 100% of the issued share capital of Constellation Automotive Group Limited, Cinch Holdings Sarl and CAG Vega 1 Limited. On 28 November 2022, CAHL distributed its investment in Cinch Holdings Sarl to its parent, Constellation Automotive Group Sarl, at carrying value. The Company owns directly and indirectly the subsidiary undertakings listed in note 29 of the Annual Report and Accounts 2024.

Critical accounting estimates – investment impairment

An investment impairment review has been conducted by the Company. The impairment review is performed on a value in use basis, which requires estimation of future net operating cash flows, the time period over which they will occur, an appropriate discount rate and an appropriate growth rate. Specifically, the future cash flows are sensitive to the assumptions made about the financial performance of the Group, including EBITDA margin and the long term growth rate of the relevant market. Given the degree of subjectivity involved, actual outcomes could vary significantly from these estimates.

The post-tax discount rate used in the value in use calculation for investment impairment purposes was 9.0%. The Directors have reviewed the key assumptions used in the investment impairment assessment and have considered the impact of reasonably possible changes in these assumptions, including a 0.5% increase in post-tax discount rate. This would not result in an investment impairment. The Directors note that changes outside of this sensitivity could give rise to a different outcome.

NOTES TO THE COMPANY FINANCIAL STATEMENTS *continued*

5. TRADE AND OTHER RECEIVABLES

	2024	2023
	£m	£m
Amounts owed by subsidiary undertakings	8.4	7.4
Total trade and other receivables	8.4	7.4

Amounts owed by subsidiary undertakings include a loan of £7.3m (year ended 2 April 2023: £6.8m) that is unsecured, repayable on demand and bears interest at SONIA plus 3.25% per annum (year ended 2 April 2023: 3.25% per annum). All remaining balances are unsecured, have no fixed rate of repayment and are repayable on demand.

6. TRADE AND OTHER PAYABLES

	2024	2023
	£m	£m
Accruals and other payables	0.1	0.1
Loans due to related parties	7.6	-
Amounts owed to subsidiary undertakings	3.9	8.2
Total trade and other payables	11.6	8.3

Amounts owed to subsidiary undertakings are unsecured, repayable on demand and bears no interest. Loans due to related parties are unsecured, repayable on demand and accrue interest at SONIA + 5%.

7. SHARE CAPITAL AND RESERVES

The details of the Company's share capital and the nature of the reserves are disclosed in note 24 of the Annual Report and Accounts 2024.

8. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

Financial risk management

The Company's activities indirectly expose it to a variety of financial risks: market risk (including foreign exchange and interest rate risk), credit risk and liquidity risk. The responsibility for monitoring the effectiveness of risk management is carried out by the CAHL Board.

Market risk

Market risk is the risk that changes in market prices (principally exchange rates and interest rates) will affect the Company's income or the value of its holdings of financial instruments.

Foreign exchange risk

The Company has no direct significant interaction with foreign currency. Members of the Group in which the Company holds its investment operate in continental Europe, which means that through its investment the Company has some indirect exposure to foreign exchange risk.

Interest rate risk

The Company has no external debt. Members of the Group in which the Company holds its investment hold external debt, which means that through its investment the Company has some indirect exposure to interest rate risk.

Credit risk

Credit risk is the risk of financial loss in the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally through receivables from Group companies. The Company has minimal credit risk.

NOTES TO THE COMPANY FINANCIAL STATEMENTS *continued*

8. FINANCIAL INSTRUMENTS – RISK MANAGEMENT *continued*

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company currently meets all liabilities from intercompany loans. The Company's liability for operating expenses is monitored on an ongoing basis to ensure cash resources are adequate to meet liabilities as they fall due.

Capital risk management

The aim of the Company is to maintain sufficient funds to enable it to make suitable investments and incremental acquisitions whilst minimising recourse to bankers and/or shareholders.

Fair values

The fair values of all financial instruments are equal to their carrying values.

9. RELATED PARTY TRANSACTIONS

Remuneration of the Directors who constitute key management personnel of the Company has been disclosed in note 28 of the Annual Report and Accounts 2024.

10. COMMITMENTS AND CONTINGENCIES

Capital commitments

There are no capital commitments to disclose in this report.

Contingencies

There are no disputes with any third parties that would result in a material liability for the Company.