

REPORT OF THE AUDIT COMMITTEE



The Audit Committee continued to focus on continuous improvements in assessing risk, internal controls and financial reporting processes. The Committee led an audit tender which allowed us to shine a spotlight on the effectiveness of the external audit and how technology will provide a roadmap for future improvements.

Mark Butcher

Audit Committee Chairman

Committee membership

The members of the Audit Committee are shown below.

Details of their experience and qualifications are shown on pages 86 to 87

Committee membership	Number of meetings
Mark Butcher	4/4
Bindi Karia*	3/4
John Pattullo	4/4
Nicola Rabson*	2/4

* Bindi Karia was unable to attend one and Nicola Rabson was unable to attend two Audit Committee meetings owing to external commitments. Both had informed the Committee in advance and were able to provide comments to the Committee Chairman ahead of the meeting.

The Code requires that at least one member of the Audit Committee (the Committee) should have recent and relevant financial experience. Currently, the Chairman of the Committee Mark Butcher fulfils this requirement. All members of the Committee are expected to be and are financially literate. The Committee is comprised of independent Non-Executive Directors with relevant experience and proficiency in line with the requirements of the Code and the Committee's terms of reference.

Dear stakeholder,

On behalf of the Audit Committee (the Committee) and the Board, I am pleased to present the report of the Committee for the year ended 30 April 2025. The objective of this report is to provide an understanding of the work undertaken by the Committee during the year to ensure that the interests of the Group's stakeholders are protected through a robust system of internal controls, risk management and transparent financial reporting.

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

The Board recognises the importance of risk management; therefore, the setting of risk appetite and the review of the risk register are carried out by the Board. Further information on the Group's risk management processes can be found on pages 52 to 55. The Committee continued to focus on its core areas of responsibility, namely protecting the interests of the Group, our shareholders and stakeholders through ensuring the integrity of the Group's financial information, audit quality and the effectiveness of internal controls throughout the year.

Meetings

The Committee is required to meet at least three times a year. Details of attendance at meetings held in the year ended 30 April 2025 are detailed in this report. Due to the cyclical nature of its agenda, which is linked to events in the Group's financial calendar, the Committee met four times during the year. The other Directors, together with the Group Head of Internal Audit and the external auditors, are normally invited to attend all meetings.

Key focus

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

During the year the Committee reviewed management's assessment of the viability of the Group and the period over which viability should be assessed taking into consideration the impact of the economic environment, climate change and downside sensitivities, and challenged those assumptions. The Committee is satisfied that the Group is viable, with further details provided within the viability statement found on page 63.

In advance of the 10-year anniversary of PwC's tenure as the Group's external auditor, the Committee, conducted a competitive tender process which resulted in a recommendation to reappoint PwC as the Group auditor; this will be subject to a shareholder vote at the Group's forthcoming AGM. Further detail of the tendering process is detailed on page 100.

The Committee continued to review key accounting judgements over depreciation rates and determining the carrying amounts of claims due from insurance companies and self-insuring organisations. The assessment of depreciation rates took into account the changes in market dynamics in vehicle supply and the review of insurance claims considered the mix of protocol to non-protocol claims looking at historical settlements and what factors would influence future settlements.

The Committee reviewed the presentation of underlying financial results taking into consideration items which have been classed as exceptional or presented as not part of underlying performance. In particular, reviewing management judgements in assessing the impairment of assets and the classification of restructuring costs.

The Committee reviewed and made a recommendation to the Board to approve the Group's tax strategy which the Board approved. The Group's tax strategy demonstrates the Group's commitment to tax transparency and its stated desire to pay the right amount of tax.

REPORT OF THE AUDIT COMMITTEE continued

Activity

The main activities of the Committee are outlined below. The meeting in June primarily relates to the completion of the reporting cycle for the previous financial year, therefore the meeting held in June 2025 has been included below as it related to the year ended 30 April 2025.

September 2024

Key focus

Reviewed the effectiveness of the FY2024 external audit and agreed the scope of the FY2025 audit work to be undertaken by PwC

- Reviewed and approved PwC's audit plan including an assessment of their independence
- Agreed the audit fee for FY2025
- Reviewed and confirmed endorsement of the Group's non-audit fee policy
- Reviewed and approved the Committee's terms of reference, prior to making a recommendation to the Board
- Reviewed and approved the outline plan for the audit tender process

November 2024

Key focus

Reviewed the interim financial statements to be issued in December 2024 and related reports prepared by management and PwC

- Reviewed management's assessment of going concern
- Reviewed management papers supporting the key judgment areas in the interim financial statements including depreciation rates, recoverability of contract assets and interim tax accounting
- Reviewed a paper on the presentation of financial statements including consideration of exceptional items

March 2025

Key focus

Completed the audit tender process, reviewing documentation and presentations from competing firms in the final stage. Tender scorecard completed and recommendation made to reappoint PwC

- Reviewed the quality and effectiveness of Group Internal Audit
- Reviewed and approved the Internal Audit Charter
- Set the programme of internal audits
- Reviewed the Group's corporate taxation arrangements and recommended that the Board approve the Group's tax strategy
- Reviewed the Group's treasury arrangements and policies
- Audit tender presentations to the Committee by short-listed firms

June 2025

Key focus

Reviewed the FY2025 Financial Statements and related reports prepared by management and PwC

- Reviewed and approved the Group's Fair Balanced and Understandable statement
- Reviewed management's papers on areas of key judgement including depreciation rates, recoverability of contract assets, going concern and viability
- Reviewed management papers on tax accounting and presentation of financial statements
- Reviewed management papers on impairments and exceptional items
- Reviewed and approved non-audit services provided by PwC
- Audit tender scoring completed and recommendation made to the Board

At each meeting, the Committee received regular reports from the Group Head of Internal Audit and reviewed progress made by management in responding to their internal control recommendations. The Committee had regular discussions with the Group Head of Internal Audit and the external audit partner without management being present.

Significant matters considered in relation to the financial statements

The Committee reviewed the significant matters set out in this report in relation to the Group's financial statements for the year ended 30 April 2025. We discussed these issues at various stages with management during the financial year and during the preparation and approval of the financial statements.

Following a review and consideration of the presentations and reports presented by management, we are satisfied that the financial statements appropriately address the critical judgements and key estimates, in respect of both the amounts reported and the disclosures made and that our conclusions in relation to these issues are in line with those drawn by the auditors.

Overview of internal financial controls

Risk management

The Committee is responsible for overseeing the adequacy of internal controls and the work of Group Internal Audit. The Board determines the extent and nature of the risks it is prepared to take in order to achieve the Group's strategic objectives.

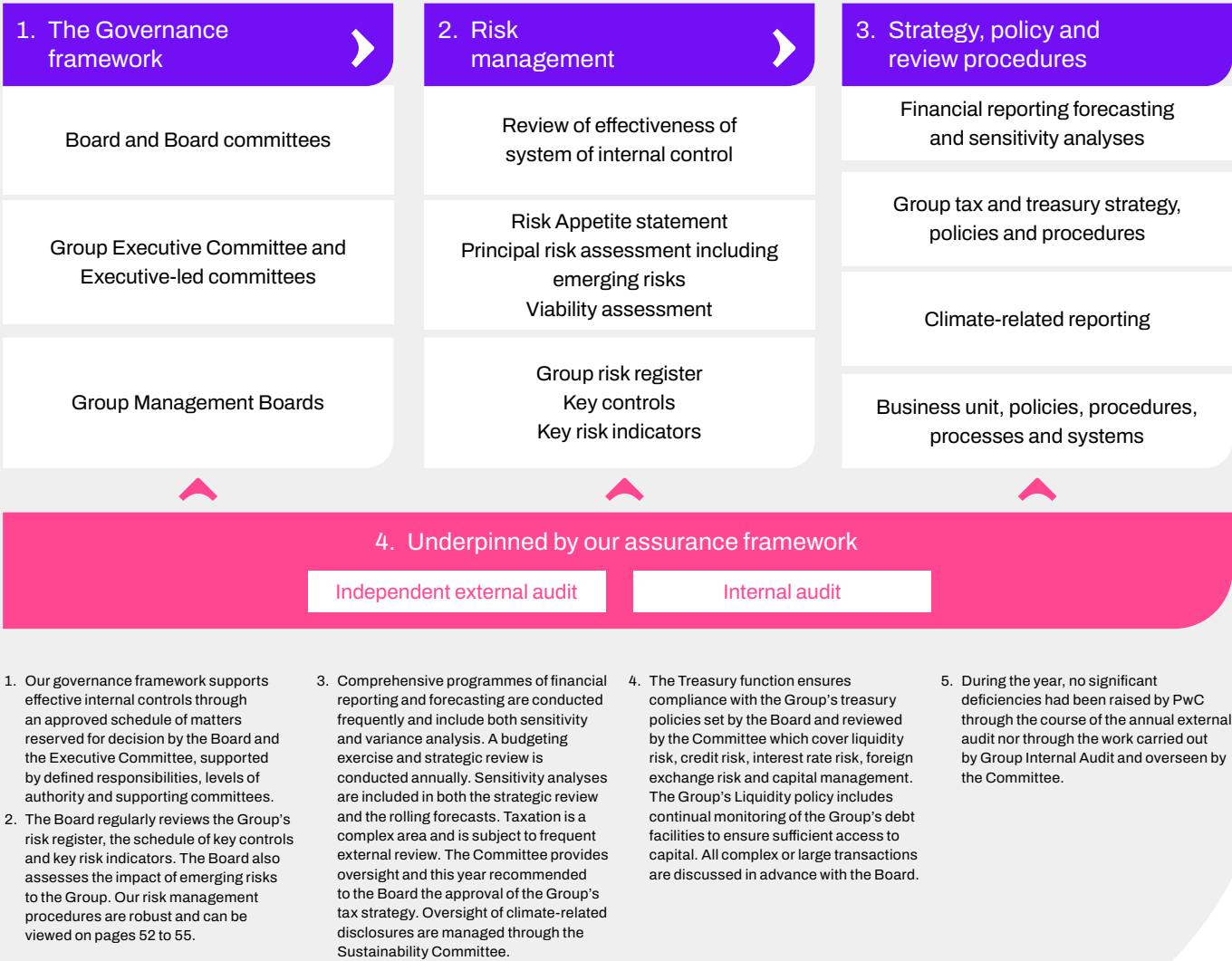
During the year the Board approved an updated Risk Management policy, as well as an updated risk appetite framework which supports the implementation of the Group's risk management framework.

Following the Committee's review and recommendation, the Board agreed that internal controls (including risk management and managing climate-related emerging risks) continue to be effective. This was in accordance with the requirements of the FRC's Guidance on risk management, internal control and related financial and business reporting. The Committee supported the Board's confirmation that no significant failings or weaknesses have been identified during the financial year. Processes are in place to ensure that necessary action is taken, and progress is monitored where areas for improvement are identified.

Internal financial controls

On a continual basis, the Committee reviews the adequacy and effectiveness of the Group's system of internal financial controls, with an overview of the framework shown on this page.

The Committee received detailed reports on the operation and effectiveness of the internal financial controls from members of the senior management team. The outcome of the external audit at the year end and the half year review are considered in respect of internal controls. The Committee also receives updates on the policies and procedures in place and how these are being communicated to and complied with by the wider workforce.



REPORT OF THE AUDIT COMMITTEE continued

Significant financial judgements, key assumptions and estimates

Any key accounting issues or judgements made by management are monitored and discussed with the Committee throughout the year. The table below provides information on the key issues discussed with the Committee during the year and the judgements adopted.

Matter	Key consideration	Progress to date	Conclusion
Determining appropriate depreciation rates for vehicles available for hire	Ensuring that depreciation rates are set appropriately.	The Committee reviewed trends of vehicle residual values. In addition, we reviewed papers prepared by management at each reporting date which included a quantitative and qualitative assessment of the current and forecast trends in the used vehicle market, management of fleet and review of the Group's depreciation policy and accounting estimates in this context. We challenged and debated the assumptions and judgements made and were content with management's assessment.	We agreed with management's assessment of depreciation rates to be applied to the existing fleet and their proposal for depreciation rates on new vehicle purchases to be applied in FY2026.
Claims due from insurance companies and self-insuring organisations	Ensuring that the carrying value of insurance claims represents the best estimate of the net claim value to be recovered.	At each reporting date, the Committee reviewed papers prepared by management which included management's assessment of the expected net claim values at each reporting date. We challenged the underlying assumptions and significant areas of judgement and were satisfied with management's assessments.	We concluded that the judgements made in determining net claim values as at 30 April 2025 were appropriate.
Impairment of group assets and disclosure of exceptional items	Ensuring the recoverable amounts of the assets held on the balance sheet are in excess of carrying values and that exceptional items are appropriately presented.	The Committee reviewed a paper prepared by management considering the presentation of certain items as exceptional or reported outside of underlying results including impairment of assets. We challenged the assumptions made and were satisfied with management's assessment.	We reviewed management assessments in calculating the impairment of assets which have been disclosed as exceptional items, along with other costs that have been presented outside of underlying results and agree that this presentation provides a clearer comparison of the underlying performance of the Group.
Financial statements and other information	Fair and balanced presentation of financial statements and other information including use of appropriate alternative performance measures.	The Committee considered the presentation of the financial statements, including the presentation of reported results between underlying and statutory performance, as well as evaluating how financial results and alternative performance measures were used as part of the Strategic report. The Committee reviewed papers prepared by management at each reporting date which outlined management's judgement in assessing whether any items should be classified as exceptional items or otherwise excluded from underlying results to ensure that the judgements made were reasonable and were in line with stated policy.	We concluded that the Annual Report and Accounts, taken as a whole, were fair, balanced and understandable, and that the use of alternative performance measures was appropriate.

REPORT OF THE AUDIT COMMITTEE continued

External auditors

The Committee reviews and makes recommendations regarding the appointment of the external auditors. In making this recommendation, we consider auditor effectiveness and independence including consideration of non-audit fees and length of tenure of the audit firm and senior members of the audit team.

The audit firm

In accordance with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Process and Audit Committee Responsibilities) Order 2014, the Group is required to carry out a mandatory audit tender every 10 years. As PwC were first appointed for the year ended 30 April 2015, a tender process was carried out for the purposes of appointing an external auditor for the year ending 30 April 2026.

The external audit tender process conducted during the year is outlined on this page.

Tender of the external audit contract

The Committee commenced the audit tender process at the start of the financial year in order to allow for a fair and thorough process to be carried out and allowing for other non-audit services to be transitioned to alternative firms if required.

The tender approach and scoping was approved by the Committee and it was agreed that the designed selection criteria was transparent and non-discriminatory, and was focused on audit quality covering (independence, challenge and technical competence. A decision panel was formed which included members of the Audit Committee as well as Executive Directors.

The Chairman of the Committee led the tender process and chaired the selection panel, ensuring that the selection of competing firms and the tender process was run in a fair and balanced manner. The Committee was supported by management who provided participating firms with access to relevant information to deliver a high quality proposal.

Key steps in the tender process:

1 Shortlisting of firms and verifying independence

The tender commenced with a review of all relevantly experienced firms participating in the market using publicly available information and through informal meetings with potential participants. There was a pre-qualification stage to eliminate firms that were not deemed to have sufficient experience of auditing public listed companies of a scale and complexity of the Group or were not adequately resourced in the geographical areas where the audit work would be performed. Relevant sector experience was also taken into consideration. The Committee also reviewed the most recently published reports by the FRC and ICAEW on the quality of audit firms.

A short-list of firms was prepared and four firms were formally invited to tender of which two firms accepted the invitation, including PwC as the incumbent firm.

2 Information sharing

A request for proposal outlined the process, the composition of the selection panel, key requirements and the scorecard which would be used in order to determine the outcome of the tender. Competing firms were provided with access to relevant management information to design an audit plan. Further information requests were permitted through a specified process to allow the firms to ask questions on the content provided in the data room or request further information from management.

Each firm was invited to a series of meetings with the Committee Chairman, Executive Directors and senior management, providing an opportunity for the firms to develop a deeper understanding of the business and the requirements of the audit scope.

Each firm provided an independence assessment at the start of the process, detailing services currently provided to the Group, and confirmation of their ability to achieve independence within the required timeframe. These responses were reviewed by the Committee to assess consistency with the Group's own assessment and independence status was reconfirmed ahead of the conclusion of the process.

3 Tender proposals

Each firm submitted a formal proposal document to the selection panel, followed by a presentation from the proposed engagement lead audit partners from each firm which facilitated a robust discussion over the proposal including quality review ratings; technical expertise; understanding of the business and industry; planned audit approach including the use of technology, team structure, implementation and transition.

4 Evaluation

Principal evaluation criteria used to assess the firms:

- Quality of audit firm, including FRC scores, level of independent challenge demonstrated and internal quality processes.
- Strength of proposed team, partner experience in role, sector and with publicly listed audits, wider team credentials and access to experts.
- Understanding of the business and industry, including views of the Group's position within it, observations on the Group's financial reporting processes and reports, and potential areas for improvement.
- Audit approach and use of technology including the approach towards internal controls and accounting judgements

5 Decision

Following a detailed review of the performance of each firm during the process and an evaluation against all criteria, the selection panel recommended PwC for appointment as statutory auditors for the 2026 financial year, subject to shareholder approval at the Company's 2025 AGM. The decision recognised the effectiveness of the audit in recent years, the strength of the team and the firm's commitment to future improvements in audit quality through technology. Following the conclusion of the tender process the Committee Chairman provided feedback to the participating firms as well as thanking them for their efforts and commitment throughout the process.

REPORT OF THE AUDIT COMMITTEE continued

Non-audit fees

The Committee ensures that non-audit work may only be undertaken by the external auditor in limited circumstances. All non-audit services are subject to the Committee's prior approval. Non-audit services provided by our external auditors are subject to a cap equal to 70% of the average annual audit fee for the preceding three years.

Non-audit fees for services provided by PwC for the year amounted to £80,000 which included £71,000 for the review of the interim financial statements. As the interim review work was required by legislation this is not included for the purposes of comparing non-audit fees to the 70% cap included in the FRC's guidance. The remaining non-audit fees comprised of £6,000 relating to agreed-upon procedures in Spain as well as a total of £3,000 for non-audit fees which was incurred for providing access to PwC online technical resources. The level of non-audit fees is less than 1% of the three-year average audit fee.

Auditor effectiveness

The Committee carries out an annual assessment of the external auditors which entails reviewing the effectiveness of the audit process and the objectivity and independence of the external auditors, both in terms of the engagement team and the firm as a whole. In order to perform this assessment, the following criteria are considered:

- the auditor's safeguards to independence including the independence letter which annually confirms their independence and compliance with the FRC Ethical Standard;
- the operation, and compliance with, the Group's policy on non-audit work being performed by the auditors;
- how the auditors identified risks to audit quality and how these were addressed, including the controls the auditors relied upon;
- the quality of the audit plan including identification of key risks, materiality assessment and scope of group audit;
- how the auditors demonstrated professional scepticism and challenged management's assumptions where necessary; and
- assessment of the quality of the firm, including the reputation of the firm and the outcome of the FRC's inspection of PwC's audit quality

In assessing how the auditors demonstrated professional scepticism and challenged management's assumptions, the Committee considered the depth of discussions held with the auditor, particularly in respect to challenging the Group's approach to its significant judgements and estimates. The Committee is satisfied with the level of challenge raised by the audit partner and the team during the year.

The Committee concluded that the audit process was operating effectively.

Minimum standard

The FRC's Audit Committees and the External Audit: Minimum Standard (the Minimum Standard) was published in May 2023. The Committee's concluded that no significant changes are required from how the Committee currently operates. During the year, the Committee made use of the FRC's best practice guides in respect of the audit tender process discussed above.

Group Internal Audit

In fulfilling its duty to monitor the effectiveness of the Internal Audit function, the Committee has:

- reviewed the adequacy of the resources of the Group Internal Audit department;
- ensured that the Group Head of Internal Audit has direct access to the Chairman of the Board and to all members of the Committee;
- conducted a one-to-one meeting with the Group Head of Internal Audit without management present; and
- approved the Group Internal Audit programme and reviewed quarterly reports by the Group Head of Internal Audit, ensuring the Committee was satisfied with the quality of these reports.

The Committee concluded that the Group internal audit process had been conducted effectively and that the quality of audit and reporting was rated highly.

Looking forward

In FY2026, the Committee will continue to support the Board as the business continues to execute its strategy, embedding the Group's governance framework, financial reporting systems, risk management processes and internal controls in the context of the Corporate Governance Code 2024 changes.

Mark Butcher

Audit Committee Chairman

9 July 2025