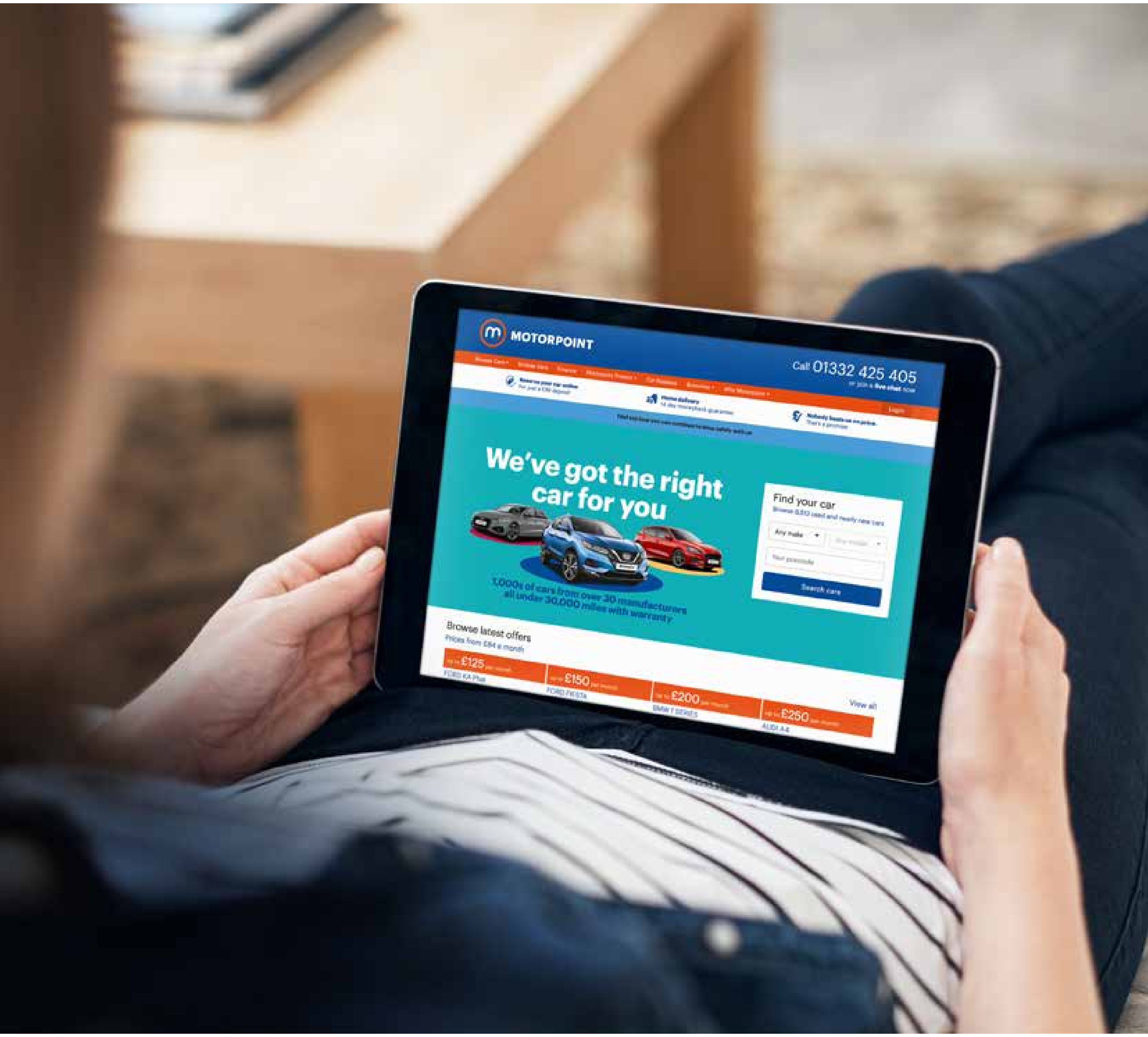
Motorpoint Group Plc
Annual Report and Accounts 2021



MOTORPOINT

Reigniting growth through E-commerce

Car buying made easy

Motorpoint is the UK's leading omnichannel retailer of 0-3 year nearly new vehicles driven under 30,000 miles.

Making car buying easy has been our Purpose for over 20 years. It's the reason why we have such a rich history of adapting to the needs of our customers and continually innovating to deliver the best car buying experience possible. Decades of putting our customers at the centre of everything we do has given us an unparalleled understanding of what people want when they buy a car.

This is why we believe so strongly in giving our customers unrivalled Choice, Value, Service, and Quality, and why we are trusted to be the Car Buyer's Champion.

People powered

At our heart we are a people powered business and it is our talented people who help customers when purchasing a vehicle from Motorpoint, giving them the advice they're looking for, ensuring everything is to the standard they expect and developing new innovations, products and services that constantly improve the purchasing process.

Omnichannel and customer-centric

By focusing on making car buying easy for our customers we have been able to create the very best omnichannel experience. One that combines the convenience and benefits of buying online, Home Delivery and Reserve and Collect with an extensive nationwide retail network ensuring high levels of quality, service and support.

Financial highlights

Revenue

2021	£721.4m
2020	£1,018.0m

Gross Margin

2021	8.7%
2020	7.8%

Profit Before Tax ('PBT')

2021	£9.7m
2020	£18.8m

Basic Earnings Per Share ('EPS')

2021	8.4p
2020	16.4p

FY21 performance and liquidity were impacted by forced branch closures and the challenging economic uncertainty caused by the COVID-19 pandemic.

Strategic and operational highlights

68,000
vehicles sold, inc 25,000 via Action4Cars platform

69%
units sold online

+35%
online retail volume growth

9,300
vehicles home delivered

Next day Home Delivery available within
60
minutes of branches

#18
Best large company to work for in the UK

- Net Promoter Score (NPS) of 83 in H2
- 14 day money back guarantee launched
- Following successful launch of free Home Delivery, 1,000 vehicles delivered in first month

- #18 Best Large Company to Work For in the UK, our seventh consecutive year in the top 100
- #1 Best Company To Work For In The Automotive Sector

- #1 Best Company to work for in Wales
- Employee engagement at records levels (bHeard)
- Stockton on Tees, our 14th branch opened

The UK's leading independent omnichannel vehicle retailer

Our Purpose

Our Purpose is to make car buying easy. We're here to help our customers buy the car they want, in the way they want.

Our Vision

Our Vision is to be the car buyer's champion, trusted to deliver unrivalled choice, value, service and quality.

Our medium term strategy is to grow revenue to more than £2 billion

Rapidly upscaling our E-commerce capability

Substantial increase in technology, data and marketing investment.

Increase customer acquisition and retention

Increasing investment in our customer proposition, marketing capability and leveraging our data. Led by online sales and fulfilment capacity increase in new markets.

Expand wholesale and E-commerce channels

Expanding our E-commerce Auction4Cars.com platform to grow and accommodate new supply channels.

Operational efficiency through technology and innovation

Further automation and technology investment as sales migrate to E-commerce channels.

Powered by our people

See more detail on **P30**

Underpinned by a commitment to:

Our stakeholders

See more detail on **P22**

Our people and culture

See more detail on **P31**

Our communities and the environment

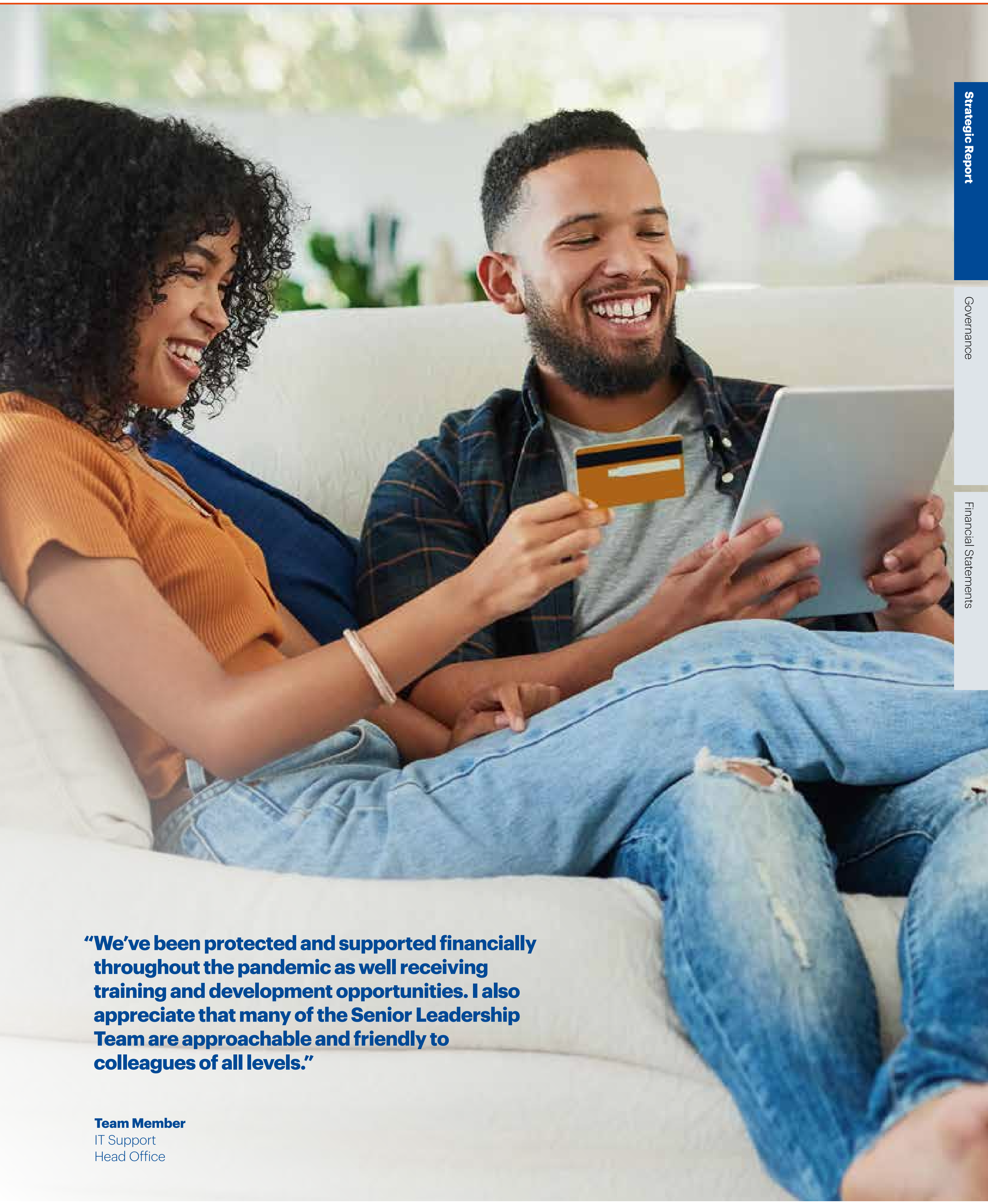
See more detail on **P28**

Governance

See more detail on **P32**

Risk management

See more detail on **P36**



"We've been protected and supported financially throughout the pandemic as well receiving training and development opportunities. I also appreciate that many of the Senior Leadership Team are approachable and friendly to colleagues of all levels."

Team Member
IT Support
Head Office

Our Brands

A Group focused on growth through two distinct channels: Motorpoint and Auction4Cars.com. Motorpoint is the UK's leading omnichannel vehicle retailer. Auction4Cars.com is the UK's leading independent trade car auction site.

Motorpoint

Our retail offer of nearly new cars that are under three years old or have completed less that 30,000 miles provides customers with an omnichannel purchasing journey combining online with 14 retail branches nationwide. We also offer a range of commercial vehicles under the Motorpoint brand.

Consumer **omnichannel**

20+ years nearly new dominance

#1 Value retailer

83 NPS

Auction4Cars.com

Auction4Cars.com, a business-to-business entirely online auction market place platform, allows an efficient and quick route for sale of part-exchange vehicles which do not fall into our nearly new retail criteria. The business benefits from over 9,000 registered trade users.

Wholesale vehicles **online only**

>9,000 Customers and growing

Lowest online buyers' fees from **£30**

Low cost base

The Car Buyer's Champion

Our talented and engaged team are focused on making Car Buying Made Easy for our customers and ensuring we achieve our vision.

Choice

Choice for our customers means not only the model and price range of available vehicles we stock, but also the options through which they can view, purchase, and take delivery of their vehicle.

Value

Being the biggest allows us to secure the best stock at competitive prices when we source stock and we pass those savings on to our customers. Efficient new branch capital investment and no requirement to pay for goodwill helps manage the overhead base.

Service

100% stock mobility across the UK between any of our branches means we are able to provide convenience-led initiatives, such as Same Day Driveaway, free Home Delivery, Contactless Collections and a range of financing and ancillary products. Part-exchanges are competitively priced and provided and disposed through Auction4Cars.com.

Quality

Motorpoint Quality Standard sits at the core of our operations, ensuring we deliver the highest levels of quality of product and service along the entire customer journey.

Our people

Our people are at the heart of our business, not least in ensuring the quality of the customer experience; this is why we are determined to continually focus on our team engagement.

"I have never been in such a supportive working environment, where everyone works as a team. The management genuinely care for your well-being. I always feel motivated and enthusiastic when in work."

Team Member
Customer Service
Swansea

See more detail on **pages 23 and 29**

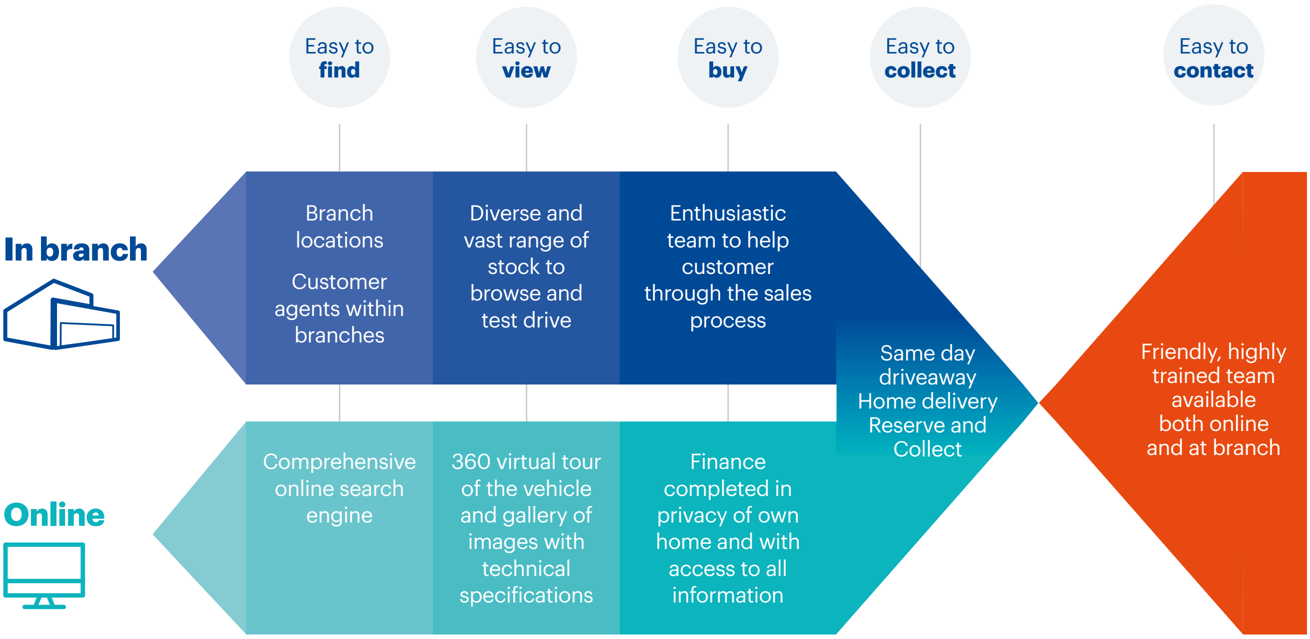
What makes us different

Key highlights

- **Only nearly new cars – under three years / 30,000 miles**
- **Nationwide branch network**
- **20+ years of customer insight and innovation**
- **Always lowest price**
- **Multiple revenue streams – Motorpoint, Auction4Cars.com, ancillary services and finance**

We make car buying easy by being online and in branch

We have invested in creating a deeply embedded digital and retail omnichannel customer journey that gives the car buyer the choice of how to buy their next car in a way that fits their lifestyle.



KEY BENEFITS OF BUYING FROM MOTORPOINT

- Extensive Choice
- Great Value - Motorpoint Price Pledge
- Award-Winning Service
- Quality Standard
- Flexible Finance Options
- Competitive Part-exchange Prices
- Test Drives Available
- Buy Online, Collect in Branch
- Free Home Delivery
- Same Day Driveaway
- Contactless Collections
- 14 day money back guarantee

Accelerated E-commerce investment means we are well positioned to further increase market share. The UK nearly new car market contracted significantly in FY21, but is expected to rebound strongly in FY22.

Car market

Motorpoint's core proposition is the sale of nearly new cars which are up to three years old and have covered fewer than 30,000 miles. We monitor available market statistics, notably from the SMMT, which give us transaction volumes for target-market cars but do not include recorded mileage. We therefore use the transaction volumes alone as a proxy for our available market. The used car market shrunk considerably in FY21 due to dealerships across the UK closing through national lockdowns.

Consumer confidence

The pandemic significantly unsettled consumer confidence. Branch closures during the lockdowns negatively impacted car buying activity, although we did experience significant uplift in online revenue. Whilst the shift to digital channels will continue, the majority of our customers still want to visit branches to complete their car buying experience. Whilst the pandemic has created ongoing uncertainty, many consumers are now better positioned financially, and consumer credit in the country dropped in FY21. With airline travel and holiday restrictions expected to be an issue for some time, there is likely to be less competition for customers' share of pocket. This, coupled with pent up demand following the branch closures, indicates that the market is very likely to grow in FY22, as consumer confidence improves. The accelerated expansion of our E-commerce offering, coupled with new sales and collection branches provides the Board with a high level of confidence in the Group's potential to gain further market share in the year ahead.

Agility, culture, efficiency

Our strength lies in our ability to be agile and responsive, in our people and our culture, and in our constant focus on improving operational efficiencies across our digital platforms and retail network.

KEY STRENGTHS AND RESOURCES

New branches and growth opportunity

We can open wherever we see a market opportunity; speed and scale are in our control. We can choose to buy an existing dealer, or develop an entirely new operation, avoiding the need for goodwill payments.

Breadth of stock

On average 35 brands are available on site or online, spanning all of the leading makes and models, sourced from multiple channels. All stock is available nationally.

Retail product offer

Our retail proposition continues to be 100% on nearly new cars; our product offering is supported by providing finance packages to our customers through our finance partners as well as offering warranty, insurance and paint protection products.

Operational control

We have no external restrictions. Proprietary IT systems can be built; we have bespoke values-led development and staff engagement programmes; marketing can be via any channel or into any geography; our modest showroom fit-out costs support Motorpoint's value proposition.

Financing

We are free to negotiate for the most competitive terms on the external market.

HOW WE CREATE VALUE

Retail branches

Our retail branches offer sales, light vehicle preparation and a large display area. All branches offer café and lounge facilities to enhance our customers' experience and comfort. Locations are generally positioned for ease of access and located within close proximity of a large population. Our paperless and contactless purchase process allows customers the option to complete their vehicle purchase in branch or online, visit our branch to collect their vehicle, and drive away in under 30 minutes.

Retail website

We constantly innovate to deliver outstanding customer service and we have now launched a nationwide Home Delivery service with a 14 day money back guarantee to all retail customers. Our website allows us to maintain a convenient and trusted user experience as customer preferences evolve. Our upgraded imaging and vehicle specification details provide customers with substantial information on the vehicle they are researching or buying, enhancing the conversion to sale on our website. MyMotorpoint, our customer portal was launched in the year and allows customers to complete all documentation requirements online, enabling Home Delivery and faster handovers in branch.

Free Home delivery

Our customers can choose a vehicle, arrange finance, purchase and have it delivered to them, without having to leave their home. We successfully ran our Home Delivery pilot in March 2020, which was fully launched in May 2020 and was integral to sales made prior to our branches fully reopening in June 2020.

Part-exchanges

Motorpoint sells vehicles with less than 30,000 miles to retail customers. Any vehicle in excess of this mileage purchased from a customer as part-exchange is sold through our wholesale E-Commerce platform Auction4Cars.com. This platform provides invaluable live data on the latest valuation of vehicles sold through Auction4Cars.com and allows us to offer the best price to our customers for their part-exchange.

Operational efficiencies

THE VALUE THIS CREATES FOR OUR STAKEHOLDERS

Digital sales and support team

Sales enquiries received through our website are directed to our dedicated national sales team which handles email, phone and web chat enquiries. The team sell vehicles, finance and ancillary products for collection at a retail branch, arrange transportation if required, value any part-exchange vehicle and support our customers through the purchase journey. Customers can now also purchase directly from our website without communicating with our sales teams. In the event a customer requires support, a dedicated digital support team provides guidance for our customers to ensure a smooth transaction.

Generating outstanding customer value from a low cost base

We are a low cost, high value business focused on generating efficient returns through the efficient deployment of capital resources. Through a cost-effective branch opening and low operating cost base and a relentless drive on stock turn, management has been able to generate strong, recurring levels of return on capital employed.

UNDERPINNED BY OUR VALUES

Our operating model is focused on putting our employees first. This means empowering our team and giving them the skills and confidence to champion the customer. We achieve this through living our core values and team commitments.

Proud

We are proud of what we do, how we do it and the people who make it happen – we stand out from the crowd and are proud to work as part of Team Motorpoint.

Supportive

We have a one team ethos and understand that together we achieve more. We are a united team focused on a common goal and vision and will always help our customers and colleagues alike #drivingdreams®.

Happy

We enjoy what we do and we show it – a smile is contagious and our teams wear them naturally with pride. A happy team makes for a better working environment which in turn translates to a great customer experience.

Honest

This applies to our teams, investors and customers. Courage and honesty are the vehicles for positive change and Team Motorpoint has embraced this.

Taking positive action

Given the impact of the COVID-19 pandemic and Government imposed lockdowns, the Group delivered a robust volume performance in the year, underlining the strength of Motorpoint's omnichannel model and in particular, the momentum and potential of its enhanced digital capabilities.

"We took positive action to accelerate planned initiatives, notably investment in digital, to support our growth strategy."

Mark Carpenter
Chief Executive Officer

Overview

Motorpoint has delivered a resilient trading performance for the year, against a backdrop of forced branch closures and the challenging economic uncertainty caused by the COVID-19 pandemic. We took positive actions to accelerate planned initiatives, notably investment in digital, to support our growth strategy.

The Group has prioritised investment in E-commerce, launching contactless collections, a free Home Delivery service, a 14-day money back guarantee and, most recently, a fully digital part-exchange and finance offering, enabling customers to complete their purchase process entirely online. The results from our accelerated investment to date have exceeded expectations and E-commerce will continue to be our priority moving forward.

Our focus on growing our E-commerce and Home Delivery channels continued throughout FY21 with further milestones achieved. We also continued our branch expansion programme, opening a new branch (our 14th) at Stockton on Tees in December 2020. The pandemic situation has meant that branch research activity to identify further new locations was reduced during the lockdowns. Lockdown easing in the new financial year has meant that this activity has accelerated, and we are confident of opening more branches this year, with several at an advanced stage. These will further support our digital investment, by offering Reserve and Collection centres and Home Delivery on a nationwide basis.

Our operating model begins with our people

The past year has been unprecedented, and our people have been exemplary in their commitment to the business, with team engagement scores reaching their highest ever level in the second half of the year.

Our operating model of how our key stakeholders interact is well understood by our people and is covered in detail with every new starter when they attend our induction programs which were held virtually this year. The Motorpoint Virtuous Circle combined with our Motorpoint Values continue to provide a robust framework for explaining how we get things done and what factors to consider when decisions are required. Our people have an opportunity to ask open questions and understand key decisions in their interaction with our Senior Leadership Team, who host Team Forums at each branch, or virtually, usually every month. Many of the improvement areas in the business are found in these sessions and the team often has a creative solution to issues we are facing whether they be people, customer or operational challenges.

The learning and development of our people is vital to the future success of our business. Our new Learning and Development platform launched last year to the entire Company allows individual learning journeys to be created, logged and reviewed. I am also delighted at the progress we have made by growing our Technology and Marketing teams this past year.

We believe that the happiness of our people is directly correlated to our customer satisfaction and engagement can be enhanced by giving something back to the team. Our 'One Big Dream' initiative has been a huge success with our people using two paid hours per month for their fulfilment.

We continue to have fantastic examples of our people using this time to follow their dreams, whether it be to attend a class or watch a school production. I am proud of the breadth of team engagement enterprises that Motorpoint actively supports.

Since 2017 we have ensured a minimum pay rate that is in line with the Real Living Wage and we launched our fifth SAYE scheme offering the opportunity to become a Motorpoint shareholder to our entire team. I am delighted to see that the rewards of this scheme are embraced by our team, with this year's offering again seeing strong take-up across the business.

Our annual participation in the Sunday Times Top 100 Best Companies to Work For provides an opportunity for our people to provide valuable feedback on their engagement levels and where we can improve these further. This year was no exception, and great insight was provided by our people and I am extremely pleased that we again achieved Top 100 status. This is the seventh consecutive year that we have been placed in the Top 100 and is testament to the hard work of our management team in listening and acting on our people's feedback.

We have a responsibility to improve diversity and inclusion in our industry. We appointed a Head of Recruitment and Inclusion in December 2020 and will advance our plans in the months ahead. I have also joined the Automotive 30% Club, a voluntary network of MDs and CEOs from UK based automotive manufacturing, retailing and supplier companies with the purpose of achieving a better gender balance within the automotive industry.

83

Net Promoter Score[1]

1. H2 is considered to be a more representative period, since customer activity was significantly impacted during the first lockdown at the start of FY21

The right culture to succeed

Our core values

- Proud
- Supportive
- Happy
- Honest

In a year we have stocked over
300
models

33%
of customers repeat purchasing from us

Customers

Our highly engaged team continued to deliver our leading proposition of Choice, Value, Service and Quality to our loyal customers during the year. We have an unerring focus on customer satisfaction and that leads to 33% of customers repeat purchasing from us. We take it personally when a customer is not happy, as we have failed if this happens.

This level of loyalty is recognition of our strategy of delivering unrivalled Choice, Value, Service and Quality:

Choice – our unique independent model allows us to source and sell from the broadest range of suppliers. In the year we have stocked over 300 models, and we are able to rapidly follow emerging customer preferences, such as through our increasing proportion of hybrid and electric sales.

Value – we are an omnichannel car retailer, predicated on working to a high volume and keeping our cost base modest. This allows us to share value with our customers, reinforcing our volume model. We support our cars with competitive finance and ancillary offerings, where we also champion low prices, such as where we have reduced our customer finance rates in December 2020. Our Value proposition has become increasingly appealing during these uncertain times.

Service – service is what will ultimately set us apart in the market. We measure ourselves primarily using Net Promoter Score ('NPS') – on this measure we have improved again, with a score of 83 in H2 (H2 is considered to be a more representative period, since customer activity was significantly impacted during the first lockdown at the start of FY21).

We are delighted with this level of customer satisfaction, but are always striving for more, and constantly challenge our processes to make the car-buying experience as smooth as possible.

Motorpoint serves all car buyers, whatever their location, and whether they wish to buy online, in-person at our branches, or through a combination of both channels. Motorpoint has become one of a select number of businesses to be included in the brand-new Platinum category in recognition for achieving successive years of Feefo Gold Trusted Service status.

Quality – a new pillar to our strategic vision to ensure that our omnichannel model delivers the same experience as our pure branch model. Our ambition is to be the most trusted automotive retailer, and this means quality across everything we do, with complete focus on our customers' needs.

Financial position

Group revenues of £721.4m for the year were 29.1% lower compared to the previous year (FY20: £1,018.0m), as a consequence of the COVID-19 pandemic and Government imposed lockdowns. Profit before tax reduced to £9.7m (FY20: £18.8m) and we were able to break even in the second half of the year, despite all retail branches being closed for over four of the six months. Overall marketing spend was in line with the previous year, reflecting a reduction during lockdowns, but an acceleration in spend prior to the reopening of branches in April 2021.

Gross margin increased to 8.7% (FY20: 7.8%). This increase reflects robust vehicle margins, strong buying and pricing controls, as well as efficiency improvements to the preparation processes.

Trade revenue fell in line with retail sales, since Auction4Cars.com sells wholesale vehicles which have been part-exchanged by retail customers. Roughly 25,000 vehicles were sold via this purely online platform. Gross margin strengthened to 6.6% (FY20: 5.2%), again the result of the market and internal pricing controls.

Operating expenses fell by 11.8% to £49.9m (FY20: £56.6m), despite the opening of Stockton on Tees and the full year effect of Swansea, which opened in January 2020. The business also benefitted from CJRS income totalling £3.9m (FY20: £0.3m) and rates relief of £1.8m (FY20: £Nil) in FY21. Overheads remained under tight control throughout FY21, with all discretionary spend challenged. Branch level costs were reduced wherever possible, particularly during periods where there were no onsite customers.

Due to the branch closures, specific cost reduction and cash management steps were taken, including a voluntary pay reduction. I received salary equivalent to the National Minimum Wage for two months, and the salary of the former CFO was halved during this period. All 2021 annual bonus schemes were suspended, and the entire Senior Leadership Team took voluntary pay cuts.

The Group's balance sheet remains robust with no structural debt, and net cash at the year end increased to £6.0m (FY20: £0.8m). This ensured headroom within both the bank financing and stocking facilities.

Capital expenditure of £3.6m (FY20: £12.3m) related to the new Stockton on Tees branch, and investment in IT to accelerate our digital investment. Also, a number of branches were refurbished in the year. The sale and leaseback of our Swansea branch was completed in early 2021, realising cash proceeds of £6.1m.

New strategic objectives: To achieve £1bn in online revenue and more than £2bn in total revenue in the medium term

Motorpoint is an agile business with strong brand awareness, low fixed costs and a compelling operating model that has always offered its customers the best value proposition in the UK used car market. We have always sold cars online, first through a call centre handling online enquiries and now through a fully integrated, end-to-end digital customer journey. This digital-led experience will continue to evolve in accordance with what our customers demand. Fundamentally, we see this as providing a large choice of high quality vehicles at outstanding value, and with best in class levels of customer service whether purchasing online, through our retail branches, or using a combination of these channels.

The customer journey is becoming ever more fluid. An accelerated expansion of our E-commerce offering, coupled with 12 new sales and collection branches, provides the Board with increased confidence that we can grow both market share and revenue rapidly in the coming years.

The Group has exciting plans to significantly increase its rate of growth, with the aim of at least doubling FY20 revenue in the medium term, with an improved margin and strong cash generation as we leverage the operating cost base.

This will be achieved through:

- Growing our E-commerce revenue to over £1bn by substantially increasing investment in marketing, technology and data
- Opening 12 new sales and collection branches, increasing investment in the customer proposition, and expanding our supply channels
- Leveraging our E-commerce Auction4Cars.com platform to accommodate new supply channels and to launch our marketplace offering
- Increasing operational efficiency through further automation and technology investment as customers migrate to E-commerce channels

We will use data and technology to enable targeted customer segmentation, expand our branch network to increase capacity and establish customer collection and home delivery hubs, and enhance organisational design to support this digital transformation with further investment in our people.

Our Auction4Cars.com business has a huge opportunity to disrupt the established vehicle auction market, using the well respected and trusted Motorpoint brand to acquire stock to supply the wholesale market, generating additional revenue and profit. There are exciting opportunities to scale the business further and investment in this E-commerce channel will enable its marketplace potential to be unleashed.

Current Trading and Outlook

In line with the Government's COVID-19 roadmap, the Group's retail branches fully opened in April 2021. The Board has been very encouraged by the initial levels of consumer demand since reopening, with a number of branches achieving record sales weeks. Supply has more recently been constrained, but we expect this to ease. Margins have remained strong. Digital sales continued to perform well, and the Board expects growing momentum for its E-commerce, Home Delivery and Reserve and Collect services as consumer buying habits evolve.

Thanks to our focus on innovation, along with our low-cost, agile operating model and strong brand offering, Motorpoint is well positioned to take advantage of the continued shift of consumers to purchase online, whilst also continuing to access the currently larger in-branch market.

Our truly omnichannel offering means that we can provide a seamless, fully integrated experience to our customers, whether they wish to buy online, in-person or through a combination of both.

Mark Carpenter
Chief Executive Officer
16 June 2021

Accelerating digital transformation

The Group's robust performance underlined the importance and potential of its online channel, despite the unprecedented impact of COVID-19. The shift in our strategic focus is an exciting moment in the Group's development.

"The whole Motorpoint business can take great pride in its response to very challenging times."

Mark Morris
Chairman
16 June 2021

#18
Best large company to work for in the UK

Introduction

At the onset of the first UK lockdown, with uncertainty around the duration and depth of the crisis, the Board took a number of short-term actions to protect the business and sought to share the burden of those across stakeholder groups. 2021 Executive Director annual bonus schemes were cancelled, and the Executive Directors and the Senior Leadership Team took voluntary pay cuts. Our CEO Mark Carpenter received the pay equivalent to the National Minimum Wage for two months and the salary and fees of the other directors were halved. Dividends were suspended and share buybacks cancelled. These were difficult decisions, but we acted quickly to protect the business and it placed the Group in an exceptionally strong position when the market reopened.

As the UK's leading independent omnichannel vehicle retailer, our approach has always been to provide the customer with a first class, integrated customer experience. Our customers can shop online from a desktop or mobile device, by telephone, and/or at one of our retail branches, and the experience is seamless. The increase in our online business accelerated the need to upskill, train and bring on board additional team members. We prioritised investment in E-commerce, launching contactless collections, a free Home Delivery service, a 14-day money back guarantee and, most recently, a fully digital part-exchange and finance offering. This enables customers to complete their purchase process entirely online. These initiatives build from a strong and long history of online sales and previous investment in automation and data utilisation.

The Group is utilising the footprint of existing retail locations to act as spokes for distribution and collection nationwide, enabling same day in-branch collection and next-day home delivery.

Motorpoint serves all car buyers, whatever their location, and whether they wish to buy online, in-person at our branches or through a combination of both channels. Motorpoint customers are delighted with the unrivalled Choice, Value, Service and Quality they receive: underlined in our recent NPS of 83 in H2, up from 81 in FY20.

Performance

Group revenues for the year were 29.1% lower compared to the previous year, as a consequence of the COVID-19 pandemic and Government imposed lockdowns. Our showrooms were shut for around six months of the year. In these circumstances, the Group delivered a robust performance, underlining the strength of Motorpoint's omnichannel model and in particular, the momentum and potential of its online channel. Approximately 68,000 vehicles were sold during the year, including circa 25,000 wholesale units purely online through the Group's Auction4Cars.com platform. Of the retail sales, 52% were sold online (over 22,000 units), retaining our position as one of the leading retailers of nearly new cars in the UK, both online and offline.

In the first three months of 2021, when all retail branches were closed, online sales grew 89% against the equivalent period last year, with Home Delivery contributing 57% of this. In March alone, 3,300 units were sold online. The results from our accelerated investment to date have exceeded the Board's expectations and E-commerce will continue to be our priority moving forward.

The Group successfully opened its 14th branch, at Stockton on Tees, in December 2020, and completed the sale and leaseback of its Swansea branch in early 2021.

Closing Position

The Group's balance sheet remains robust with no structural debt, and net cash (comprising cash and cash equivalents less borrowings) at the year end was £6.0m. The cash positive position demonstrates the strength of the business, the impact of the investment decisions and activities, not having forward purchasing commitments, and a well-controlled and adaptable cost base. The significant amount of cash that the business is able to generate allows flexibility to invest in our E-commerce strategy and new branches.

Dividend

Given that FY21 represented a period of disruption and uncertainty, the Board has decided it is not appropriate to declare a final dividend. While the Group's capital allocation framework under our new strategic objectives will prioritise investment in faster growth, the very high cash generative qualities of the business mean that shareholders should still expect ongoing cash returns, and as such, this will be kept under regular review.

Board Composition

Part of my role as Chairman is to ensure that your Board has the necessary skills, knowledge and experience to make informed judgements that are in the best interests of all stakeholders.

I would like to pay tribute to Gordon Hurst, who stepped down in May 2020. We welcomed Keith Mansfield to the Board in May 2020 as Chair of the Audit Committee and Non-Executive director of the Company. Keith also serves on the Nomination and Remuneration committees. A chartered accountant by profession, Keith has chaired a number of audit committees for organisations with a public as well as commercial mandate.

James Gilmour stepped down as Chief Financial Officer on 20 August 2020, having been with the Group since 2016.

We welcome his replacement, Chris Morgan, who joined us as the new Chief Financial Officer in January 2021. Chris brings a strong set of financial, operational and strategic skills to the Board.

We are looking to further broaden the skill base of the Board to help ensure we capture the opportunity afforded by evolving customer buying habits.

The Year Ahead

All of the Group's retail branches reopened on 12 April 2021 in England and Wales, and on 26 April 2021 in Scotland, supported by a host of operational improvements delivered over the last year. The Board anticipated pent-up consumer demand upon reopening, and this has proven to be the case.

The Board also expects continued growing momentum for its E-commerce, Home Delivery and Reserve and Collect services as consumer buying habits evolve. The accelerated expansion of our E-commerce offering, coupled with new sales and fulfilment branches, provides the Board with a high level of confidence in the Group's potential to gain significant further market share.

Further excitement comes from the investment into Auction4Cars and the significant opportunity this will bring.

We have today unveiled our new strategic objectives, and the Board is very excited about the changes and opportunities that this brings. The new plans are discussed in more detail in the Chief Executive's statement.

Finally, I would like to thank my fellow Board members and everyone at Motorpoint for their hard work and commitment, and for the way they responded to the COVID-19 pandemic, ensuring that the business was further strengthened during these difficult times.

Mark Morris
Chairman
16 June 2021

Agile, ambitious and robust

Motorpoint will continue to evolve with the buying behaviours of our customers and aggressively defending and growing our leading market position in the nearly new car market.

The business has proven success on delivering consistent growth and combined with our robust infrastructure and accelerated investment in digitalising the business the Group is confident in its ambitions to achieve a medium-term objective to double its FY20 revenues.

grow revenue to more than
£2
billion

COVID-19 timeline

Motorpoint temporarily closes retail branches

Pay

Pay reductions at Board and senior team levels

Free

Home Delivery service launched

1,000th

Home Delivery completed in first month

£140k

saving for NHS workers

March 2020

- UK Government announced national lockdown and new social distancing rules. Motorpoint temporarily closes retail branches
- All discretionary spend halted
- Provided laptops and remote working capabilities
- Rolled out upgraded telephony solution to enable call centre staff to work from home

April 2020

- UK social distancing rules extended
- Vehicle discount scheme launched for NHS workers
- Pay reductions at Board and senior team levels
- Free nationwide Home Delivery service planning completed
- Additional sterilisation process added to the final vehicle preparation stage
- Online Sales team and customer care functions work from home but maintain business operating hours

May 2020

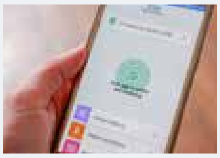
- Phased reopening of branches with new social distancing measures
- Launch of contactless collection with Reserve and Collect and socially distanced safe zones at each branch
- Handover Portal development and roll out
- Slot booking for collections
- Launch of Online Collections Portal
- Full suite of risk assessments and guidelines produced and compliance training in place for all employees
- External third party audit Motorpoint's implementation of COVID-19 guidelines and working practices
- Despite difficulties with supply, Motorpoint acquires sufficient volume of PPE to maintain operations for a six month period

June 2020

- Trading volumes since branches reopened stronger than anticipated
- Branches in Wales and Scotland allowed to open on 22 June and 29 June, respectively
- Full COVID-19 audit completed on all branches by in-house Health and Safety
- Implemented unaccompanied test drive process
- Appointments system (to accommodate appointments in branches)
- Rolled out ability to take payments on the website
- New technology solutions to accommodate higher volume of online and telephone payments
- New wireless payment terminals at branches to be more mobile to accommodate social distancing
- Investment in Auction4Cars to accommodate higher number of customers
- Negotiated an increased temporary banking facility. This additional facility was not used

July 2020

- Almost 500 NHS workers save over £140k due to the special discount scheme launched in April



Live
Track and Trace in all Motorpoint branches

2nd
national lockdown announced for November

Reopen
Retail branches

100%
capacity maintained by Customer and Preparation teams

Digital
purchase process enabled

September 2020

- Government update and enhancement of COVID-19 controls
- New Risk Assessments created and implemented
- Track and Trace live in all Motorpoint branches
- Daily COVID-19 tracker in place to monitor all suspected cases (positive and negative) and absence

October 2020

- Second national lockdown announced for November
- 17 day firebreak lockdown in Wales starting 23 October

December 2020

- Retail branches re-open nationally for a short period of time, closing again at the start of 2021

January 2021

- Nationwide third national lockdown comes into force
- Branch sales teams are fully furloughed
- Outbound call campaigns to customers coming to end-of-life deals

March 2021

- Fully digital purchase process including part-exchange valuation
- Online Customer journey completed

Responding with agility and meeting demand online

Record NPS results in second half of FY21

Despite the challenges of COVID-19 which resulted in all retail branches being closed for much of FY21, the Group introduced innovative ways to continue trading through its omnichannel offering:

- Retail customers were able to purchase via our call centre and digital channels
- Accelerated investment in our digital offering through the rollout of our free national Home Delivery service. 9,300 units prepared, sold and delivered to customers' homes
- For many customers who still wanted to view their car before completing their purchase, we offered a streamlined, contactless Reserve and Collect option
- Robust commitment to safety, with strict COVID-19 compliant procedures in place including social distancing measures, compulsory face covering in retail branches, and thorough cleaning, sanitisation of all surfaces and vehicles

Taking care of our people

Record employee engagement scores in FY21

Employee support and wellbeing has been a key objective during the pandemic, since this represented a major challenge to the Company's culture. Therefore, the Board endorsed the following :

- Rapid movement to remote and agile working
- Took advantage of the Government's Coronavirus Job Retention Scheme (furlough scheme) for a large proportion of colleagues
- Senior Leadership Team and the Board took voluntary pay reductions to help maintain our lowest paid colleagues at 100% of earnings
- Encouraged an extensive programme of employee engagement, with a strong focus on wellbeing
- Implementation of a COVID-19 secure working environment across offices and retail branches. For more details see page 25.

The Car Buyer’s Champion

Our strategy continues to focus on our customer, ensuring we meet their needs and demands online while delivering the highest levels of service, quality, and support through our nationwide retail network.

FY21 Strategy performance

1. GROW OUR OMNICHANNEL

How we performed this year

Online

By driving investment in Technology and E-commerce a great deal has been delivered in FY21; from enabling Home Delivery, to delivering an end-to-end digital customer experience including:

- Customer handover slot, booking and view
- New mobile payment terminals
- New imaging solutions
- Pay by link

We are implementing new systems and architectural design that will give us a single, accurate view of the customer, as well as providing a better customer experience, reducing the margin for error and improving efficiency.

Branches

Motorpoint has 14 branches, Stockton on Tees being the most recent opening in December 2020.

Good geographical coverage across large parts of England, Scotland and Wales.

Investment in branch refurbishment and planning further expansion of sales and collection centres into the South of England.

2. GROW OUR MARKET SHARE

To increase our market share we have so far:

- Migrated customers online. 36% of cars were sold online since reopening in April 2021. Investment in marketing increased brand awareness to drive online activity.
- Built logistics capability to offer customers free next day Home Delivery within 60 minutes of a Motorpoint branch or collection anywhere within the UK. Collection booking at Point of Sale is now live.
- Made further progress to acquire smaller branches (sales and collection centres) to offer greater opportunity to serve customers in any way they wish to buy a vehicle. There is a correlation between market share increases and branches, despite the rise in online and Home Delivery. Branch presence in a particular market increases our brand awareness.
- Continued to improve our IT systems by developing and improving functionality and performance. Integration of customer data into a cohesive view to improve their experience.

Our medium term goals

Rapidly upscaling our E-commerce capability

- Increased investment in technology and data science
- Leverage data to drive intelligence – customer segmentation, inventory and buying efficiency
- Drive the potential increase of online sales to 50% of revenue
- Invest in the best people

Increase customer acquisition and retention

- Open 12 new sales and collection branches
- Increase Customer Acquisition Cost in the short term with subsequent reduction
- Drive E-commerce sales aggressively
- Drive brand awareness and ‘shared value’ customer proposition
- Personalisation of E-commerce customer journey to enhance lifetime value
- Reduce customer repeat purchase cycle
- Quality Control and operational excellence
- Outbound and Save teams launched
- Target Light Commercial Vehicle online sales

Expand wholesale and E-commerce channels

- Invest in Auction4Cars.com to accommodate new supply channels
- Enable migration to B2B platform with multiple vendors
- Motorpoint ‘Sell your Car’ proposition for non part-exchange customers

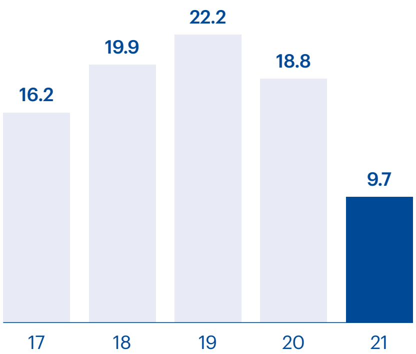
Operational efficiency through technology and innovation

- Increase capacity for >200,000 vehicles
- Complete Hub and Spoke preparation model
- New preparation centres, starting with Glasgow (open Summer 2021)
- Increase automation and technology in preparation
- Target logistics efficiency to reduce cost per vehicle movement in network

Financial KPIs

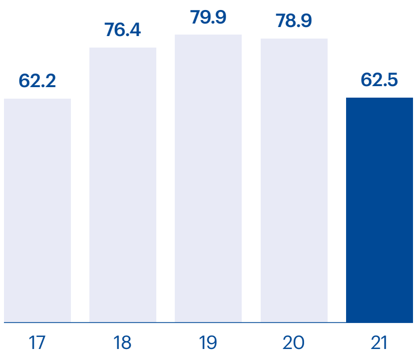
Adjusted PBT (£m)[1]

Adjusted PBT was significantly impacted by the pandemic and Government imposed lockdowns. Adjusted PBT was £9.7m, breaking even in the second half of the year despite all retail branches being closed for over four of the six months of that period.



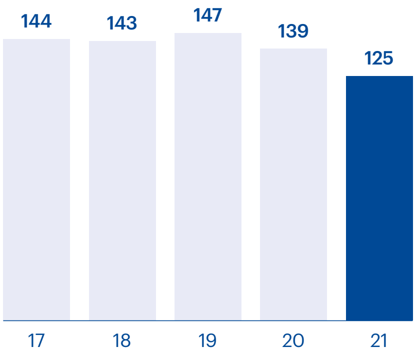
Gross profit (£m)[1]

Gross profit was £62.5m, a decrease of 20.8%, again reflecting the pandemic and lockdowns. Gross margin increased to 8.7% which reflects robust vehicle margins, strong buying and pricing controls, as well as efficiency improvements to the preparation process.



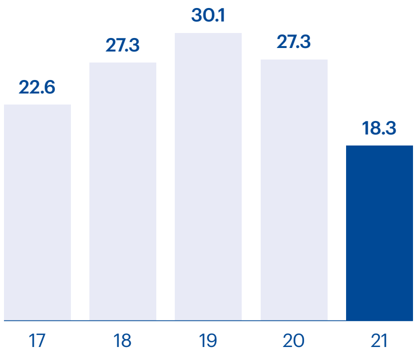
GP/Adjusted overheads (%)[1]

Despite an improvement in gross margin and lower overheads, GP/Adjusted overhead % has decreased, mainly due to lower volumes and the proportion of fixed costs within overheads.



Adjusted EBITDA (£m)[1]

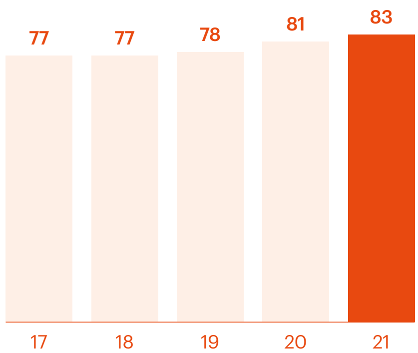
Adjusted EBITDA decreased by 33.0% to £18.3m due to the reduction in volumes offset by an improvement in gross margins.



Non-financial KPIs

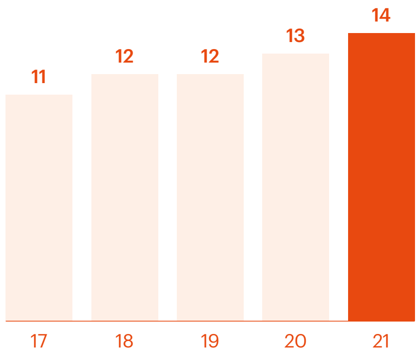
Net Promoter Score (%)[2]

Customer satisfaction has continued to strengthen, with record levels of NPS being maintained.



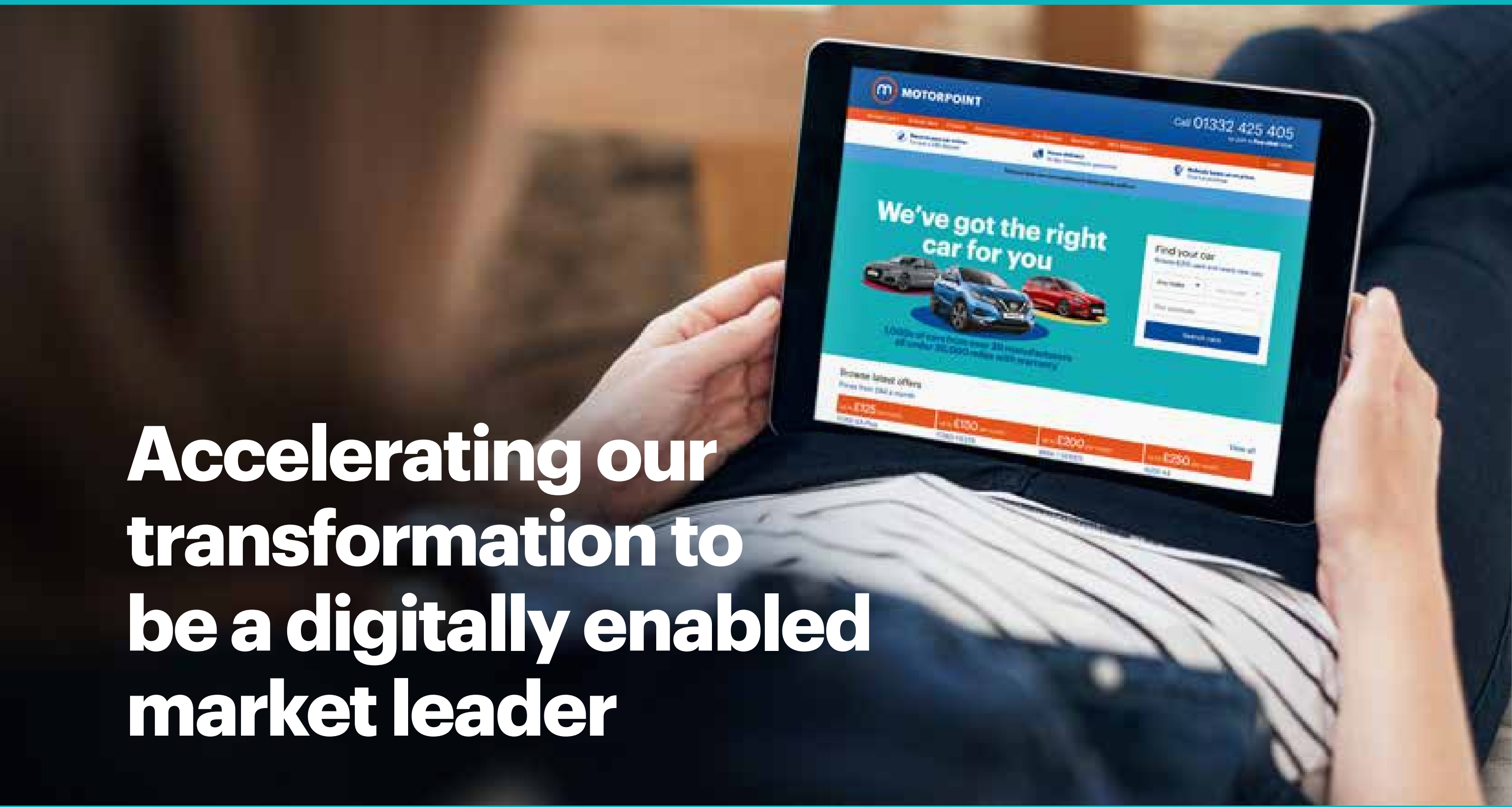
Number of branches

The group opened its 14th retail branch in Stockton on Tees being the only new addition during the year, as lockdown had restricted the identification of new branches.



1. The KPIs for FY17, FY18 and FY19 have been restated following the adoption of IFRS 16 in FY20.
2. H2 is considered to be a more representative period, since customer activity was significantly impacted during the first lockdown at the start of FY21.

GROW OUR OMNICHANNEL



Accelerating our transformation to be a digitally enabled market leader

At the centre of this transformation is ensuring that customers are able to self-serve where appropriate and access information and support at any time, from anywhere.

Transformation delivered to date

A great deal has been delivered in the last year from enabling Home Delivery, to an end to end customer journey, as well as foundational work that will position our environment as both a capable platform and a springboard to drive truly integrated, intelligent services.

To support business growth we are redesigning our environment as well as the governance and standards that support and maintain it. We have implemented more effective ways of working to improve quality and pace. We have invested in new skillsets to ensure scoping is accurate. We will continue to keep up to date with technical trends and build roadmaps that future proof our estate.

This approach has enabled us to speed up delivery; create better, more reliable services; realise efficiencies through automation; and enable business growth using technology to remove the manual 'ceiling'.

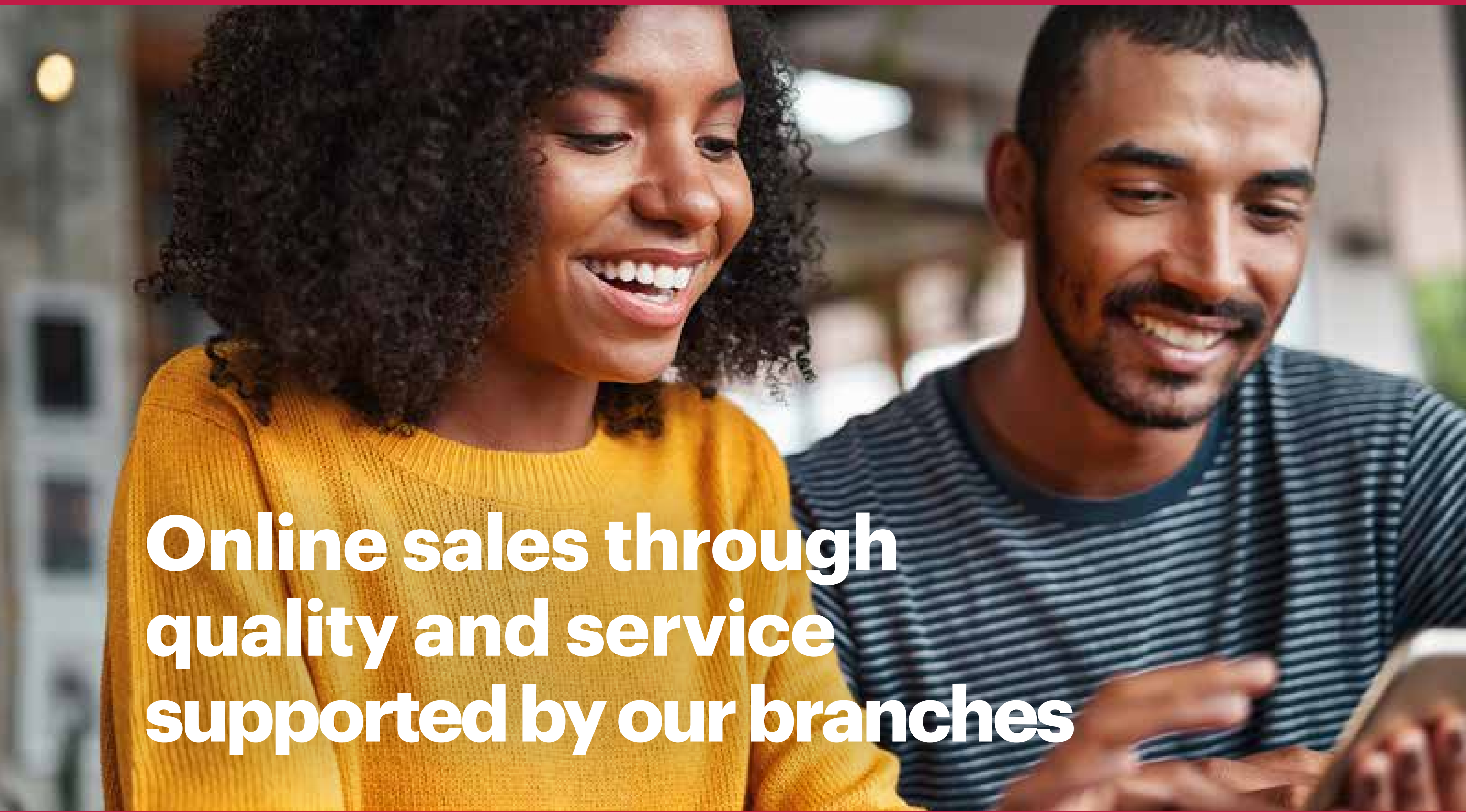
Key highlights

- Over 22,000 units were sold online representing 52% of retail sales
- Q4 (Jan-Mar 2021) online sales grew 89% against prior year, with Home Delivery 57% of this
- Contactless collection
- Full part-exchange and financing online; instant decision making

See more detail on **P6**

52%
of retail sales were sold online

Over
22k
retail units sold online



Online sales through quality and service supported by our branches

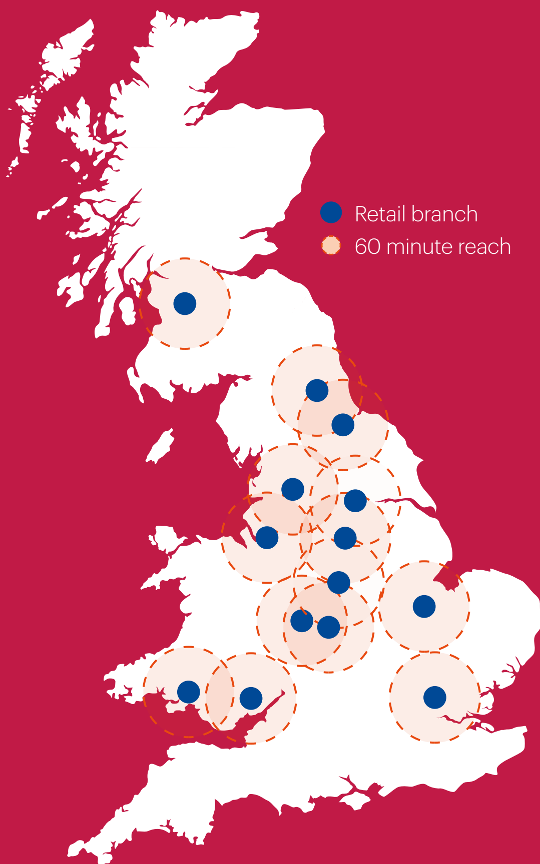
Stockton on Tees

- Opened December 2020
- Sales-only branch, preparation fulfilled by increased capacity in Birtley
- Streamlined branch team, consistent with sales focus, including shared General Manager

Swansea

- Opened in January 2020 and performed strongly despite COVID-19 restrictions

See more detail on **P10**



14
branches nationwide

60
minutes
We have next day free Home Delivery within 60 minutes of a branch

"Our stakeholders at the heart of our model"

The Board has a duty to promote the long term, sustainable success of the Company and of the wider Group. The base-line duty is set out in section 172 of the Companies Act 2006, but in reality, it is broader, and the Board considers a wide range of statutory and other factors within its decision-making process.

Board decision-making will always encompass:

- the likely consequences of any decision in the long-term and the risks to the Group and its stakeholders;
- the interests and wellbeing of our people and the communities where we are present;
- the impact of our vehicles and business on the environment and the need to 'de-carbonise';
- the Group's relationships with its customers and suppliers; and
- the importance of our reputation for integrity and high standards of business conduct.

Motorpoint believes that a key mechanism in ensuring that it makes good long-term and sustainable decisions is open, two-way dialogue with all our key stakeholders. We believe that understanding the perspective and needs of our stakeholders is vital to the Group's success.

Good governance, our business ethics and integrity are essential to continue to be an attractive company for our investors, employer for our employees, partner for our suppliers and retailer for our customers.

This section 172 statement signposts some of the key ways in which we have engaged with stakeholders across the year ended 31 March 2021 and built confidence in the sustainability of their relationship with the Group. It should be read in conjunction with:

- the Chief Executive's Review from **page 10 to page 13**
- the Chairman's Statement on **page 14 and page 15**
- the ESG report from **page 24 to page 32**
- the Risk Landscape from **page 36 to page 43**
- the Chief Financial Officer's Review from **page 33 to page 35**
- the Governance and related reports from **page 48 to page 76.**

Engaging with our stakeholders

Engaging and understanding the needs of our key stakeholders has never been more important and is critical to the Board decision making.

Stakeholder	Why we engage	How we engage	Outcomes:
Our people	We have an experienced, diverse and dedicated workforce which we recognise as a key asset of our business. Therefore, it is important that we continue to develop the right environment and Company culture to encourage and create opportunities for individuals and teams to realise their full potential.	• bHeard engagement survey • Created a virtual alternative to our welcome day, and all new hires have been able to attend a virtual welcome day and meet with our CEO • Training and talent development programmes • Launched new virtual touch points to stay connected to employees and host our regular listening forums. This is done via our Happy Hour sessions.	• Initiated the diversity and inclusion programme led by a newly created Inclusion Committee • Appointed a new Head of Recruitment and Diversity to drive change • Continue to offer health and wellbeing initiatives with both mental, physical and financial support. We committed to ensuring we pay at least the living wage. → read more on page 30.
Our customers	Our Choice, Value, Service and Quality proposition is reliant on having the right partnerships to enable us to deliver for customers. We have an unerring focus on customer satisfaction and that leads to 33% of customers repeat purchasing from us.	• Direct feedback sought on a regular basis via NPS (83 in H2), Feefo (Platinum rate) and Google reviews • Our Customer Care team is also on hand to listen and help on the telephone and by email.	• High NPS score • Strong repeat and referral business • Use of data to better understand customer needs, and addressing these • Customer research is informing the development of a vehicle and customer data profile.
Our suppliers and partners	It is crucial that we develop and maintain strong working relationships with our suppliers, so we can enhance the efficiency of our business and create value, and make sure we treat suppliers in line with our values and ethical standards. We continually assess our supplier and partner network, and leverage both internal and external expertise to ensure appropriate relationships and fair economics.	• Standard terms of business and regular supplier meetings • Contingency planning should there be a failure in the supply chain • Supplier and distributor on-boarding due diligence (financial, quality, business integrity and compliance, component supply, Modern Slavery etc) • Ongoing management of supplier relationships.	• CEO and senior management team focus on supply chain challenges arising by expanding into new channels and suppliers • Engaging with a broad range of suppliers and regularly transition between channels, with a similar level of flexibility in our product offering • Further strengthening of supply chain team and processes.
Our communities	Our employees care deeply about our communities. As a responsible employer, we want to contribute to the economic development and sustainability of our communities.	• Community investment initiatives • Enter into partnerships to create better gender balance within the automotive industry • Commitment to invest in the successful and sustainable delivery of careers and education for young people in our local communities.	• Awards / recognition • Sponsorship and volunteering by employees • Continuing with our community focused partnerships which cement our contribution to the economic development and sustainability of these communities • Raising funds for local charities providing relief throughout the COVID-19 pandemic, and supporting frontline NHS workers. → read more on page 28.
Our shareholders	As a company with a premium-listing on the London Stock Exchange's Main Market and a borrower of bank debt, we need to communicate clearly and effectively with our existing and prospective shareholders and lenders to develop their understanding of how the Group's businesses are managed to generate sustainable returns and long-term success.	• Annual Report • RNS announcements • Annual General Meeting • Investor presentations • Corporate website.	• The Board is provided with regular feedback on investors' views and market developments • Despite the COVID-19 pandemic, senior management held virtual meetings with existing and potential shareholders • Company Secretariat provide a number of services such as responding to queries on share holdings to private shareholders with support of registrars • We issued half and full year trading updates via the RNS facility to update the market on the financial performance of the business • Our websites (www.motorpointplc.com) and (https://www.motorpoint.co.uk/) provide a broad range of information and data.

Supporting our environment

The Group takes its responsibility towards the environment very seriously and has introduced many initiatives focused on reducing waste, improving energy efficiency and reducing its overall carbon footprint.

Go Green

Our partnership with Go Green, launched in 2020, has been fully rolled out in FY21 and enabled us to be more efficient with the classification and segregation of our waste. We have recycling facilities in every retail location, workshop and office. The following initiatives were undertaken during FY21:

- 4,528 tyre casings collected from branches and recycled;
- 3.9% of waste to landfill;
- 59% vehicles banded Euro 6;
- 82% of parts disposed recycled; and
- All three main third party valet service providers are using bio-degradable products.

Energy efficiency actions

We are committed to responsible energy management and will practise energy efficiency throughout our organisation, wherever it's cost effective. We recognise that climate change is one of the most serious environmental challenges currently threatening the global community and we understand we have a role to play in reducing greenhouse gas emissions.

We have implemented the policies below for the purpose of increasing the business's energy efficiency in the relevant financial year.

- Continued process of replacing existing lighting with LED lighting in all sites.
- Moved to remote home working due to COVID-19. Will review when situation permits.
- Implemented and encouraged use of video conferencing.
- Travel reduced due to COVID-19.

Methodology used in the calculation of disclosures

SECR methodology as specified in 'Environmental reporting guidelines: including Streamlined Energy and Carbon Reporting and greenhouse gas reporting guidance March 2019' used in conjunction with Government GHG reporting conversion factors.

Birmingham Clean Air Zone Initiative

Birmingham City Council partnered with us to offer people working in the Clean Air Zone the chance to scrap their old car and receive £2,000 credit towards a compliant vehicle, or a mobility credit. We are proud to have been given the opportunity to support the Clean Air Zone's Scrappage and Mobility Scheme and through it help play our part in reducing the level of nitrogen dioxide emissions in Birmingham.

Streamlined Energy and Carbon Reporting ('SECR')

We measure and report on carbon emissions in compliance with SECR, covering energy use and associated greenhouse gas emissions relating to gas, electricity and transport, intensity ratios and information relating to energy efficiency actions. In accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulation 2013, the table below sets out Motorpoint's emissions in 2021, compared with 2020.

	2021	2020
Total energy use covering electricity, gas, other fuels and transport (kWh)	**8,370,540**	10,310,413
Total emissions generated through combustion of gas (tCO_2e)	**573.92**	832.89
Total emissions generated through use of purchased electricity (tCO_2e)	**885.89**	1,095.57
Total emissions generated through use of other fuels (tCO_2e)[1]	**204.38**	174.89
Total emissions generated through business travel (tCO_2e)	**162.17**	218.90
Total gross emissions (tCO_2e)	**1,826.36**	2,322.25
Intensity ratio - total gross emissions ($kgCO_2$ per sqft)	**2.79**	3.55

Our roadmap to achieving compliance with mandatory Taskforce on Climate related Financial Disclosures ('TCFD')

As confirmed by the FCA, from 1 January 2021 all premium listed companies in the UK are required to make better disclosures about how climate change affects their business, consistent with the recommendations of the TCFD. We have already been focusing on this important matter, and are recruiting a dedicated Sustainability Manager to develop a sustainability led reporting standard of the actual and potential impacts of climate change on our business, as well as to explain how we identify and manage such risks and opportunities in our FY22 Annual Report and Accounts.

Case study

Sound sustainable governance is crucial for our business and we expect our suppliers to support our sustainability obligations and aspirations.

We have partnered with Approach Procurement Solutions ('Approach Procurement'), a procurement platform which has a global supply chain with each member appointed for their ability to work within the environmental requirements set out by their clients. Approach Procurement undertake a series of due diligence initiatives (such as staff satisfaction and retention, and effective relationships with all key stakeholders) to ensure ethical business practices are employed in order to deliver strong, sustainable solutions.

Approach Procurement use paper from suppliers who hold FSC and PEFC certifications to ensure the paper they use originate from sustainably managed resources, and filter suppliers and materials to precise environmental credentials. Their internal systems and processes allow for a consolidation of deliveries which reduces the overall number of delivery journeys and a reduction in CO_2 emissions.

The hybrid mail solutions delivered through innovative print, mail and digital technologies allows Approach Procurement to provide meaningful communications whilst minimising their sustainability footprint.

1. Increase in other fuels due to availability of diesel at nine branches (FY20: six branches).

Social

We recognise that as a business we have an important role to play in our local community. COVID-19 has resulted in unprecedented hardship. In these challenging times, it is not just about Motorpoint being a good employer but about giving back to the communities in which we operate.

Health & Safety

In response to the new dangers from COVID-19, we implemented additional Health and Safety procedures at all our facilities to keep our staff and customers safe.

Actions included the deployment of practical measures such as:

Enhanced cleaning

All office and branch surfaces, desks and workstations are regularly sanitised.

PPE

Face masks and gloves are provided to all staff.

Temperature checking

In addition to mandatory checking on arrival, facilities were made available to staff to check their temperature throughout the day.

Sanitation stations

Sanitation stations are provided and notices reinforce the use of these.

Social distancing

Floor markings are used to ensure safe social distancing is in operation and easily managed.

All the actions we have taken in order to keep our people and customers safe is underpinned by a suite of risk assessments, guidance documents and checklists which encompass our end to end business activities, and all our team members adhere to this. External third party verification audits confirmed that our controls were appropriate and these were further endorsed by local authorities and Public Health England on the few occasions when we self-reported localised outbreaks. More recently we have begun to engage with local authority enforcing officers carrying out the HSE's workplace COVID-19 surveys. On a daily basis, we have vigilantly recorded team members who have been tested or self-isolating, and also centrally monitored confirmed cases to establish patterns of infections, enabling us to take remedial localised action.

Policies and practices

The Board recognises that the highest levels of safety are required in order to protect our employees and customers. The Board believes that all incidents and injuries are preventable, and that all employees have the right to expect to return home safely at the end of every working day.

The Group Compliance Manager, who reports to the Chief Operating Officer provides consultative support and advice to managers at all levels for health and safety matters across the Group. The Chief Operating Officer reports monthly to the Board on all key health and safety issues. The Board requires that the Group systematically manage its health and safety hazards, sets objectives and monitors progress by regular measurement, audit and review.

Managers and supervisors across all levels in the Group are responsible for managing the health and safety of their teams as part of promoting and embracing a positive health and safety culture. The Board emphasises the importance of individual responsibility for health and safety at all levels of the organisation, and expects employees to report potential hazards, to be involved in implementing solutions and to adhere to rules, procedures and Group policies. A key element in the continuous improvement of health and safety management is sharing best practice and lessons learnt from incidents across the Group and the wider industry. Accidents, incidents and near misses are investigated, with actions generated to prevent recurrence.

To embed health and safety practices in the wider workforce, we ensure that all our employees receive health and safety training modules as part of a two-year training cycle. Completion is monitored by Regional Operations Support Managers with notification for second module failures sent for discussion with line management.

"Motorpoint has always been **heavily immersed** in supporting the local communities and specifically helping to **positively impact the future.** Being able to make a meaningful contribution to a young person's life in this way is a privilege, something we genuinely **feel proud** to be part of.

We truly believe that confidence and knowledge allows choice and self belief."

Enterprise Employers Network – continuing to support the next generation

We reported in our 2020 Annual Report and Accounts that we became a Cornerstone Employer for the Careers and Enterprise Academy. A Cornerstone Employer is a business that is invested in the successful and sustainable delivery of careers education for young people and commits to join a leadership group of local businesses to support the schools, colleges and young people in their area.

We maintained our partnership and delivered a significant number of initiatives throughout lockdown to ensure the young people still had access to meaningful employer encounters, including the Open Doors programme (which started in February and gives young people the opportunity to take part in a series of sessions to gain an insight into our business, meet employees and complete work-related tasks), reverse jobs fairs to improve employability skills as well as a virtual employment project with Special Educational Needs and Disabilities ('SEND') students.

We assumed the role of a lead employer for SEND schools and are proud of the work we have started doing with Project SEARCH as a Local Enterprise Advisor. Project SEARCH helps young people from across Derbyshire with different forms of learning disabilities to gain new skills as well as practical, work-based experience through a structured personalised study programme as they look to make successful transitions from school to a productive adult life.

As a result of our commitment to Project SEARCH and similar activities we are classified as a disability confident employer and were nominated for a RIDI (Recruitment Industry Disability Initiative) award. We were a finalist for our supported internships in Peterborough.

"Being able to share insight, networks and time with schools to help make their careers services meaningful will deliver a more **sustainable and positive landscape for everyone.** Many young people, through no fault of their own, do not have the opportunity to experience what careers may exist for them and the Cornerstone Employers' network can help change that".

Partnership with the Automotive 30% Club

Our CEO Mark Carpenter joined the Automotive 30% Club this year. The club is focused on raising inclusion and gender balance throughout the automotive industry. As well as a commitment to maintain a minimum 30% gender balance, our membership provides us with a platform to engage with schools and young people, and access an array of specialist networks in equality. It also provides us with a platform to share our best practice and inspire others.

Providing Derbyshire Education Business Partnership with suitable accommodation

In December 2020, we teamed up with Derbyshire Education Business Partnership to provide their supported internship scheme with suitable office space for class-based learning after COVID-19 resulted in a closure of the Partnership's accommodation earlier in the year.

Apprenticeships

Although our apprenticeship schemes were cut back by the pandemic, we had seven apprentices complete their qualifications. We plan to return our programme to full capacity in FY22.

Motorpoint in the community

Our charity initiatives are branch led with each branch nominating their own charity partner to work with during the year. This translates into successful outcomes for all our stakeholders.

During the year the following fund-raising activities were completed:

Branch	Charitable Partner	Sponsorships
Birmingham	Birmingham Children's Hospital	
Birtley	Sir Bobby Robson Foundation	Chester-Le-Street Amazons
Burnley	Lancashire MIND	Burnley Golf Club
Castleford	The Prince of Wales Hospice	Castleford Tigers
Derby	The Royal School for the Deaf Derby	Motorpoint Arena Nottingham
Glasgow	Scottish Guide Dogs	
Newport	Newport MIND	Motorpoint Arena Cardiff
Oldbury	Birmingham Children's Hospital	
Peterborough	Sue Ryder Thorpe Hall Hospice	
Sheffield	Cash for Kids South Yorkshire	
Stockton on Tees	Sir Bobby Robson Foundation	
Swansea	Maggie's Cancer Centre	
Widnes	James Bulger Memorial Trust	

We also donated £3,500 to the Samaritans, a registered charity aimed at providing emotional support to anyone in emotional distress, struggling to cope, or at risk of suicide throughout the United Kingdom and Ireland, often through their telephone helpline.

Outside of our corporate charity partners our employees also wanted to be able to do their bit for their chosen personal charities and Motorpoint has historically matched each donation. Colleagues across the business have taken part in fund raising activities for Prostate Cancer UK, Prince of Wales Hospice, Pontefract and Wolfpack 100 raising money for FareShare, a charity which helps fight hunger and tackle food waste. These are just a few of the examples our community minded teams have been involved in over the past 12 months.

Employee Heroes
Adam Gilmore

"I volunteered for a charity that we support called Life Savers Scotland who are an emergency blood transport charity that provides a free service to the NHS. During last year I helped out collecting COVID-19 tests from all the local hospitals and transporting them to the main lab in Glasgow for testing."

Payroll giving

Charities have found that donations diminished over the past year, so more than ever we felt it important to maintain our partnership with payroll giving. Employees continue to gift to charities of their choice directly through payroll and we also hosted a campaign where donations to new charities would be matched.

THE PAYROLL GIVING TEAM

£3.5k
Donated to Samaritans

Key facts

Team engagement

Highest ever levels as evidenced by receiving the **3* Best Companies Accreditation**

Team turnover

Reduced to 19% from 26% this year - this is a trend we have seen year on year, with a reduction of 16% in last three years

Glassdoor score

4.5/5

Roles recruited

197

Internal promotions

46

We have partnered with Miss Macaroon to support a fantastic social enterprise as well as provide 1st anniversary treats for all our teams as they achieve this milestone

AutoTrader Retailer Awards 2020

People and Culture Award

Finalist

Top 100 Best Companies for the 7th year running

#18 Best Large Company To Work For in the UK

#1 Best Company To Work For In The Automotive Sector

#1 Best Company To Work For in Wales

Values

We are **proud**

We are proud of what we do, how we do it and the people who make it happen – we stand out from the crowd and are proud to work as part of Team Motorpoint.

We are **supportive**

We have a one team ethos and understand that together we achieve more. We are a united team focused on a common goal and vision and will always help our customers and colleagues alike #drivingdreams®.

We are **happy**

We enjoy what we do and we show it – a smile is contagious and our teams wear them naturally with pride. A happy team makes for a better working environment which in turn translates to a great customer experience.

We are **honest**

We speak the truth and give honest feedback at all times; this applies to our teams, investors and customers. Courage and honesty are the vehicles for positive change and Team Motorpoint has embraced this.

At Motorpoint we believe that the combination of **our focus on driving dreams, robust ESG credentials and people and culture** differentiates us from our peers.

Our people

Our people are at the heart of our business. Our achievements this year can be attributed to our talented teams who worked with pride and resilience through a hugely challenging year. Our people have demonstrated determination, commitment and dedication, adapting to new ways of working and embracing change to ensure the future success of the business. Our approach to developing a high performing and inclusive culture is achieved through a number of initiatives and is explained on the following pages.

COVID-19 safeguarding measures

2020 was a year of unprecedented change for our teams. COVID-19 forced three separate lockdowns and many of our colleagues were furloughed. This put a stop to many of our usual methods of connecting, celebrating and engaging with our workforce. Despite all these changes it has been a hugely powerful year for our team which has delivered some exceptional results. Our team has been fully committed to delivering excellence for our customers throughout the year, as is shown in our NPS. As a business we have remained truly focused on safeguarding our team, ensuring we are digitally mobilised, and our culture and values remain at the core of all we do.

All head office teams, along with our online sales and customer care departments, were mobilised to remote working in March 2020. We safely moved all employees to home working and have created COVID-19 secure working spaces in all our branches. Our support teams will remain working in a flexible and agile way with workspaces being centres for connectivity and creativity.

Learning in lockdown

We hosted a number of virtual sessions with external experts and ensured they were available to employees and their families and friends who were also in their bubble. These included managing change and building resilience, sleep and yoga. We even provided some resources to support with home schooling and cooking.

We also launched our new Learning Management System, MySkills, to provide full access of our training materials and other e-learning resources to all employees throughout lockdown.

Employee wellbeing

Employee wellbeing has always been high on the agenda, but this year we have seen the impact of the pandemic reinforce the employee requirement for further support. In Motorpoint, when we talk about supporting our employees with their wellbeing, it covers all four areas: mental, emotional, physical and financial.

Mental Health First Aiders ('MHFAs')

We have over 30 trained MHFAs and have made it a compulsory training module for all managers in our business. In addition every Motorpoint branch has two trained MHFAs to support the teams locally. All of our HR Business Partners are also formally qualified.

Partnerships

We continue to partner with Sovereign Healthcare to provide a 24-hour employee support counselling hotline and financial support for key health treatment including optical support, physical therapy and dental care.

Emotional wellbeing – One Big Dream scheme

Our One Big Dream scheme gives the gift of time and flexibility, and allows an individual to take time out, once a month, fully paid to do something that matters to them. We only ask that employees do something that will genuinely drive their happiness. This benefit has received immensely positive feedback and has been used across an array of activities. The diversity of people's selection demonstrates just how important it is to apply the flexibility to our employee benefits in order to have a real impact on personal wellbeing. We also give extra leave for birthdays, moving house and getting married.

Financial wellbeing

Since its launch in 2018 my MoT, our employee discount portal has delivered £37,000 savings to our employees on their everyday purchases.

During lockdown our senior leaders sent regular communications, not only on practical and business updates, but also on key resources and tools, to support our team and their family, who were negatively impacted. We protected our lower earning team members' pay (who were furloughed) at 100% and have committed to tracking as a real living wage employer as we move into 2021.

We will continue to emphasise the importance of employee wellbeing and the critical role employers play in providing support to colleagues. We continue to build on our support package in this area and ensure that we regularly emphasise the importance of being open about these issues, regularly encouraging colleagues to also be open and to support each other, while providing additional support to colleagues.

Talent development at Motorpoint

Our growth plans remain ambitious and exciting, and we have recruited into 197 roles this year. Talent and succession planning is at the core of enabling this growth. This year has seen the introduction of our new Leadership Development programme as well as offering some core personal development workshops and operational technical training for all team members joining the preparation, yard and customer service teams.

This year we have partnered with Raise The Bar, a unique online programme featuring global experts to inspire a new generation of leaders, facilitated by industry leading specialists to develop a bespoke fast track leadership programme for our emerging talent.

We run the internationally recognised Navigator and Springboard programmes provided by specialist consultants every year and applications are open to everyone in the business.

Coaching is a core part of our culture. Our Senior Leadership Team has been actively mentoring a number of our emerging leaders to develop these individuals reach their full potential, with the guidance of an impartial designated contact.

Engaging/Listening to our employees

Employee engagement and advocacy is at a record high. We have been accredited with a 3* employer rating by Best Companies, showing 'world class' levels of employee engagement. The prestigious accolade was awarded after we received an exceptional grading in the Best Companies' bHeard employee survey covering staff well-being, pay and benefits, personal growth, leadership and more. This result has led to us once again being ranked in the Top 100 Best Companies To Work For in the UK. This year we were ranked 18th in the Top 100 Best Companies to Work For 2021, a huge improvement since the last Best Companies event exceeding our previous highest ranking of 42 by 24 places. Alongside our position at number 18 in the Top 100 Best Companies to Work For list, Motorpoint was listed 1st in the Automotive Sector Best Companies to Work list. These results are our best rankings ever, and a huge achievement which we are extremely proud of.

Our rankings in external independent platforms also remain really high and saw us maintain a Glassdoor rating of 4.5+ out of 5 throughout the year.

Turning up the volume on employee voice and ensuring that we are really connecting with what matters most is essential. We have rolled out a number of new ways to do this, in the absence of being able to visit branches for much of the year. We have invested in our communication platforms and team as well as launched new virtual touch points to stay connected to employees and host our regular listening forums. These are done via Happy Hours where our CEO hosts two forums a month.

HAPPY HOUR

Closing the Gap

Although we have made some great progress in closing our Gender Pay Gap through the development and recruitment of females into leadership roles, we acknowledge there is still some work to be done to further close our Gender Pay Gap. We will continue to ensure equality across our key leadership roles, and an area of opportunity is our Sales Executive demographic. Although 6% of our Sales Executives are female, the average hourly pay for this group sits within our Upper Quartile.

The introduction of two new females into our Senior Leadership Team and a restructure to build in a new leadership level has positively impacted the representation of females in the Upper Quartile, which has increased from 5% to 19%. This is further demonstrated by our recruitment and development strategy; during FY21 18% of our female workforce received a pay increase or promotion compared with 8% of male counterparts.

Attraction strategy:

- Avoid any unconscious bias when writing our vacancy adverts. All of our adverts go through a gender decoder before they go live. This ensures that the tone and position of our adverts are gender neutral. We are also in the process of redesigning our employer brand to ensure alignment with the corporate brand, which is underpinned by ensuring gender neutralisation for our customers and employees.
- We continue to monitor and improve our family friendly policies, including parental leave and our approach to flexible working. We offer enhanced paternity and maternity pay and we have completely changed our approach to flexible working and actively encourage our teams to work from home to help with their work-life balance and overall wellbeing.
- To further drive our female talent pipeline we have partnered with Flex, a networking group of successful females to share ideas, mentor, coach and support each other on their career paths.
- We will share our Gender Pay Gap report with the Senior Leadership Team and leadership teams continue to provide support and guidance to those who make selection decisions.

	Male	Female	Gap
Average bonus pay	£10,818.38	£2,889.75	73.29%
Total average hourly pay	£10.50	£10.56	-0.57%

Equality, Diversity and Inclusion

We have set up an Inclusion Committee this year to educate and celebrate individuality to drive inclusivity. The Inclusion Committee meets regularly to move forward our Equality, Diversity and Inclusion focus to ensure we are delivering against our objectives of building a strategy of true inclusion in our workforce. The Inclusion Committee is chaired by the Chief People Officer and has eight other team member representatives from across the Group as peer mentors and allies. We have also formally appointed a role in our people team to provide dedicated resource and expertise to our Equality, Diversity and Inclusion plans. The Head of Recruitment and Inclusion will work directly with the Senior Leadership Team and our employee network to build our plans and goals in order to ensure we are proactively measuring ourselves against them so that we deliver a culture of true inclusion.

"We are committed to promoting a culture within Motorpoint where everyone does the right thing and acts with integrity at all times."

Governance

We are committed to promoting a culture within Motorpoint where everyone does the right thing and acts with integrity at all times. We require all employees and third parties who act on our behalf to conduct business honestly and with integrity, and to take personal responsibility for ensuring that our commitment to sound and ethical business conduct is delivered.

Whistleblowing

We operate a confidential whistleblowing hotline which is available for all of our team and our suppliers, to give them the opportunity to raise any issues about dishonesty or malpractice within Motorpoint, the results of which are independently collated and submitted to the Compliance Committee.

Anti-bribery and corruption

Motorpoint has a zero-tolerance policy in respect of bribery and corruption. This extends to all business dealings and transactions, and includes a prohibition on offering or receiving inappropriate gifts or making undue payments to influence the outcome of business dealings.

Staff are required to disclose offers of gifts, hospitality or other incentives with a value of more than £200. All employees receive communication of the relevant policies as part of the onboarding process and new versions are sent out if updated.

The Group does not make political donations.

Treating Customers Fairly

Treating Customers Fairly ('TCF') is a regulatory requirement and applies to all regulated firms in the conduct of their business. The Financial Conduct Authority ('FCA') regards fair treatment of customers by firms as a key part of FCA regulation in the retail market.

TCF is a core foundation of delivering our retail proposition of Choice, Value, Service and Quality, and is thereby fundamental to delivering long-term business value. To this end the Board has reviewed and maintained our Treating Customers Fairly and Vulnerable Customers policy. Through concerted focus, TCF has become an integral part of the culture and is subject to frequent and rigorous scrutiny within all forums that consider, inter alia, customer-facing processes, staff remuneration, and product selection. We are committed to delivering the best possible service to our customers, with objectives across the business reflecting this aim.

In particular, the following business areas are under constant review in light of changes to Motorpoint's business model, customer requirements or the regulatory environment:

- marketing practices, including promotional material;
- sales processes, whether on site, via the contact centre or digital;
- customer communications;
- record keeping; and
- complaints handling.

A review and reporting environment has been developed to ensure that Motorpoint's high expectations are met, and that all systems, people and processes are supported to achieve our TCF objectives, including via:

- qualitative quality controls, such as after sale customer interviews and mystery shoppers;
- quantitative quality controls, such as cancellation rates for products within their cooling-off period; and
- ongoing training and support for our team, including personalised and scheduled refresher training.

Human rights

Motorpoint conducts business in an ethical manner and adheres to policies which support recognised human rights principles. We continue to address the risks of modern slavery and human trafficking, with the Board debating and adopting the annual Anti-Slavery Statement and raising awareness of the risks across the business. We work with our suppliers to protect workers from abuse or exploitation by communicating to them the terms of our Anti-Slavery Statement and request their adherence to our policy.

A statement of the Group's compliance with the Modern Slavery Act 2015 can be found on the Group's website at www.motorpointplc.com.

E-commerce investment reaping rewards

The Group experienced strong sales when branches were open to customers, and accelerated online performance. We are emerging from this unprecedented period as a stronger business and better E-commerce enabled, with renewed confidence to accelerate our digital transition.

"By reacting quickly and decisively to closures of our branches, the business demonstrated the agility to respond quickly to the changing trading conditions and emerged with a strong balance sheet to support future growth ambitions."

Chris Morgan
Chief Financial Officer

COVID-19

During the pandemic the Group demonstrated its agility to respond quickly to changing trading conditions. Branches were closed from the middle of March 2020 through to June, with further closures in November and December, and then from January 2021 for the remainder of our financial year.

Actions taken during the year to preserve cash and reduce costs included suspending capital projects, reducing discretionary spending and furloughing a large proportion of colleagues, with the Senior Leadership Team and Board members also taking voluntary pay reductions to help maintain our lowest paid colleagues at 100% of their salaries. In addition, a further temporary 12 month £15.0m overdraft facility was agreed with our lender, Santander UK PLC, in May 2020 to help support short term cash impacts, should it have been required during the pandemic. This additional facility was not used. Amounts relating to the CJRS scheme totalling £3.9m (FY20: £0.3m) and rates support of £1.8m (FY20: £Nil) were received in the year.

Despite the challenges of COVID-19, the Group experienced strong sales when branches were open to customers, especially during the second quarter of the financial year, and enjoyed an excellent start to FY22 as we entered the next phase of our growth plans. In addition, the Board was encouraged by E-commerce sales during FY21, and the outlook for this revenue stream.

Group financial performance headlines

Revenue for the year to 31 March 2021 reduced by 29.1% to £721.4m (FY20: £1,018.0m) as a consequence of the COVID-19 pandemic and Government imposed lockdowns.

Gross profit was £62.5m (FY20: £78.9m), a decrease of 20.8%. Gross margin increased to 8.7% (FY20: 7.8%). This increase reflected robust vehicle margins, strong buying and pricing controls, as well as efficiency improvements to the preparation processes.

EBITDA decreased by 33.0% to £18.3m (FY20: £27.3m). Profit before tax fell to £9.7m (FY20: £18.8m), with the increased reduction against revenue reflecting the proportion of fixed costs within overheads. The Group broke even in the second half of the year, despite all retail branches being closed for over four of the six months of that period, and an increase in marketing spend in March 2021 in preparation for the April 2021 reopening.

The Group's balance sheet remains robust with no structural debt, and net cash at the year end increased to £6.0m (FY20: £0.8m).

Trading performance

The Group has two key revenue streams, being (i) vehicles sold to retail customers via the Group's branches, call centre and digital channels, and (ii) vehicles sold to wholesale customers via the Group's Auction4Cars.com website.

	Retail customers		Wholesale customers		Total	
	Year ended 31 March 2021 £m	Year ended 31 March 2020 £m	**Year ended 31 March 2021 £m**	Year ended 31 March 2020 £m	**Year ended 31 March 2021 £m**	Year ended 31 March 2020 £m
Revenue	**593.8**	839.0	**127.6**	179.0	**721.4**	1,018.0
Gross profit	**54.1**	69.6	**8.4**	9.3	**62.5**	78.9

Despite the impact of COVID-19, the Group delivered a robust volume performance in the year, underlining the strength of Motorpoint's omnichannel model, and in particular, the momentum and potential of its online channels. Roughly 68,000 vehicles were sold in total.

We accelerated our investment in our digital offering through the rollout of our free national Home Delivery service and a streamlined, contactless Reserve and Collect option for the large number of customers who still want to view their car before completing their purchase.

Retail

Revenue from retail customers was down 29.2% to £593.8m (FY20: £839.0m), with approximately 43,000 vehicles sold. Of these 52% were sold online, retaining our position as the number one retailer of nearly new cars in the UK, both online and offline. Between launch in May 2020 and the end of the period, circa 9,300 vehicles were delivered to customers' homes (FY20: Nil).

Gross margin improved to 9.1% in the year (FY20: 8.3%) reflecting a number of positive trends. While vehicle margin benefited from increased demand pushing prices up during open periods, internal changes in buying and pricing strategies have resulted in continued positive movements in this area.

Finance and extras per vehicle sold were broadly consistent with the previous year, despite the increased mix of online trading.

The Group also continues to focus on internal processes within the vehicle handling and preparation side of the business. Improved speed of preparation, combined with strong cost control, has resulted in a further strengthening of gross margin in the year.

The Group opened a new branch in December 2020 at Stockton on Tees, taking the total of trading locations to 14. Due to the lockdown from January 2021, sales from this new branch were minimal in the year. However, sales at Swansea, which opened in January 2020, were encouraging during the times when that branch was open. Both branches have performed well once the lockdown measures were lifted in April 2021.

Wholesale

Wholesale revenue fell in line with retail sales, since Auction4Cars.com sells wholesale vehicles which have been part-exchanged by retail customers. Roughly 25,000 vehicles were sold via this purely online platform. Gross margin strengthened to 6.6% (FY20: 5.2%), again the result of the market and internal pricing controls.

Operating expenses

Operating expenses fell by 11.8% to £49.9m (FY20: £56.6m), including the impact of CJRS receipts of £3.9m (FY20: £0.3m) and rates support of £1.8m (FY20: £Nil). Overheads remained under tight control throughout FY21, with all discretionary spend challenged. Branch level costs were reduced wherever possible, particularly during periods when there were no onsite customers. Marketing expenses were level with the previous year, with reduced activity during periods of closure, but increased activity as we moved towards the April 2021 reopening. Marketing costs also included a greater proportion of digital spend than previously, which is expected to continue.

Exceptional items

There have been no exceptional items in the year (FY20: £Nil).

Interest

The Group's net financial expense decreased to £2.9m (FY20: £3.5m) with borrowings under the Group's bank facility being fully repaid during the year.

During FY21 the Group increased its stocking facility with Black Horse Limited by £5.0m, taking the total to £80.0m, in addition to the existing £26.0m stocking facility with Lombard North Central PLC.

At 31 March 2021 the Group had £106.0m (FY20: £101.0m) of stocking finance facilities available of which £89.2m (FY20: £86.1m) was drawn.

The Black Horse Limited facility is repayable on the earlier of the sale of the respective vehicle or a latest date of between 90 and 150 days from date of drawdown of the facility amount. The repayment term was extended by 30 days for vehicles on the scheme as at 18 March 2021. Since renegotiation the facility bears interest at the rate of 1.0% over Finance House Base Rate.

The Lombard North Central PLC was negotiated in March 2019 and all borrowings are secured against the vehicle which the stocking finance facility is drawn down against. The finance is repayable on the earlier of the respective vehicle sale, or a latest date of between 90 and 120 days from date of drawdown of the facility amount. The repayment term was extended by 60 days for vehicles on the scheme as at 4 February 2021. The facility bears interest at the rate of 1.35% over Finance House Base Rate.

The Group also has a £20.0m facility with Santander UK PLC, split between £6.0m available as an overdraft and £14.0m available as a revolving credit facility. At 31 March 2020, £10.0m was drawn on this facility, to ensure operational liquidity over the year end period of COVID-19 disruption. This was fully repaid in the year.

Total interest charges on these above facilities were £1.3m (FY20: £1.9m).

Interest on lease liabilities of £1.6m (FY20: £1.6m) was incurred during the year.

Taxation

The Group seeks to manage its taxation obligations in the UK in compliance with applicable tax laws and regulations, ensuring that available tax incentives and allowances are utilised, and recognised where it makes commercial sense to do so giving regard to the costs of making the associated claims.

The tax charge in the period is for the amount assessable for UK corporation tax in the year net of prior year adjustments and deferred tax credits. The effective rate of tax in the year of 22.0% (FY20: 19.0%) is higher than the charge which would result from the standard rate of corporation tax in the UK of 19.0%. This reflects timing differences relating to fixed assets.

Shares

At 31 March 2021, 90,189,885 ordinary shares were outstanding, of which 34,841 were held in the Employee Benefits Trust.

Earnings per share

Basic and diluted earnings per share were both 8.4 pence (FY20: both 16.4 pence), a fall of 48.8%.

Dividends

No interim dividend was paid in the year (FY20: £2.3m) and the Board has not recommended a final dividend (2020: £Nil). There has also been no share buybacks during the year.

Capital expenditure and disposals

Cash capital expenditure was £3.6m (FY20: £12.3m), primarily relating to the opening of Stockton on Tees. Only one new location was opened during the year, as lockdown had restricted the identification of new branches.

The Group is also investing in projects to strengthen its digital offering and online presence; this strategy will continue into FY22.

Disposal proceeds in the year of £6.1m (FY20: £Nil) relate to the Swansea branch (opened January 2020), for which the Group entered a sale and leaseback agreement to free up funds for other growth activities. This approach aligns the financing of Swansea with the majority of the property estate.

Balance sheet

The Group continues to have a strong balance sheet, with net current assets increasing by £12.0m to £15.6m. In addition to cost scrutiny, working capital was proactively managed during the year.

Net assets at 31 March 2021 were £27.6m (FY20: £20.2m), equivalent to 30.6 pence per share.

Non-current assets were £60.9m (FY20: £61.8m) made up of £16.1m of property, plant and equipment, £43.6m right-of-use assets and £1.2m of deferred tax assets (FY20: £18.9m, £41.6m and £1.3m respectively). The Group currently owns three properties being the preparation centre in Peterborough, the Stockton on Tees branch, and some additional land in Glasgow. All other properties are on leases of various lengths.

The Group closed the year with £128.4m of inventory, up 14.8% compared to FY20. This planned increase was partly due to the addition of the Stockton on Tees branch, but primarily due to preparing for the pent up demand of the April 2021 branch reopening.

As a result of increased buying activity, the Group has a significant VAT receivable balance at the year end of £3.7m, which compares to a £1.4m payable in FY20. Prepayments and accrued income have also risen from £0.4m in FY20 to £1.4m, primarily due to the timing of a rebate receivable in the current period.

Trade and other payables, inclusive of the stock financing facilities, have also increased to £125.7m (FY20: £111.8m) as a direct result of increased buying activities in the lead up to the year end.

The increase in total lease liabilities to £49.3m (FY20: £45.4m) reflects the new branch activity.

Cash flow and net debt

Cash generated from operations was £12.4m (FY20: £33.2m) representing an operating cash conversion of 98.4%, down from 148.9% in the previous year. This movement is primarily driven by the same factors described above relating to COVID-19, and balance sheet trends, as preparation for branches reopening in April 2021 has driven increased inventory purchasing.

Capital spend was reduced and shareholder distributions were paused in the year resulting in cash outflows from investing and financing activities being lower than the previous year.

The Group's position net of cash and cash equivalents, and debt, has improved from £0.8m to £6.0m demonstrating the Group's flexibility and strength in a stressed environment.

Closing monthly net cash balances remained positive throughout the year.

Capital structure and treasury

The Group's long term funding is provided primarily through shareholders' funds and IFRS 16 related property debt, with bank debt available should it be required.

The Group's loan facility with Santander UK PLC, split between £6.0m available as an overdraft and £14.0m available as a revolving credit facility, is used primarily as a mechanism for funding short term working capital needs. A further temporary 12 month £15.0m overdraft facility was agreed with Santander UK PLC in May 2020 to help support short term cash impacts, should it have been required during the pandemic. This additional facility was not used. The existing £20.0m facility expires in May 2024.

Capital allocation policy

The Board intends to continue to invest in the business in order to grow revenue, profit and return on capital employed. This is expected to include expenditure for E-commerce investment and new locations to support the Group's strategy.

The Board's objective is to maximise long term shareholder returns through a disciplined deployment of cash generated, and it has adopted the following capital allocation policy in support of this:

- Organic growth: the Board will continue to invest in IT systems and new locations to better enable us to serve customers, whether they wish to purchase online or at a branch;
- Regular returns to shareholders: the Board intends to pay a regular dividend to shareholders, with a policy of growing dividends through the business cycle;
- Acquisitions: the Board would consider value enhancing acquisition opportunities in markets consistent with its existing operations;
- Treatment of excess capital: whilst the Board is committed to maintaining an efficient balance sheet, their expectation is that there will be a resumption of returning excess cash to shareholders, in the form of share buybacks or special dividends.

Chris Morgan
Chief Financial Officer
16 June 2021

Continuous identification and review

Many of our principal risks were escalated in the year due to the impact of COVID-19. This has in particular exacerbated economic conditions, health and safety, consistency of supply, and raised liquidity stress, as highlighted in the individual risk descriptions set out on pages 39 to 43.

Approach to risk management

The Board is accountable for maintaining a policy of continuous identification and review of the principal risks facing the Group which could threaten its future performance or business model. On behalf of the Board, the Audit Committee reviews the effectiveness of Motorpoint's risk management processes.

The Compliance Committee has delegated responsibility, from the Audit Committee, for formally identifying and assessing these risks annually, measuring them against a defined set of criteria, and considering the likelihood of occurrence and potential impact to the Group. The Compliance Committee is formed of the two Executive Directors and the Company Secretary.

The Group's risk profile is reported to the Executive Board for review and challenge, ahead of final review and approval by the Board. These principal risks are then subject to Board discussion during the course of the year, as appropriate. To drive continuous improvement across the business, the Compliance Committee monitors the suitability and adequacy of controls in place and the ongoing status of action plans against key risks quarterly, with a particular focus for those risks considered to be outside of the Group's risk appetite.

Principal risks and uncertainties

On the following pages are details of our principal risks and uncertainties and the key mitigating activities in place to address them. It is recognised that the Group is exposed to risks wider than those listed. We disclose those we believe are likely to have the greatest impact on our business at this moment in time and which have been subject to debate at recent Board or Audit Committee meetings.

How the Board manages risk

The Board and each of its delegated Committees operate to a prescribed meeting agenda in order to ensure that all relevant risks are identified and addressed as appropriate. Key management information is reviewed in order to prescribe operating controls and performance monitoring against the Company's strategy and business plans.

The Non-Executive Directors have particular responsibility for monitoring the financial and operating performance, to ensure that progress is being made towards our agreed goals. The Board's responsibilities also include assessing the effectiveness of internal controls and the management of risk.

1st line

Operational and management controls

- Site management with appropriate team structure and dedicated leadership team reporting line.
- Visible, championed values and expected behaviours.
- Application of company policies and procedures.
- Employee induction, training and ongoing support.
- Executive and leadership team oversight.

2nd line

Risk and compliance monitoring

- Compliance and Data Protection Officers.
- Operational audit activity.
- Risk management framework.
- External specialists engaged to monitor and report on compliance operations.

3rd line

Independent and external review

- External advisors engaged to review 1st and 2nd lines.
- Open culture of challenge to existing processes and whistleblowing hotline.
- An expanded internal audit function (currently being put in place) to support this objective.

The Board's review of risk and controls

During the year, the Board considered all strategic matters, received key performance information on operating, financial and compliance matters and reviewed the results of corresponding controls and risk management. The Board received from the Audit and Compliance committees timely information and reports on all relevant aspects of risk and corresponding controls.

We reviewed all of our key Company policies and ensured that all matters of internal control received adequate Board scrutiny and debate. At Board meetings, and informally via the Chairman, all Directors had the opportunity to raise matters of particular concern to them. There were no unresolved concerns in the year.

We concluded that appropriate controls are in place and functioning effectively. The Board considers that the Group's systems provide information which is adequate to permit the identification of key risks to its business and the proper assessment and mitigation of those risks.

Based on the work of the Audit and Compliance committees, the Board has performed a robust assessment to ensure that: (i) the principal risks and uncertainties facing the Group's business have been identified and assessed, and are aligned to the Group's business strategies; and (ii) appropriate mitigation is in place.

Viability statement

In accordance with the UK Corporate Governance Code 2018, the Board has assessed the prospects of the Group over a period in excess of the 12 months required by the 'Going Concern' provision, selecting a three year period to the end of FY24 which takes into account the Group's current position and the potential impact of the principal risks and uncertainties as set out on pages 39 to 43.

In making their assessment the Directors considered the Group's current balance sheet, its strong track record of generating operational cash flows, the availability of facilities, and stress testing of the key trading assumptions within the Group's plan.

The Board has considered a stressed budget position, which models multiple branch closures during FY22 as well as depressed volumes during open periods, and then one further closure in each of the following two years. The perceived impact of COVID-19 in FY23 and FY24 of the stress test is reduced compared to FY22 and therefore the stress factors applied in the model for those two years is less significant. Management demonstrated during FY21 that significant cost control measures can be implemented at short notice and therefore similar actions have been factored into this scenario, including the utilisation of certain Government support initiatives until such support is no longer available under current Government legislation. Whilst this stressed scenario places additional pressures on both cash flow and profitability, the Group expects a level of socially distanced sales will again be possible during future lockdowns, and ultimately expects to return to normal levels of volume upon reopening.

The selection of the assumptions for the stressed budget is inherently subjective, and whilst the Board considered these assumptions to reflect a substantial downside, albeit plausible, scenario, the future impact of the Coronavirus pandemic is unknown.

Given recent reported trends in Coronavirus case numbers, as well as vaccination coverage, there is very good reason to be optimistic that any future impact of the pandemic is likely to be less severe than what was seen in FY21. The Board does acknowledge that there are potential future direct and indirect implications of the pandemic which could continue to impact on the Group, including on its liquidity and adherence to financial covenants but these are highly unlikely.

Scenario modelling has been considered throughout the year and at year end by management to formulate response options against moderate or severe downturns in sales volumes, potential margin pressures and possible cost challenges.

During FY21, the Group demonstrated its ability to take extensive actions to minimise the impact on short term cash flows; temporarily pausing all capital expenditure, furloughing team members, suspending dividend payments and the share buyback programme, except to cover employee related share-based payments, and reducing all non-essential spend. The Group has made use of the Government's Coronavirus Job Retention Scheme and continues to work closely with its financing partners. This includes agreement on repayment extensions on the stocking loan facilities, and notably securing an additional 12 month temporary uncommitted £15.0m overdraft facility with Santander UK PLC in May 2020 which was not used and has not been renewed subsequent to the year end.

In the eventuality of a further period of prolonged closure of all or most of the Group's branches, it is possible that the Group would need to negotiate changes to its current banking covenants but this is something which has only be considered in the more extreme downturn scenarios modelled which are not currently considered plausible.

The Group continues to consider and monitor further potential mitigation actions it could take to strengthen its cash position and reduce operating costs in the event of a more severe downside scenario. Such cost reduction and cash preservation actions would include, but are not limited to; reducing spend on specific variable cost lines including marketing and branch trading expenses, team costs most notably sales commissions, pausing new stock commitments and extending the period for which expansionary capital spend, dividends, and share buybacks are suspended.

The introduction of contactless collection and home delivery options during FY21 allowed the Group to maintain steady sales levels through its online and digital sales channels during later periods of branch closure. Further, as evidence that consumer demand for a physical presence still remains strong, record levels of sales volumes have been seen when our branches have been permitted to reopen.

The Group has demonstrated an exceptionally flexible approach to trading in a restricted environment, in particular experiencing improving online sales, and is well placed to capitalise on growth opportunities as we enter FY22.

The Directors have also made use of the post year end trading performance to provide additional assurance that the year end stock levels and associated provisioning were reasonable, and that it is reasonable that no branches require an impairment provision. While only a short period has passed since the year end, this evidence adds further comfort to the continuing strength of the Group in an active market.

Based on this assessment, the Board confirms it has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to 31 March 2024.

The Board has determined that the period constitutes an appropriate period over which to provide its Viability Statement. This is the period detailed in our Strategic Plan which we approve each year as part of the strategic review. Whilst the Board has no reason to believe the Group will not be viable over a longer period, given the inherent uncertainty involved we believe this presents users of the Annual Report and Accounts with a reasonable degree of confidence while still providing a medium term perspective.

Risk and impact	Mitigating controls	Progress made in FY21
Competition, Market and Customers		
The UK vehicle market is highly competitive and customers have a broad choice of retailers, some of which offer comparable products. The market continues to see consolidation and innovation, through which our competitors have progressed their propositions. Concurrently customer expectations and buying patterns are evolving, with the traditional research and purchase channels becoming ever more influenced by digital media, peer recommendations and convenience. Failing to stay ahead of the market or to adapt to changing customer behaviours faster than the competition could undermine our ability to meet our objectives.	• Continue to drive our multichannel proposition, refined post COVID-19 to accelerate growth opportunities. • Continue to compete via our business model's consistent focus on Choice, Value, Service and Quality; each of these cornerstones is built into the business operation and reporting. For example, customer satisfaction ratings are used in the calculation of all bonuses or commissions across the business. • Investment in brand marketing, digital engineering, data insight capability and service to raise awareness of Motorpoint and meet customer needs. • Investment in supply chain capacity and capability, and delivery of productivity improvements to enable us to compete effectively and allocate resource to growth driving activity. • Commission regular customer insight reports to track performance against the market, competitors and other key indicators. Mystery shopping best in class retailers.	• Successful re-platform of our motorpoint.co.uk website and introduction of Home Delivery and our Reserve and Collect offer with minimal disruption, enabling us to serve customers when branches were closed due to COVID-19. • Increased brand awareness through continued investment in brand marketing and nationwide TV advertising. • Continued innovation in our digital offering and strengthened campaigns.
Brand and Reputation		
As a function of being independent of manufacturer support, Motorpoint attracts new and repeat customers substantially through building a compelling perception of the Company's brand and reputation. Our customers expect us to deliver vehicles that are safe, compliant with legal and regulatory requirements, and fit for purpose. Failure to maintain these would rapidly result in a loss of customer confidence and impact levels of business. Unfavourable publicity concerning the Company or the industry in which it operates could also have an adverse impact.	• Brand awareness and relevance expanded to both new and existing customers, through investment in our website, advertising and via more personalised outbound communications. • Customer satisfaction, measured using the NPS system, sits at the heart of our operations and is subject to regular scrutiny across all levels of the business. • We closely monitor customer perceptions using both qualitative and quantitative feedback, and respond quickly where possible. • We constantly review our branch process to ensure we continue to deliver on the customer proposition.	• Conducted brand tracking analysis in November 2020 to understand brand perception from active consumers in the market. Second session delivered in April 2021. • Launched new TV creative to carry key messaging around our four core value propositions – Choice, Value, Service and Quality. • Improved social media monitoring processes to ensure customer interactions are considered and dealt with quickly and effectively. • Migration of website pages into a new content management system accelerated. This enabled changes and updates to content to be made quicker and with more creative flexibility.Roadmap of branch improvements now in place for key pages and journeys within the online buying journey.

Risk and impact	Mitigating controls	Progress made in FY21
Availability and Terms of Customer Finance		
Vehicle sales volumes rely on our customers being able to access affordable credit lines. As such the Company is exposed to the risk of lending institutions reducing, terminating or materially altering the terms and conditions on which they are willing to offer consumer credit to the Company's customers. Commission income generated by the Company acting as a regulated credit broker could be impacted if either the number of such arrangements reduces, or the structure and amount of commissions earned is altered.	• Constantly monitor the market and emerging trends. • Work in conjunction with our partners to keep our consumer credit offer relevant, competitive and viable. • Where possible reinvest in the quality of the customer offer, preferring to build its appeal rather than maximise our commission rates.	• The wider ongoing economic impacts of the COVID-19 are yet unknown, but may lead to a change in customer affordability and a change in risk appetite of lending institutions. • Customer finance offered through a panel of key relationship partners to minimise any negative impact on the customer.
Supply Chain Disruption		
Sales/profitability and customer satisfaction could be impacted by supply chain disruption or loss of access to key suppliers.	• Use of a broad spread of supply channels, within each of which are long-standing relationships. • Employment of an experienced buying team which is responsible for maintaining an efficient and effective supply chain. • Able to utilise our buying criteria within the scope of our retail proposition (age and mileage of vehicles) to access more supply if required. • Business continuity plans in place for Motorpoint non-store facilities. • We seek to limit dependency on individual suppliers by actively managing key supplier relationships.	• COVID-19 safe processes implemented in our distribution centres and Home Delivery Network to enable operations to continue throughout and post the COVID-19 crisis. This included a significant increase in 'Direct to Customer' deliveries from our suppliers. • 'Fit for Future' logistics capacity plan developed. Will need to evolve this as we increase capacity to meet increased demand for home delivery. • Upgraded home delivery vehicle fleet. • Business continuity plans for all branches reviewed, and successfully executed.
Brexit		
The ongoing risk of disruption on the supply chain following the UK's exit from the European Union is likely to have at least some impact on Motorpoint - with circa 80% of new UK cars being imported from the EU. Any movement in foreign exchange rates or friction within the transport or customs process have the potential to impact pricing and volume allocation in the UK.	• Post-Brexit risk assessment in place and regularly reviewed, and mitigations in place. • Hedging requirements regularly reviewed. • Contingency plans put in place to adjust to new legislation from January 2021.	• Continuing to work with logistics partners and suppliers to minimise risk of supply chain disruption and ensure that processes are in place for new customs' regimes. • Plans in place to manage potential port congestion. • Prepared operational plan to manage fall in value of sterling.

Risk and impact	Mitigating controls	Progress made in FY21
Economic Vulnerability		
Failure to withstand the impact of an event or combination of events that significantly disrupts all or a substantial part of the Group's sales or operations (e.g. pandemic).	• Internal control and risk management process in place to identify and manage risks (including emerging risks) that may impact the business. • Conservative financial approach – strong balance sheet, relatively low levels of structural debt, low risk property portfolio, 'value for money' mentality. • Strong and united Board and Management team in place, experienced managers in key roles and committed colleagues. • Strong values – emphasising 'long term thinking' and 'acting like owners' – which Board and senior management are required to role model, embedded in the business through recruitment and appraisal, and colleague communications. • Strong relationships maintained with key stakeholders (shareholders, colleagues, customers, suppliers, community). • Investment in the Motorpoint brand and diversity of routes to market provide flexibility through our omnichannel approach. • Business continuity plans in place and kept up to date for branches, operations and technology. • Insurance cover in place to cover key risks, where applicable. Particular focus on cash flow management. • Expert third-party advisers in place (e.g. corporate PR, corporate, banking, legal) to assist.	Action taken to mitigate impact of COVID-19 crisis including: • Securing financial position of the Group by ceasing all non-essential expenditure, reduction or freezing of salaries. • Increasing the frequency of Board meetings. • Ensuring that we had plans in place for colleagues to work remotely where possible and contingency plans to close/ reopen branches and facilities safely in accordance with legal requirements. • Prioritising safety of colleagues and customers. • Working closely with suppliers to implement alternative fulfilment routes. • Increasing engagement with colleagues, customers and suppliers. • Increased focus on colleague well-being.
Finance and Treasury		
Growth constrained by lack of access to capital/ financial resource.	• Motorpoint uses a selection of finance facilities to fund its operations including a stock financing facility secured against its retail vehicle stocks. • The Group has a £6.0m overdraft and a £14.0m Revolving Credit Facility in place until May 2024. • A treasury policy and set of processes are in place to govern and control cash flow activities, including the investment of surplus cash. • Hedging arrangements in place for foreign exchange transactions, and freight and energy prices are agreed in advance, to help mitigate volatility and aid margin management.	• Actions continue to improve controls around stock and cash management, including controls around stock purchasing and forecasting. • Forward-looking cash flow forecasts and covenant tests prepared to ensure that sufficient liquidity and covenant headroom exists. • Negotiated an increased temporary banking facility approved by the Board in June 2020. This additional facility was not used.

Risk and impact	Mitigating controls	Progress made in FY21
IT systems, Data and Cyber Security		
Operations impacted by failure to develop technology to support the strategy, lack of availability due to cyber attack or other failure, and reputational damage/fines due to loss of personal data.	• Formal IT governance processes in place to cover all aspects of IT management. • Changes to IT services are managed through a combination of formal programmes for large and complex programmes, or bespoke iterative development methodologies for smaller-scale changes. • A detailed IT development and security roadmap is in place, aligned to strategy. • Comprehensive third-party support in place for relevant technologies. • Business continuity in place for all major systems and applications. • Regular vulnerability scans, annual penetration testing with systematic methodology to treat identified threats. • Business process, authorisation controls and access to sensitive transactions are kept under review.	• Relaunch of motorpoint.co.uk platform achieved with minimal disruption to offer a fully digital part exchange and finance offering enabling customers to complete their purchase process entirely online. • Implemented more effective ways of working to improve quality and pace. • We have invested in new skill sets to ensure scoping is accurate. • Continued to implement a plan to protect personal and sensitive data, following the appoint of our Chief Technology Officer who is also an experienced Data Protection Officer.
Regulatory and Compliance		
Fines, damages claims and reputational damage could be incurred if we fail to comply with legislative or regulatory requirements, including consumer law, health and safety, employment law, GDPR and data protection, Bribery Act. The Company also has various FCA permissions to carry on a range of regulated insurance and consumer credit activities from which it derives income. There is a risk that increased regulation or restrictions on the sales process or nature of these products would restrict the income available to the Company.	• Policies and training are in place in respect of key compliance areas. These are regularly reviewed and updated. • Operational management are responsible for liaising with the Company Secretary and external advisers to ensure that new legislation is identified and relevant action taken. • Training on the requirements of the Bribery Act and anti-money laundering policies are in place for all relevant colleagues and policies are communicated to all suppliers. • Whistleblowing procedure and independently administered helpline which enables colleagues to raise concerns in confidence.	• Health and safety has been integral to our response to the COVID-19 crisis and we developed and implemented safe physical measures and processes at our branches and offices. • Continued to conduct horizon scanning processes to identify changes in regulatory expectations. These include any changes that may be required as a result of the FCA supervisory review and enforcement process such as the introduction of Thematic Review TR19/2 released in April 2019, specifically focused on consumer insurance products which has been carefully considered by the business.
People and Culture		
The success of the business could be impacted if it fails to attract, retain and motivate high-calibre colleagues. Maintaining and evolving the culture of our business (embodied in our shared values) is essential to delivering our strategy and ensuring the long-term sustainability of our business.	• The composition of the Executive team is regularly reviewed by the Board to ensure that it is appropriate to deliver the growth plans of the business. • Succession plans and appraisals are in place across the Group. • Shared values describe and embed our culture. • The Group's Remuneration Policy detailed in this report is designed to ensure that high-calibre executives are attracted and retained. Lock-in of senior management is supported by awards under the Long-Term Incentive Plan.	• The safety and wellbeing of our colleagues was central to our response to the COVID-19 crisis. • Plan to increase our focus on diversity and inclusion, starting by appointing a Head of Recruitment and Inclusion to develop and implement our ambitious diversity and inclusion plans. • Increased Group Board focus on Board and Executive team succession and talent management. • Mental health first aiders – all line managers are now trained. Trained mental health first aiders are available on all our branches. • Successful colleague engagement methods used in the COVID-19 crisis will be the model for future communication.

Risk and impact	Mitigating controls	Progress made in FY21
Health, Safety and Welfare		

The risk that accidents, hazards or incidents are caused by unsafe practices at work, resulting in injury or death to customers, employees or third parties.	• Health and safety training for all new starters, with additional role-specific training for employees in branches.
	• Implemented incident management processing to ensure major incidents are dealt with appropriately and problems are logged and actively progressed to resolution.
	• Undertake risk and control assessments to monitor compliance.
	• Continually monitor our mandatory regulatory training to ensure that all colleagues are kept informed.
	• Ensure that incident reporting including lessons learnt exercises take place to meet health and safety obligations.
		• Incidents are reported online, via a reporting tool. Line management deal with minor incidents. Major incidents are escalated to the Senior Leadership Team who are supported by PIB Risk Management ('PIB').
		• Risk assessment is managed in the following ways:
		  • line management on the branches have a number of online risk assessment checklists to verify the relevant controls are in place; and
		  • higher level risk assessments are carried out on workshop activities by PIB including Hand Arm Vibration and Control of Substances Hazardous to Health. The Group Compliance Manager also carries out higher level risk assessments covering branch transport safety, gates and barriers as well as fire risk assessment.
		• Six monthly insurance inspections of the Lifting Operations and Lifting Equipment Regulations and periodic inspection and maintenance under Provision and Use of Work Equipment Regulations.
		• Majority of technical and health and safety training is delivered online. The Training Pathways were overhauled and revised at the end of 2020 to enable a smoother delivery whilst reducing the number of failed modules arising as a result of the bulk delivery method no longer in place. Completion is monitored by Regional Operations Support Managers.
		• Incident reporting included within monthly Board submissions and also discussed within monthly Operations Manager Health and Safety Governance including deep dive into causations, issues arising/lessons learnt and best fit solutions.

In accordance with section 414CB of the Companies Act 2006, the sections cross-referred to in the table below are incorporated into this non-financial information statement.

Environmental matters

Stakeholder engagement: community and environment	→ page 23
Streamlined Energy and Carbon Reporting	→ page 24
Energy efficiency actions	→ page 24
Going green	→ page 24

As part of this year's SECR, we have established an Environment Social and Governance Committee. In addition our talent team are working on business projects focused on improving the sustainability of the business and our impact on the environment.

Company's employees

At a glance	→ page 2
Our operating model begins with our team	→ page 9
Our Core values	→ page 11
Our Stakeholders	→ page 22
Winning Culture	→ page 30
Supporting employee wellbeing	→ page 30

The Company has various employee-centric policies and guidance including: Staff Handbook; HR Policies including equal opportunities; anti-bullying and harassment; whistle-blowing; enhanced maternity leave; paternity leave; health, safety and welfare; data protection; and privacy.

Related principal risk: People and Culture; IT Systems, Data, and Cyber Security → see page 42.

Social matters

Investing in our communities	→ page 26
Supporting great causes	→ page 32
Anti-corruption and anti-bribery matters	→ page 32

Related principal risk: Brand and Reputation; Economic Vulnerability; regulatory and compliance → see pages 39 and 41.

Respect for human rights

Real living wage	→ page 30
Modern slavery	→ page 32
Treating customers fairly	→ page 32

Related principal risk: → see page 42

Anti-corruption and anti-bribery matters

Whistle-blowing hotline, anti-corruption and anti-bribery	→ page 32

Related principal risk: Regulatory and Compliance → page 42.

Investment case	→ page 6
Non-financial KPIs	→ page 19

Governance

Delivering excellence

The PLC Board has seen a further strengthening in its membership since we last reported.

Mark Carpenter

Chief Executive Officer

Appointment

April 2016

Committee memberships

Member of the Nomination Committee

Background and career

Mark was appointed as Chief Executive Officer in May 2013 following two years as CFO, and has 18 years' experience in motor retail. Mark was previously finance director of Sytner Group Limited from 2005 to 2010. Prior to this, Mark was with Andersen, where he qualified as a Chartered Accountant.

External roles

None.

Chris Morgan

Chief Financial Officer

Appointment

January 2021

Committee memberships

None

Background and career

Chris was appointed Chief Financial Officer in January 2021. Chris was formerly Group Finance Director at Speedy Hire Plc. Prior to this Chris held senior finance leadership positions at Go Outdoors and Tesco, where he was latterly the Finance Director for the Czech Republic and Slovakia. Chris is a Fellow of the Institute of Chartered Accountants in England and Wales.

External roles

None.

Mark Morris

Non-Executive Chairman

Appointment

April 2016

Committee memberships

Chair of the Nomination Committee

Background and career

Mark has been Chairman of Motorpoint Limited since January 2013 and prior to that chairman/consultant since December 2010. He has over 20 years' experience in car retail having been finance director and then managing director of Sytner Group Plc. Prior to his role at Sytner Group, Mark was in audit, business advisory and corporate finance with PwC where he qualified as a Chartered Accountant.

External roles

None.

Mary McNamara

Senior Independent Non-Executive Director and Chair of the Remuneration Committee

Appointment

May 2016 (appointed as Senior Independent Director in October 2016)

Committee memberships

Chair of Remuneration, member of the Audit and Nomination committees

Background and career

Mary was CEO of the commercial division and board director of the Banking Division at Close Brothers Group Plc. She spent 17 years with GE in a number of leadership roles, including CEO of the European Fleet Services business. Mary has also spent time with Skandia and 14 years at Harrods.

External roles

Chair of the remuneration committee and member of the nomination and governance committee of OSB Group plc.

Adele Cooper

Independent Non-Executive Director

Appointment

March 2020

Committee memberships

Member of the Audit, Remuneration and Nomination committees

Background and career

Adele has extensive marketing and senior leadership experience, having worked at some of the world's leading technology companies, most recently at Pinterest from June 2015 to December 2019. While at Pinterest, Adele was responsible for the UK and Ireland, overseeing strategic, commercial and operational management. Prior to this, Adele has been with Facebook and Google in a lead global relationship role and a variety of regional and global lead roles in marketing and operational.

External roles

Adele is a non-executive director of Conjura Ireland Limited.

Keith Mansfield

Independent Non-Executive Director and Chair of the Audit Committee

Appointment

May 2020

Committee memberships

Chair of the Audit Committee, member of the Remuneration and Nomination committees

Background and career

Keith was appointed to the Board of Motorpoint Group plc as Independent Non-Executive Director in May 2020. A Chartered Accountant by background, Keith brings extensive accountancy experience, having worked at PwC for over 30 years, during which time he served as chairman of PwC in London responsible for assurance, tax and advisory services. As a partner for 22 years, he has led services to public and private companies across a range of industry sectors.

External roles

Keith is the senior independent director of Tritax Eurobox plc, where he chairs the audit committee and is a member of the management engagement committee and nomination committee. Keith is also the senior independent director and chair of the audit committee of Digital 9 Infrastructure plc, and chair of Albemarle Fairoaks Airport Limited.

Chairman's introduction

"Proper corporate governance is important in underpinning our long-term success"

Mark Morris
Chairman

Dear Shareholder

On behalf of the Board, I am pleased to report on Motorpoint's Corporate Governance during the past financial year. The aim of this report is to explain Motorpoint's governance framework and outline how it was applied on a practical basis in the year under review – a year that has been hugely challenging due to the COVID-19 pandemic and one that has required great adaptability, resourcefulness and governance strength-in-depth.

The Board's role in setting the Group's culture and core values is a significant one. Mark Carpenter and I speak frequently with each other, and all the Board members have given their time to supporting the management team, in various capacities, across a very difficult year. FY21 has shown that this best enables a culture across the Group of agile decision making and speed of reaction to events, whilst maintaining the innovative drive that has been the hallmark of Motorpoint's success to date. I am very proud of the work which has been carried out throughout FY21 on employee wellbeing and the top-down engagement with staff, which will ultimately lead to a better, more open working environment.

As a Board, we are conscious that we are accountable to all our shareholders and must have regard to other stakeholders such as employees, customers, suppliers and the environment. We maintain an active dialogue with shareholders throughout the year and listen to views of representatives of investors and financial institutions. We also welcome the opportunity to answer shareholders' questions at our 2021 Annual General Meeting ('AGM').

The Company as a whole had to quickly adapt to new ways of working since mid-March 2020 with Board meetings scheduled more frequently and held partly or entirely online. Where meetings were conducted in a hybrid format, physical attendance was in accordance with UK Government guidelines.

Monitoring culture and colleague engagement

The Board has a wide range of experience, skills and diversity among its members that proved invaluable during the COVID-19 pandemic. The Board has supported the management team in seeking to raise standards in diversity and inclusion. The Group set up an Inclusion Committee chaired by the Chief People Officer this year. The primary purpose of the Inclusion Committee is to educate and celebrate individuality to drive inclusivity. We have appointed a new Head of Recruitment, Diversity and Inclusion to provide dedicated resource and expertise in developing and implementing our equality, diversity, and inclusion plans.

We are continuing to help create an agile and inclusive working environment that helps our people work in a way that's best for them and enables collaboration and teamwork in delivering our strategy. More details of our response to the COVID-19 pandemic, culture, our employee welfare measures in place and wider social engagement can be found in the People section on page 30 of this report.

Board changes

There has been an important strengthening of the Board over the past year or so. In March 2020 we were joined on the Board by Adele Cooper, and in May 2020 Keith Mansfield was appointed, both brought considerable experience and knowledge to bear over the last year as Non-Executive Directors.

In January 2021 we were joined by Chris Morgan when he took on the role of Chief Financial Officer following the resignation of James Gilmour in August 2020.

Biographies for each of the current Directors are set out on pages 46 and 47. The progress in talent development and diversity can be found on pages 30 and 31.

Compliance statements

Throughout the year ended 31 March 2021, the Company has complied with the provisions as set out in the 2018 Corporate Governance Code (the '2018 Code') (a copy of which is available on the Financial Reporting Council's website at www.frc.org.uk) in all respects except that I was not deemed to be independent upon appointment as Chairman (Provision 9) – an explanation of the Board's view on this matter is set out under the section headed 'Board independence and appointment terms' on page 50 of the Corporate Governance report.

Our effectiveness

Every year we perform an internal review of the effectiveness of the Board. The findings show that the work we do as a Board and in our committees continues to be effective. Our review also confirmed that our focus in the coming year should continue to be on strategy, succession and development and we will commence a search for an additional Non-Executive Director during 2021. When recruiting, diversity will be a significant consideration and focus in the recruitment process.

Board priorities

Our priorities for next year are very much focused around building rapid but sustainable growth in the Group and delivering on our strategic plan with a strong governance underpin.

Mark Morris
Chairman
16 June 2021

Board leadership and purpose

The role of the Board

The Board sets the Company's strategic aims and ensures that the necessary resources are in place to allow the Company's objectives to be met, in a way that enables sustainable long-term growth. It is also responsible for corporate governance and the overall financial performance of the Group. The Board establishes the Company's culture, values and ethics and it is important that the correct 'tone from the top' is set, with all Directors being required to devote sufficient time to their role.

Board meetings are chaired by Mark Morris who promotes a culture of openness and debate, including inviting the Executive Directors and the Non-Executive Directors to debate and challenge Motorpoint's strategic matters.

The current Board composition is the Chairman, three independent Non-Executive Directors and two Executive Directors.

Roles and responsibilities

The Chairman's role

The Chairman's primary role is the leadership of the Board. He ensures that the Directors receive accurate, timely and clear information and is responsible for cultivating a boardroom culture of honesty and openness which encourages debate, challenge where appropriate, and enables the Non-Executive Directors to make an effective contribution. The Chairman sets the Board's agenda and ensures sufficient time is allocated for the discussion of all agenda items. The Chairman also consults with the Non-Executive Directors, in particular the Senior Independent Director, on matters of corporate governance and ensures all Directors are made aware of any major shareholders' issues and concerns.

The Board is satisfied that the Chairman fulfils his responsibilities of enabling the Board to make sound decisions.

Chief Executive Officer's role

The Chief Executive Officer ('CEO') is responsible for the day-to-day running of the Group's business and includes the development and implementation of strategy and of decisions made by the Board as well as the operational management of the Group.

Chief Financial Officer's role

The Chief Financial Officer ('CFO') is responsible for the Group's financial activities, including control, planning and reporting, and also contributes to the broader management of the Group's business. The CFO supports the CEO with the development, implementation and tracking of the Group's strategy. Chris Morgan also assumed the role of Company Secretary on an interim basis with effect from 27 February 2021.

The Executive Directors (being the CEO and the CFO) attend Committee meetings by invitation of the Committee Chair where appropriate.

Senior Independent Director's role

The Senior Independent Director acts as a sounding board to the Chairman and serves as an intermediary for the other Directors when necessary. The Senior Independent Director is available to shareholders to assist with addressing concerns that may arise and meets with the other Non-Executive Directors (excluding the Chairman) at least once a year to review the performance of the Chairman.

Independent Non-Executive Directors

The Non-Executive Directors bring independence, along with a broad mix of business skills, knowledge and experience to the Board. They provide an external perspective to Board discussions and are responsible for the scrutiny of the executive management on behalf of shareholders. The Non-Executive Directors constructively challenge Board discussions and help develop proposals on strategy.

Non-Executive Directors monitor the reporting of performance and ensure that the Company is operating within the governance and risk framework approved by the Board.

The Company Secretary's role

The Company Secretary ensures that effective communication flows between the Board and its Committees and between senior management and the Non-Executive Directors. The Company Secretary is responsible for ensuring that the Board operates in accordance with the Company's corporate governance framework.

The appointment and removal of the Company Secretary is a matter for the whole Board.

Matters reserved for the Board

In order to retain control of key decisions and ensure that there is a clear division of responsibility between the Board and the day-to-day running of the business, the Board has a formal schedule of matters reserved for its decision. These reserved matters include financial reporting, investment appraisal and risk management. The matters were reviewed by the Board during 2020 to ensure they were aligned with the 2018 Code. The full schedule of matters reserved is available on our website www.motorpointplc.com.

Board focus during the year

The Board holds a number of scheduled meetings each year, including a strategy day which is usually held off site. Almost all meetings in this financial year, scheduled or otherwise, were held via video conference.

Key areas of focus during the year were:

Strategy

- Detailed debate on the strategy, in particular the digital transformation of the business
- Investor relations and communications
- Strategic growth opportunities such as the opening of new branches
- Considered the potential impact of the COVID-19 pandemic on the safety of our people and on the Group's operations and financial performance and reviewed management's plans for mitigating its impact on the Group's operations and customers

Financial

- Approved the full-year results announcement and the Annual Report for the 2020 financial year
- Cancelled the payment of the final dividend in 2020
- Budget for FY22
- Half-year results, full-year results and trading updates
- Review of Group cash position and forecasting
- Monthly performance reporting and review

Internal control and risk management

- Performed the annual review of the effectiveness of internal control, risk identification and mitigation
- Approved the Viability Statement as disclosed in the Annual Report 2021
- Approved the adoption of a going concern basis of accounting in preparing the half and full year results
- Considered the Group Cyber Security Programme and Health and Safety report

People, talent and culture

- Appointment of a new Non-Executive Director and CFO
- Succession planning and talent development for all senior roles
- Reviewed the results of engagement survey
- Considered general employee wellness in light of the pandemic
- Ensured safe and comfortable working environments

Governance, compliance and ethics

- Approved AGM business such as the Notice of Meeting and related ancillaries
- Reviewed the internal Board evaluation process and discussion of the external Board and Committee evaluations to be held during the course of 2021
- Reviewed the Directors' Conflicts of Interest procedures
- Approved the Modern Slavery Act statement, available on the Company's website www.motorpointplc.com

Board independence and appointment terms

The Board has reviewed the independence of each Non-Executive Director (excluding the Chairman) and considers each of them to be independent of management and free from business or other relationships that could interfere with the exercise of independent judgement. The Company meets the requirement under Provision 11 of the 2018 Code that at least half of the Board, excluding the Chair, are Non-Executive Directors whom the Board considers to be independent. The Board believes that any shares in the Company held personally by a member of the Board serves to align their interests with those of the shareholders.

The Chair, Mark Morris, and the CEO, Mark Carpenter, own approximately 9.6% and 9.8% respectively of the shares of the Company. Both Mark Morris and Mark Carpenter continue to be considered by their fellow Directors to be independent in character and judgement in performing their respective duties. The Board is fully confident that, in the very unlikely event of a conflict emerging between those duties and their interests as shareholders, they would absent themselves from the Board discussions in question (and the Board would ensure that they did so). In that event, the Senior Independent Director would ordinarily assume the role of chair of the relevant meeting.

The terms and conditions of appointment of the Non-Executive Directors are contained within their Letters of Appointment. The terms of appointment for the Directors confirm they are expected to devote such time as necessary for the proper performance of their duties. The Board reviews and approves as necessary any additional external appointments the Directors may look to obtain.

The CEO and CFO do not currently have a non-executive directorship on any other listed company board.

Board meetings

The Board met regularly to discharge its duties effectively and held additional conference calls between the scheduled meetings as and when circumstances required. Where a Director was unable to attend a meeting, they were provided with the meeting papers to review and so they could provide any comments to the Chairman, Committee Chair or Company Secretary prior to the meeting. Directors are provided with meeting papers approximately one week in advance of each Board or Committee meeting. Members of the Senior Leadership Team are regularly invited to attend Board meetings to present on their specific area of responsibility.

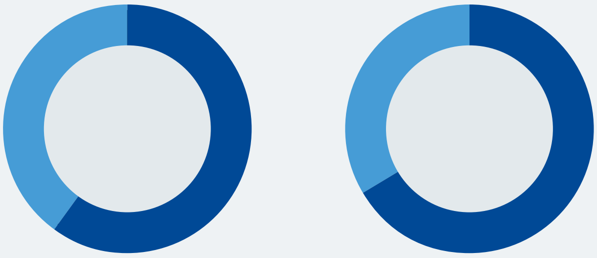
Board and Committee attendance FY21

The Board has regular scheduled meetings throughout the year. Directors' attendance at Board and Committee meetings during the year is outlined below:

Director	Board (13)	Audit Committee (4)	Nomination Committee (1)	Remuneration Committee (5)
Mark Morris	13	–	1	–
Mark Carpenter	13	–	1	–
Mary McNamara	13	4	1	5
Adele Cooper	13	4	1	5
Keith Mansfield[1]	10	3	1	3
Gordon Hurst[2]	3	1	–	2
James Gilmour[3]	4	–	–	–
Chris Morgan[4]	2	–	–	–

1 Keith Mansfield was appointed with effect from 20 May 2020.
2 Gordon Hurst resigned with effect from 20 May 2020.
3 James Gilmour resigned with effect from 24 August 2020.
4 Chris Morgan was appointed with effect from 11 January 2021.

Composition of the Board



INED/Executive split*

INED	3
Executive	2

(*excluding the Chairman)

Male/Female split

Male	4
Female	2

Annual General Meeting

The 2021 AGM will be held on 27 July 2021. Based on current guidelines issued by the UK Government it will be possible to hold this year's AGM in person, with shareholders present. However, given the constantly evolving nature of the situation in relation to the COVID-19 pandemic, shareholders are strongly encouraged to appoint the Chair of the meeting as their proxy and submit their voting instructions electronically in advance of the Meeting.

The Notice convening the 2021 AGM will be circulated to shareholders separately, along with details on how shareholders can still raise questions to the Board in advance and follow the proceedings of the AGM remotely. We will ensure that shareholders are kept informed using the Notice of Meeting, our website, and relevant regulatory announcements in due course.

Conflicts of interest

The Company's Articles of Association, in line with the Companies Act 2006, allow the Board to authorise any potential conflicts of interest that may arise and impose limits or conditions as appropriate.

The Board has a formal process for the Directors to disclose any conflicts of interest and any decision of the Board to authorise a conflict of interest is only effective if it is agreed without the conflicted Director(s) voting or without their votes being counted. In making such a decision, the Directors must act in a way they consider in good faith will be most likely to promote the success of the Group.

Independent advice

The Directors may take independent professional advice, if necessary, at the Company's expense.

Board training and development

Directors are continually updated on the Group's business, the markets in which we operate and changes to the competitive and regulatory environments through presentations and briefings to the Board from Executive Directors and the Senior Leadership Team.

Directors received briefings from the Company Secretary during the year on governance and compliance matters and relevant legislative changes.

Relations with shareholders

All shareholders have access to the Chairman and the Senior Non-Executive Independent Director, who are available to discuss any questions which shareholders may have in relation to the running of the Company.

The Board recognises the need to ensure that all Directors are fully aware of the views of major shareholders. Copies of all analysts' research relating to the Company are circulated to Directors upon publication. The Company receives a monthly Investor Relations report which includes an analysis of the Company's shareholder register.

Mark Morris
Chairman
16 June 2021

Audit Committee Chair's Statement

"The Company's risk management processes were critical in ensuring Motorpoint could respond with pace and robustly to the uncertainty caused by COVID-19."

Keith Mansfield
Audit Committee Chair

Dear Shareholder

I am pleased to present the report of the Audit Committee (the 'Committee') for FY21. The principal purpose of this report is to look back over the financial period ending 31 March 2021 and describe the Committee's responsibilities and activities during that period.

The Committee fulfils an important oversight role, monitoring the effectiveness of the Group's system of internal control and risk management framework, and reviewing the integrity of the Group's financial reporting. The principal role of the Committee is to assist the Board in fulfilling its oversight responsibilities in relation to financial reporting and financial controls.

Since I was appointed as Chair of the Committee last year, I have been able to broaden and deepen my understanding of the business and each of its functions, enabling the Committee to move forward into 2021 with a clear vision – namely, to ensure the soundness and effectiveness of the Group's systems and controls, which has been even more important amid a global pandemic.

The impact of COVID-19 was a significant issue and a risk to the Group during the period, and this still continues to be the case. The Company's risk management processes became increasingly critical early in 2020 with the emergence of COVID-19 and the many risks this posed to the continuity of our business operations, including the closure of our branches, a reduction in sales and most importantly the risk to the safety of our staff and customers.

I would like to thank my colleagues on the Committee for their contribution during this challenging year and extend my thanks to our colleagues within the business who have worked tirelessly during a time of extreme uncertainty.

Committee composition and membership

The Committee currently comprises three independent Non-Executive Directors.

During the year the following members served on the Committee:

- Keith Mansfield (Chair, appointed with effect from 20 May 2020)
- Adele Cooper
- Gordon Hurst (resigned on 20 May 2020)
- Mary McNamara

The Committee met four times during the year and attendance is set out in the table on page 50.

The Board believes that the members of the Committee as a whole have competence relevant to the sector in which the Group operates, gained from their respective external roles, previous and present. Biographical details of Committee members are set out on pages 46 and 47.

In particular, the Board has identified Keith Mansfield as the member of the Committee having recent and relevant financial experience for the purposes of the 2018 Code. Keith has a wealth of accounting experience from his previous roles, having worked at PricewaterhouseCoopers LLP ('PwC') for 30 years.

At the invitation of the Chair of the Committee, the Chairman, CEO and CFO attended all meetings during the year in order to maintain effective and open communications.

The external auditors, PwC, attend meetings of the Committee and have direct access to the Committee should they wish to raise any concerns outside of the formal Committee meetings.

Keith Mansfield
Audit Committee Chair
16 June 2021

Role of the Committee

The role and responsibilities of the Committee are set out in its terms of reference which are available on the Company's website www.motorpointplc.com. The key objectives of the Committee are to review and report to the Board and shareholders on the Group's financial reporting, internal control and risk management systems, and on the independence and effectiveness of the external auditor.

Further details on the responsibilities of the Committee are as follows:

- Monitor the financial reporting process including the review of the integrity of the financial statements of the Company, including its annual and half-year financial results. Other formal announcements relating to financial performance or financial information contained in certain other documents is reviewed by the Board and therefore not specifically discussed by the Committee;
- Review and assess the Annual Report in order to determine whether it can advise the Board that, taken as a whole, the Annual Report is fair, balanced and understandable, and provides shareholders with the information they need to assess the Company's position, performance, business model and strategy;
- Monitor the statutory audit of the annual, and the consolidated financial statements;
- Review significant financial reporting issues;
- Recommend to the Board the reappointment of the external auditor and approve their remuneration and terms of engagement; and
- Monitor and review the external auditor's independence and objectivity and the effectiveness of the external audit process, including considering relevant UK professional and regulatory requirements and the appropriateness of the provision by the auditors of non-audit services.

The terms of reference authorise the Committee to obtain independent legal or other professional advice at the Company's expense.

Activities

The Committee reviewed the following items since the last report:

- Annual Report and Accounts to 31 March 2021 and half year results to 30 September 2020;
- Chair met and had discussions with PwC as part of the audit process;
- External audit plan and review of effectiveness;
- Non-audit services policy ('NAS') and reached a general presumption that the PwC is not best placed to offer NAS so as to safeguard their independence;
- The Group's prospects (going concern and viability);
- Tax and treasury policy;
- Corporate risk assessment including review of the key risks, risk management activities and emerging risks; and
- Findings from the external auditor on the FY21 year end audit.

Financial reporting

The primary role of the Committee in relation to financial reporting is to review with both management and the external auditor, and report to the Board the appropriateness of the annual financial statements, considering amongst other matters:

- Clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements;
- Areas in which significant judgements have been applied, including discussions with appropriate challenge on such matters undertaken with the external auditors; and
- Whether the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy. The statement incorporating the conclusion of this assessment is included on page 76.

In addition to the above, the Committee supports the Board in completing its assessment on the adoption of the going concern basis of preparing the financial statements. Furthermore, as part of the Committee's responsibility to provide advice to the Board on the long-term viability statement, the Committee performed a robust review of the process and underlying assessment of the Group's longer-term prospects made by management.

Significant matters considered by the Committee in relation to the financial statements

In the preparation and final approval of the financial statements, the Committee discussed with management the key sources of estimation and critical accounting judgements. The Committee considered the following significant issues in relation to the FY21 financial statements:

- Going concern: the impact of the Coronavirus pandemic has placed unusually high stresses on the Group's short-term cash flow and profitability. As a result, management have considered forecasts covering a 12 month period from the date of signing, producing a stressed budget including a reduction of volumes and reduced margins. In the most extreme models considered, the Group would need to consider negotiation regarding its current banking covenants. Given the perceived remote likelihood of these extreme cases, the Committee is satisfied that no material uncertainty exists and the Group continues to be considered a going concern.
- Impairments: IAS 36 requires an annual review of impairment indicators. Whilst the anticipated long-term impact of COVID-19 is limited, the severity of the pandemic falls within the definition of an impairment trigger under IAS 36. Management has completed a detailed impairment review using expected future cash flows to illustrate the value in use of assets at a cash-generating unit level. This assessment indicates that the recoverable amount of the Group's assets are higher than their carrying value.
- Valuation of lease liabilities and right-of-use assets: IFRS 16 requires significant estimation, particularly around the incremental rate of borrowing, and judgements around lease terms. The incremental rates have been based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment. The Committee is satisfied that the rates used are reasonable and appropriate for the leases held.

- Inventory provisions: Given the closure of the Group's retail branches during FY21 and reduction in sales volumes due to the Coronavirus pandemic, there is some continued uncertainty around the future sale value of inventory at the year end. A provision is included based on historical and forecast sales and potential net realisable value. The Committee is comfortable based on performance subsequent to the year end that the level of inventory provision is appropriate.

Annual Report

The Committee has undertaken a review and assessment of the Annual Report in order to determine whether it can advise the Board that, taken as a whole, the Annual Report is fair, balanced and understandable and provides shareholders with the information they need to assess the Company's position, performance, business model and strategy.

In doing this the Committee considered the following:

- the description of the business is consistent with the Committee's own understanding;
- that there is a clear and well articulated link between all areas of disclosure including going concern and viability; and
- the findings from the external auditor as part of the FY21 year end audit.

All relevant issues relating to the Annual Report were fully discussed at the Committee meeting in June 2021.

The Committee has concluded that the Annual Report, taken as a whole, is fair, balanced and understandable and that it can advise the Board as required by the 2018 Code and other relevant rules and regulations.

Going concern and viability statement

The Company is required to include statements in its Annual Report relating to going concern and viability. The Committee reviewed and discussed a report from management and concluded that the financial statements can be prepared on a going concern basis and that there is a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the next three years.

The Directors assessed the prospects of the Group over a three-year period, which reflects the budget and planning cycle adopted by the Group.
The assessment of the Group's prospects, together with the Group's going concern and Viability Statement, are set out on pages 38 and 75 of the Corporate Governance report.

Internal audit

The Committee continued to review the requirement for an Internal Audit function during the year, and following discussion with the new CFO, now believes that it is the right and proper time to build this function. The process to recruit a designated Internal Audit resource has commenced.

External auditor

Independence

There are a number of robust policies in place, all of which aim to safeguard the independence of the external auditor. In accordance with best practice, the external audit contract will be put out to tender every ten years, with the next retender due no later than the year ending 31 March 2027.

In accordance with the Auditing Practices Board standards, the lead audit partner at PwC will be rotated every five years to ensure continuing independence. Mark Skedgel, the current audit partner, assumed this responsibility for the year ended 31 March 2020.

There are no contractual obligations that restrict the Company's choice of external auditor.

External auditor effectiveness

The Committee conducts an annual external audit effectiveness review each year which examines the auditor's independence, the audit planning process, audit approach and delivery, audit team expertise and experience, resources, responsiveness and communication in respect of the financial year audit. In order to discharge this responsibility the Committee followed the process outlined below.

- The terms, areas of responsibility, duties and scope of work of the external auditor as set out in the engagement letter are reviewed at the Committee meetings;
- The Committee discusses and agrees at the planning stage the draft list of specific risks to audit effectiveness and quality (specific audit quality risks);
- The Committee assesses audit planning work in respect of specific audit quality risks;
- All Committee members, key members of management, and those who regularly provide input into the Committee provide feedback on how well PwC performed the year-end audit; and
- The feedback and conclusions are discussed, along with the conclusion regarding specific audit risks, with an overall conclusion on audit effectiveness reached. Any opportunities for improvement are brought to the attention of the external auditor.

The Committee concluded that PwC provided an effective, independent and objective audit and that the Committee was therefore satisfied that it had obtained the highest quality audit possible. The Committee agreed to recommend to the Board the re-appointment of PwC as the Group's external auditor and a resolution to this effect will be proposed at the 2021 AGM.

Non-audit services

To further safeguard the independence and objectivity of the external auditor, non-audit services provided by the external auditor are considered, and where appropriate authorised, by the Committee in accordance with a non-audit services policy. This policy limits the amount and type of services undertaken by our auditor. Permitted services are subject to a cap of 70% of the average of the fees paid for the statutory audits over a three-year period.

There were no non-audit fees for the year ended 31 March 2021.

Keith Mansfield
Audit Committee Chair
16 June 2021

Nomination Committee Chair's Statement

"Ensuring an appropriate mix of skills and diversity to support the business in its growth."

Mark Morris
Nomination Committee Chair

Dear Shareholder

I am pleased to present the report of the Nomination Committee (the 'Committee') for FY21. The Committee keeps under regular review the structure and composition of the Board and its committees and ensures that the Board has the appropriate balance of skills, expertise and experience to support the Company and ensure the appropriate corporate governance standards and practices are in place.

In FY21, the Committee has continued to focus on ensuring that the Board is composed of members with the appropriate balance of skills, expertise and experience to support the Company and ensure the appropriate corporate governance standards and practices are in place. This included the search for and recommendation of our new Chief Financial Officer, Chris Morgan, and Audit Committee Chair, Keith Mansfield.

The Committee regularly reviews the diversity of the Board, its committees and senior management, as part of the Board evaluation process. Issues of diversity and inclusion are considered by the Board directly due to their significance and importance within the business. I believe the Company will be more successful if it creates an inclusive and supportive culture where every individual, of any identity, from any background, feels they can be their authentic self at work. Further details on diversity within the business can be found within the Strategic Report on page 31.

The Committee carried out an internally facilitated review of its effectiveness and the output was discussed by the Committee. This concluded that the Committee continued to operate effectively and confirmed that the focus for the coming year would continue to be to recruit additional skills to the Board to support the refocused strategy, develop Board succession planning, as well as succession planning for the other members of the executive management team and talent management in the wider organisation. The Committee will also oversee any new diversity and inclusion initiatives for FY22.

All Directors are subject to election or re-election to the Board by shareholders on an annual basis at the Company's AGM. Non-Executive Directors are appointed for a term of three years, subject to annual re-election at the AGM.

The Chairman, on behalf of the Board, has confirmed each Director continues to be an effective member of the Board and will stand for election or re-election at the 2021 AGM.

Committee Governance

Committee membership and attendance

During the year the Committee comprised:

Mark Morris (Chair)

Adele Cooper

Gordon Hurst (resigned on 20 May 2020)

Keith Mansfield (appointed on 20 May 2020)

Mark Carpenter

Mary McNamara

The Committee met once during the year and attendance is set out in the table on page 50.

Committee responsibilities

The Committee is responsible for:

- Board composition: The Committee considers the balance of skills, diversity, knowledge and experience of the Board and its committees and reviews the Board's structure, size and composition, including the time commitment required from Non-Executive Directors;
- Board nominations: The Committee leads on the recruitment and appointment process for Directors and makes recommendations regarding any adjustments to the composition of the Board;
- Succession planning: The Committee proposes recommendations to the Board for the continuation in service of each Director and ensures that the Board is well prepared for changes to its composition and that appropriate succession plans are in place.

The Committee has formal terms of reference which are available on the Company's website www.motorpointplc.com.

Activities of the Committee

During the year the main activities of the Committee were as follows:

- Oversaw the appointment of the Chief Financial Officer and a new Non-Executive Director (the process followed is described below);
- Discussed the diversity and inclusion of the Board's composition and operation;
- Continued to focus on strengthening the Senior Leadership Team, especially in the area of E-commerce;
- Focused on adding to the Board skill set by recruitment of a further Non-Executive Director with strong E-commerce skills.

CFO recruitment process

The Committee, led by the Chairman, oversaw the search and appointment of a new Chief Financial Officer to replace James Gilmour who resigned in August 2020. The process, which was agreed in advance by the Committee, was thorough and inclusive. An internal and extensive external search by two recruitment specialists was followed by an interview process which gave the Chairman and each of the Non-Executive Directors the opportunity to meet short-listed candidates. Despite inevitable disruption to physical meetings during the process, there was good communication with the Committee throughout the process and the Chairman received support from the Senior Independent Director and the Group Chief People Officer as well as the Company Secretary.

The Committee engaged Macildowie Recruitment and Retention executive search firm (who had no relevant connections with individual Directors or with the Company) following a selection process based on objective criteria. Each individual Committee member met with the Chair to discuss their views and objective criteria, taking into account the current skills, experience, independence, and balance on the Board, noting the benefits of diversity.

Following the interviews, the Committee met to discuss feedback on each candidate and was unanimous in its final selection and recommendation to the Board that Chris Morgan be appointed as Chief Financial Officer with effect from 11 January 2021.

Non-Executive Director and Audit Committee Chair recruitment process

In light of Gordon Hurst's resignation from the Board which took effect in May 2020, a recruitment process was undertaken for his successor. The Committee agreed a description of the role and of the capabilities required, following an evaluation of the balance of skills, experience, independence and knowledge required. Appropriate candidates were then sought based on merit, against the objective criteria set out, paying particular attention to the merits of diversity on the Board.

Drax Executive were appointed to oversee the process and suitable candidates were considered in detail and interviewed by members of the Committee. Following this process, Keith Mansfield was appointed to the Board on 20 May 2020 as a Non-Executive Director, and chair of the Audit Committee.

Composition of the Board as at 31 March 2021

INED/Executive split*	
Chair	1
INED	3
Executive	2
Male/female split	
Male	4
Female	2

Diversity and inclusion

The Board recognises the importance of diversity and inclusion in the boardroom and seeks to recruit directors with varied backgrounds, skills and experience. Appointments are made on merit and against objective criteria, taking account of the skills, experience and expertise of candidates.

At the year-end there were two female members of the Board, representing 33% of the Board, which meets the 33% target for FTSE 350 boards set by the Hampton-Alexander review. The Board aims to retain or improve this level in the future and look to improve on other areas of diversity too.

The Board composition and size is kept under review by the Committee in order to retain an appropriate balance of skills, experience, diversity and knowledge of the Group. The Board also recognises the importance of diversity and inclusion at senior management level. The Group's Senior Leadership Team, who are direct reports to the CEO, is made up of seven members including the CEO and CFO. There are 40 direct reports to the Senior Leadership Team for the purposes of Hampton-Alexander Reporting. Information on initiatives on diversity and inclusion can be found in the People section of the Strategic Report on page 31.

Performance evaluation

The Board undertakes a formal evaluation of its performance, and that of each Director, on an annual basis. The principal committees of the Board undertake an annual evaluation of their effectiveness, in accordance with their terms of reference. In 2020, an internally facilitated evaluation of the Board and its committees, which took the form of a questionnaire, was circulated to the relevant Board members as well as to the Senior Leadership Team. The questionnaire sought input on a range of matters including composition and diversity of the Board, Senior Leadership succession, review of strategic plans and the adequacy of the information in Board papers.

The Executive members of the Board have frequent contact with all Executives and in normal circumstances make regular visits to Group branches. All new Non-Executive members of the Board will carry out Company visits as part of their induction and routinely thereafter. The Board members also engage with our current and future business leaders working within the Group. This regular interaction between the Board and the business provides a vital channel of communication and a forum for open dialogue, which encourages the sharing of knowledge and experience.

2020 Board effectiveness review

The results of the internal review were circulated to members of the Board and its recommendations were discussed and adopted at the March 2021 Board meeting. A number of actions were identified as set out in the below table. The Committee agreed these would be included with the new actions to be undertaken following the 2021 Board evaluation, which it is intended will be externally facilitated.

Issue/Recommendation	Action
Board composition, succession and evaluation planning.	The Board, through this Committee will continue to focus on the composition of the Board and associated succession plans. It intends to commence a search for an additional Non-Executive Director during 2021. When recruiting, diversity will be a significant consideration and focus in the recruitment process. The recruitment of a Non-Executive Director with strong E-commerce experience in order to ensure that the Board has the adequate breadth of skill for its long-term strategy is under consideration.
Senior Leadership Team succession planning	The Committee will review management succession and development plans and the talent management of the wider organisation, including the recruitment of a Head of E-commerce.
Reviewing strategic decisions	The strategy proposed by management was debated at the April 2021 Strategy Day. Given the rapid pace of transformation within the business, the Board will spend time conducting a debrief after the implementation of strategic decisions and consider lessons learnt.
Quality of Board papers	The incoming CFO and Company Secretary to review the information provided in operational reports to ensure that the quality of Board papers addresses the appropriate topics.
Externally facilitated Board evaluation	External Board evaluation to be sought during 2021.

The Board is satisfied that each Director continues to contribute effectively to the Board and the Board's committees.

Board evaluation

The 2018 Code states that FTSE 350 companies should have an externally facilitated evaluation at least every three years. Whilst the Company is not, as at the date of this report, in the FTSE 350, it recognises the value of conducting an externally facilitated evaluation and as such committed to carrying out an externally facilitated review in 2021. However, due to a re-organisation of the Group Company Secretarial function, an external Board evaluation was not conducted. It was agreed that an externally facilitated process be deferred until later in 2021, in order to allow the new Chief Financial Officer and new Non-Executive Directors the ability to fully embed into the Company.

Election or re-election of Directors

In compliance with the 2018 Code, all of the current Directors will stand for re-election at the forthcoming AGM. In addition, Chris Morgan will stand for first election at the AGM. Following the annual evaluation of the Board and its committees, and the recruitment process for Chris Morgan, the Board has determined that all Directors standing for election or re-election at the AGM continue to be effective, hold recent and relevant experience and continue to demonstrate commitment to the role.

Biographical details of each Director standing for election or re-election will be set out in the Notice of AGM.

Priorities for the year ahead

For FY22, the Committee will:

- review the Directors' tenure and review the re-appointment of the Chair and Non-Executive Directors whose service agreements expire in the next year or two;
- commence the recruitment of a Non-Executive Director with strong E-commerce experience;
- take a long-term view on Board composition, diversity and succession planning, taking into consideration the result of the Board evaluation and skills assessment and changes to the Company's overall strategy, values and mission;
- continue oversight of the succession planning at Executive and Senior Leadership Team level.

Mark Morris
Nomination Committee Chair
16 June 2021

Remuneration Committee Chair's Statement

Our Remuneration Policy supports the achievement of our strategic objectives by aligning reward with our long-term sustainable performance.

"The remuneration outcomes for 2021 strike the right balance between rewarding our employees for their exceptional efforts this year and being equitable in the broader context. Our Remuneration Policy supports the achievement of our strategic objectives by aligning reward with our long-term sustainable performance."

Mary McNamara
Remuneration Committee Chair

Dear Shareholder

I am pleased to present the Company's Directors' Remuneration Report for the financial year ended 31 March 2021.

This report is split into three sections: this Annual Statement; the Remuneration Policy (the 'Policy'); and the Annual Report on Remuneration.

Actions taken in response to COVID-19

The Remuneration Committee (the 'Committee') and the Executive Directors reacted swiftly during the first lockdown in April 2020 to conserve cash and ensure that the remuneration of executives was in line with the broader stakeholder experience, through the following actions:

- The Committee postponed the contemplated significant base salary increases for the CEO and the former CFO

The Board took the following voluntary actions from 1 April 2020:

- Temporarily reduced the Executive Directors' salary and Non-Executive Director fees. There was a 50% reduction in the salary of the former CFO until 1 June 2020 and the CEO received salary equivalent to the National Minimum Wage until 1 June 2020
- Salary reductions for all other members of the senior leadership team
- A waiver of any entitlement to the FY21 annual bonus by the Executive Directors

Board changes

James Gilmour, Chief Financial Officer since April 2016, tendered his resignation in August 2020 to pursue other business interests. In accordance with the terms of his service agreement and the Policy, Mr Gilmour received salary and benefits until the end of his employment. He was not eligible to receive a bonus for FY21 and all of his unvested incentive awards lapsed on cessation of employment.

We were delighted that Chris Morgan joined the business as Chief Financial Officer on 11 January 2021. His base salary is £255,000, pension is 3% of salary (in line with the rate for our employees generally) and he will participate in the annual bonus scheme and Restricted Shares in line with the Policy. The base salary has been set at a higher level than that of his predecessor, which was acknowledged as having been significantly lower than competitive market rates and, in a consultation with shareholders in early 2020 the CFO salary rate had originally been proposed to increase to this level. Additionally, the pension contribution is lower, at 3% of salary, compared to the 10% pension contribution for James Gilmour.

Remuneration Policy

During 2019, the Committee undertook a comprehensive review of the Policy to ensure that it reflected recommended market practice and continued to both motivate and retain our people. Following consultation with our major shareholders, a new Remuneration Policy was tabled at the 2020 AGM for shareholder approval and received the support of 93.1% of the votes cast. The most significant change in the new Policy was the introduction of a new incentive plan, based on 'Restricted Shares' to replace Performance Shares. This will result in reduced quantum and share awards will vest over a longer period with recipients able to take a longer-term view on performance and strategy. The 2020 Annual Report sets out a detailed explanation of the reasons for changing our approach in relation to our policy for long-term incentive pay.

Implementation of the policy for FY21

FY21 was the first year of the operation of the new policy and its intended operation was revised significantly in light of the impact of the COVID-19 pandemic on the business. As noted above, proposed salary increases were delayed and then salaries were reduced.

The annual bonus was based on Adjusted PBT, retail volume growth customer satisfaction (NPS and Google ratings) and employee engagement (measured through participation in the Best Companies to Work For survey). The Executive Directors volunteered to forego their annual bonus for FY21 in light of the wider stakeholder experience and the fact that Government support was taken through the Coronavirus Job Retention Scheme.

We made our first award of Restricted Shares in August after the new policy was approved at the 2020 AGM.

An award under the Performance Share Plan ('PSP') was granted in July 2018. Vesting of the award was contingent on challenging EPS growth targets measured over the three financial years to 31 March 2021. Threshold vesting of the shares required at least 10% EPS growth per annum with full vesting achieved for 18% EPS growth per annum. EPS Compound Annual Growth Rate ('CAGR') over the performance period was a decline of 21%, which was below the threshold target and therefore the awards will lapse in full in July 2021.

With the reduction to pay during the year, including the voluntary waiver of the annual bonus, the Committee is comfortable that the Policy has operated as intended and that remuneration is appropriate. The Committee also confirms that no amendments were made to performance targets for FY21 incentives, and no discretion was exercised in respect of incentive outcomes for the year.

Base salary

As part of the policy review in early 2020, the Committee considered the total remuneration packages for the Executive Directors and senior management, noting that the salaries had been set consciously below market levels at Admission in 2016, which was considered appropriate at the time. Whilst there had been an investor consultation in 2019 leading to modest salary increases, the Committee was aware that both Executive Directors' salaries were still significantly behind what would be considered market appropriate rates for their roles and respective responsibilities as high performing leaders of a FTSE Small Cap company and a successful motor retailer. On this basis, and as part of the broader policy review in 2020, the Committee determined that the salaries for the CEO and CFO should increase from £274,125 and £215,000 to £350,000 and £250,000 respectively, with effect from 1 April 2020, so as to be closer to mid-market levels. These increases were supported by those investors consulted.

Subsequently, with the closure of our showrooms under the first national lockdown the Committee determined that the salary increases should be postponed (and indeed salaries were instead reduced significantly). Later in 2020 our CFO, James Gilmour, resigned and Chris Morgan, our new CFO, was appointed on a salary of £255,000 (with a significantly lower pension contribution), so this issue only remained relevant for the CEO.

Now, one year on and with the Company trading profitably and the outlook positive, the Committee consulted with investors again and, having received support, has determined that the increase to the CEO's salary, as originally proposed, should be implemented from 1 April 2021.

We see this latest change as a second, and final, stage of a review which will result in appropriate pay packages for our Executive Directors for the next three years and any further salary increases for the CEO or CFO over the remainder of the policy period will be in line with the average workforce increase, barring genuinely exceptional circumstances.

Application of the Policy for FY22

In terms of incentives for FY22, the annual bonus opportunity will remain at 100% of salary and will be based on Adjusted PBT, market share growth, customer satisfaction and employee engagement metrics.

Restricted Share awards will be made at 75% of salary level for both Executive Directors.

As there are no proposed changes to the Policy as approved by shareholders at the 2020 AGM, there will be no vote to approve the Policy at the 2021 AGM. There will, however, be the usual advisory resolution to approve the Annual Statement and the Annual Report on Remuneration, which focus on the remuneration outcomes for the year under review and how the Committee intends to implement the Policy next year.

The Committee is kept aware of the latest developments in the executive pay arena, particularly those recommended by institutional shareholders and we monitor these closely. We believe that Motorpoint's approach to remuneration is appropriate and represents a fair balance between shareholder and management interests.

On behalf of all of my colleagues on the Committee, I hope that you will support the resolution approving the Annual Report on Remuneration at this year's AGM.

Mary McNamara
Remuneration Committee Chair
16 June 2021

The table below provides a summary of total remuneration for the Executive Directors for FY21.

	Salary (£'000)	Benefits (£'000)	Pension (£'000)	Bonus (£'000)	PSP (£'000)	**Total (£'000)**
Mark Carpenter	231	2	27	-	-	**260**
James Gilmour	72	1	9	-	-	**82**
Chris Morgan	58	1	2	-	-	**61**

Consideration of pay conditions within the wider team

When making decisions on executive remuneration, the Committee takes into account pay conditions for the Company as a whole, although it has not, to date, consulted directly with employees on this subject. The Committee will review its approach to engaging with employees on remuneration matters and in particular to explain how the pay for senior executives aligns to the pay practices for the workforce generally.

The Group has a strong 'team culture' and accordingly there is consistency in how packages are structured across the whole Senior Leadership Team, with all Executive Directors and senior managers participating in the same annual incentive plan.

However, there are some differences in the structure of the remuneration policy for the Executive Directors compared with other senior managers, which the Committee believes are necessary to reflect the different levels of responsibility. The two main differences are the increased emphasis on performance related pay for Executive Directors (through a higher variable pay opportunity) and a greater focus on long term alignment (through additional holding periods for the long term incentive awards and minimum shareholding guidelines).

In relation to share-based incentives, senior managers participate in a Restricted Shares plan, with shares awarded linked to performance and service, which must be held for the long term.

The Board did not engage with the workforce to explain the alignment between executive pay and that of the workforce generally but intends to do so during the year, now that it is looking more likely that there will be a more normal operating environment.

Shareholder views

The Committee values the views of the Company's shareholders and takes into account guidance from shareholder representative bodies.

Shareholder feedback received in relation to the AGM, as well as any additional feedback received during the year, will be considered as part of the Company's annual review. Before any significant changes to the Policy are proposed, the Chair of the Committee will discuss these changes with the Company's major shareholders to ensure that the Policy remains supportive of their interests. The Committee consulted extensively in relation to the remuneration policy approved in 2020 and changes were made to incorporate shareholders' feedback and again in relation to the salary increase for the CEO.

Directors' remuneration policy

This section of the report details the Remuneration Policy for Executive Directors. The Policy was approved at the 2020 AGM on 24 August 2020 and is effective for up to three years from this date. A copy of the Policy can be found within the 2020 Annual Report and Accounts at www.motorpointplc.com.

Compliance statement

This report has been prepared in accordance with the provisions of the Companies Act 2006 and Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (Regulations). It also meets the requirements of the UK Listing Authority's Listing Rules and the Disclosure and Transparency Rules. The sections of the Remuneration Report that are subject to audit are marked as Audited Information. The remaining sections of the Remuneration Report are not subject to audit.

A breakdown of all elements of the Executive Remuneration Policy and an explanation of how they operate can be found in the table below:

Purpose and link to strategy	Operation	Performance Measurement	Maximum Opportunity
Base Salary			
To aid the recruitment of Executive Directors of a suitable calibre for the role and to provide a core level of reward to reflect the duties required.	Base salaries will normally be reviewed annually by the Committee with any increases typically taking effect from 1 April each year.	Base salary levels are set at a level to reflect the experience, skills and responsibilities of the individual as well as the scope and scale of their role. Increases to base salary will reflect the performance of the individual and Company and external indicators such as inflation.	While there is no maximum salary, increases will normally be in line with the typical level of increase awarded to other employees of the Group. Base salaries for the Executive Directors were aligned to competitive market levels during FY21. For details of the current base salary levels for the Executive Directors see page 66.

Purpose and link to strategy	Operation	Performance Measurement	Maximum Opportunity
Benefits			
To provide a market-competitive benefits package for the executives to aid recruitment and retention.	The benefits offered to Executive Directors comprise family medical insurance and company car. The Committee may offer an equivalent cash allowance instead if it feels it is more suitable. Other reasonable benefits may be offered as appropriate (including, in exceptional circumstances, relocation and/or disturbance allowances). Executive Directors may also be reimbursed for any reasonable expenses incurred in performing their duties, and any income tax payable thereon.	Not applicable.	There is no maximum limit on the value of the benefits provided but the Committee monitors the total cost of the benefit provision on a regular basis.
Pension			
To provide market-competitive pension arrangements for the executives and to aid recruitment and retention.	Executive Directors are eligible for a contribution to the Group personal pension plan, or any other nominated personal pension fund. Where appropriate, Executive Directors may instead receive a cash allowance in lieu of formal pension contributions, or a combination of both.	Not applicable.	10% of base salary for the CEO. At the end of this policy period the pension contribution for all Executive Directors will reduce to the same percentage that applies to the majority of the workforce. For new appointments, pension contribution will be aligned to the contribution available to the majority of the workforce. Accordingly, the pension for the newly appointed CFO is 3% of salary.
Annual Bonus			
To encourage improved financial and operational performance and align the interests of Directors with the short term Company strategy.	Executive Directors are eligible for bonuses, payable in cash, on an annual basis. Bonus payments are subject to the achievement of annual performance targets. Annual bonuses are payable at the sole discretion of the Committee. The Committee has discretion to adjust the formula-driven outturn of the annual bonus calculation. All bonus payments are subject to appropriate recovery and withholding arrangements.	Performance will normally be based on a mix of financial and operational measures aligned to the strategic objectives of the business. Financial performance will usually be represented by Adjusted PBT targets, although the Committee reserves the right to include other measures in support of the Company strategy as it sees fit. Stretching performance targets will be determined taking into account internal and external forecasts, and will be set out on a retrospective basis in the Annual Report on Remuneration, unless considered to still be commercially sensitive.	100% of salary.

Purpose and link to strategy	Operation	Performance Measurement	Maximum Opportunity
Long term incentives – Restricted Shares			
To encourage improved financial and operational performance and align the interests of Directors with the long-term Company strategy and the interests of shareholders through share ownership.	Restricted Shares will be granted to Executive Directors and selected Senior Managers. Awards will normally be granted following the publication of the Company's annual results each year. Restricted Shares may normally vest no sooner than 50%, 25%, and 25% over three, four and five years from grant, subject to service, and subject to an underpinning financial performance condition. Awards are additionally subject to a post vesting holding period during which time vested shares may not be sold (other than for tax) before five years from grant. This holding period will continue post cessation of employment (to the extent that awards do not lapse). The Committee may determine that dividend equivalents will accrue over the vesting/holding period. Vesting of awards is at the sole discretion of the Committee and the Committee may reduce the level of the award after grant and at vesting, if it considers that it is appropriate to do so. Restricted Shares are subject to recovery and withholding arrangements.	In order for Restricted Shares to vest, the Remuneration Committee must be satisfied that business performance is robust and sustainable and that management has strengthened the business. In assessing this performance condition, the Committee will consider financial and non-financial KPIs of the business as well as delivery against strategic priorities. To the extent it is not satisfied with this performance condition is met, the Committee may scale back the level of vested awards including to zero. This performance assessment will take place at the end of the third year.	Normally 75% of salary. However, an individual maximum of 100% of salary may apply in exceptional circumstances.
All employee share plans			
To align the interests of Directors and other employees with those of the shareholders through share ownership.	The Company has adopted employee share plans in which the Executive Directors are eligible to participate on the same terms as all other employees.	Not applicable.	In line with statutory limits.
Shareholding guidelines			
To align the interests of Directors with those of the shareholders through share ownership.	All Executive Directors are required to build and maintain a shareholding equivalent in value to 200% of their annual base salary. Until this guideline is met, Directors must retain half of any Restricted Shares that vest (after payment of tax and national insurance contributions). Post cessation of employment, Executives will be required to retain the lower of the shareholding requirement (200% of salary) or the actual shares they hold on cessation of employment for a period of two years. Any future purchases of shares by the Executives will be excluded from this requirement. The Committee has discretion to amend the requirement in certain circumstances as it considers appropriate.	Not applicable.	Not applicable.

Choice of performance measures

The Committee retains flexibility as to the choice of performance measures for future annual bonus and PSP award cycles. Measures will be selected as appropriate to reflect the business strategy and to ensure the delivery of sound financial performance. The current performance measures are disclosed in the Annual Report on Remuneration, together with the link to the business strategy.

Incentive plan operation

The Committee will operate the Company's incentive plans according to their respective rules and consistent with normal market practice, the Listing Rules and HMRC rules where relevant, including flexibility in a number of regards.

This includes timing of awards, dealing with leavers and making adjustments to awards following acquisitions, disposals, changes in share capital and other merger and acquisition activity. The Committee also retains the ability to adjust the targets and/or set different measures for the annual bonus plan and outstanding PSP awards if events occur which cause it to determine that the conditions are no longer appropriate and the amendment is required so that the conditions achieve their original purpose and are not materially less difficult to satisfy. The Committee may adjust the formula-driven outturn of the annual bonus calculation in the event it considers that the outturn does not reflect underlying performance, overall shareholder experience or employee reward outcome.

Recovery and withholding provisions may be operated at the discretion of the Committee in respect of awards granted under the annual bonus plan arrangements, outstanding PSP awards and Restricted Shares in certain circumstances (including where there is a material misstatement or restatement of audited accounts, an error in assessing any applicable performance condition or bonus outcome, or in the event of gross misconduct on the part of the participant, corporate failure, failure of risk management or reputational damage).

Any use of the above discretions would, where relevant, be explained in the Annual Report on Remuneration.

Remuneration Policy for Non-Executive Directors

The table below sets out how pay is structured for the Non-Executive Directors.

Purpose and link to strategy	Operation	Performance Measurement	Maximum Opportunity
Fees			
To ensure a fair award for services provided to the Company.	NEDs receive a fixed base fee for their role on the Board, plus supplementary fees for additional responsibilities such as performing the role of SID, or chairing one of the Board Committees. The Non-Executive Chairman receives a fixed fee only, and is not eligible for any additional responsibility fees. Fee levels are reviewed on an annual basis, and may be increased taking into account factors such as the time commitment of the role and market levels in companies of comparable size and complexity and other broadly comparable companies. Each NED will be entitled to be reimbursed for all reasonable expenses incurred by them in the course of his duties to the Company and has the benefit of indemnity insurance maintained by the Group on their behalf indemnifying them against liabilities he/she may potentially incur to third parties as a result of his/her office as Director. Where there has been a material increase in time commitment in the year fees may be temporarily increased to reflect this.	Not applicable.	Current fee levels are set out in the Annual Report on Remuneration. Aggregate fee levels are subject to the maximum limit set out in the Articles of Association.
Share ownership guidelines			
To align the interests of Directors with those of shareholders through share ownership.	All NEDs are encouraged to build and maintain a shareholding equivalent in value to 100% of their annual fees.	Not applicable.	Not applicable.

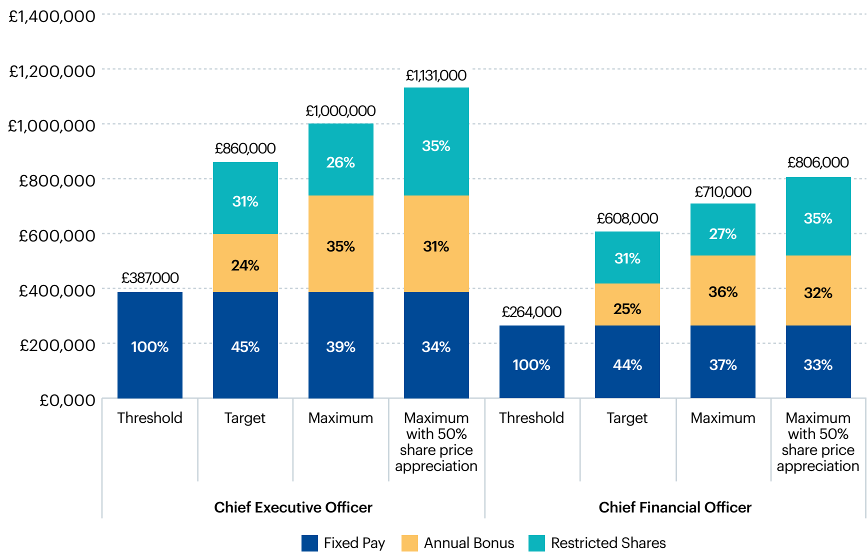
Reward scenarios

The bar charts below details how the composition of the Executive Directors' remuneration package varies at different levels of performance.

- Threshold includes fixed pay only (i.e. base salary, benefits and pension).
- On-target includes fixed pay, 60% of maximum bonus, and full vesting of Restricted Shares.
- Maximum includes fixed pay, maximum bonus payout, and full vesting of Restricted Shares.
- Maximum plus the impact of 50% share price appreciation on Restricted Shares.

Salary levels are effective as at 1 April 2021, and the value for benefits is the cost of providing those benefits in FY21.

No share price growth has been factored into the chart, except where indicated, and all amounts have been rounded to the nearest £1,000.



Approach to recruitment remuneration

New Executive Director hires (including those promoted internally) will be offered packages in line with the Policy in place at the time, except as noted below:

- If it is considered appropriate to set the salary for a new Executive Director at a level which is below-market, his or her salary may be increased in future periods to achieve the desired market positioning by way of a series of phased above-inflation increases, subject to his or her continued development in the role.
- Any bonus payment for the year of joining will normally be pro-rated to reflect the proportion of the period worked, and the Committee may set different performance measures and targets, depending on the timing and nature of the appointment.
- The Committee recognises that it may be necessary in some circumstances to provide compensation for amounts forfeited from a previous employer ('buy out awards'). Any buy out awards would be limited to the value of remuneration forfeited when leaving the former employer and would be structured so as to be, to the extent possible, no more generous in terms of the key terms (eg time to vesting and performance targets) than the incentive it is replacing. Where possible any such payments would be facilitated through the Company's existing incentive plans, but, if not, the awards may be granted outside of these plans, as permitted under the Listing Rules, which allow for the grant of awards to facilitate the recruitment of an Executive Director.
- In the case of an internal appointment, any variable pay element awarded in respect of the prior role will be allowed to pay out according to its original terms or adjusted as considered appropriate to reflect the new role.

External directorships

Executive Directors are permitted to take on external non-executive directorships at other listed companies, though normally only one other appointment, to bring a further external perspective to the Group and help in the development of key individuals' experience. In order to avoid any conflicts of interest, all appointments are subject to the approval of the Nomination Committee. Executive Directors are permitted to retain the fees arising from any appointments undertaken.

Service contracts and payments for loss of office

The terms of Directors' service contracts and letters of appointments are set out below. All Executive Directors' service agreements and Non-Executive Directors' letters of appointment are available for inspection at the Company's registered office.

Director	Date of contract / letter	Date of expiry	Notice period by Company or Director
Executive Directors			
Mark Carpenter	12 May 2016	N/A	9 months
Chris Morgan	11 January 2021	N/A	9 months
Non-Executive Directors			
Mary McNamara	14 May 2019	14 May 2022	3 months
Mark Morris	14 May 2019	14 May 2022	3 months
Adele Cooper	6 March 2020	6 March 2023	3 months
Keith Mansfield	20 May 2020	20 May 2023	3 months

The remuneration-related elements of the current contracts for Executive Directors are as follows.

Provisions	Treatment
Termination payment	The Company may (at its discretion) elect to terminate the employment by making a payment in lieu of notice equivalent in value to the base salary which the Executive Director would have received during any unexpired period of notice.
Mitigation	The payment in lieu of notice will be payable in monthly instalments (subject to mitigation, i.e. reduced on a pound for pound basis if alternative employment/engagement is taken up during the payment period).
Annual bonus	There is no contractual right to any bonus payment in the event of termination although in certain circumstances the Committee may exercise its discretion to pay a bonus for the period of employment and based on performance assessed after the end of the financial year.
Share awards	The default treatment, under the PSP plan rules (including in relation to Restricted Shares) is for all unvested awards to lapse in full on cessation. However, if the participant ceases to be an employee or a Director within the Group because of his/her death, injury, disability, retirement, redundancy, their employing company or the business for which they work being sold out of the Group or in other circumstances at the discretion of the Committee, then his/her award will normally vest on the original scheduled vesting date (except in the case of death, where the default position will be for the award to vest on cessation of employment). The default position in this case is that an award will vest subject to: (i) the extent to which the performance conditions (if any) have been satisfied over the full performance period; and (ii) the pro-rating of the award by reference to the period of time served in employment during the normal vesting period. However, the Committee can decide to allow early vesting and/or reduce or eliminate the pro-rating of an award if it regards it as appropriate to do so in the particular circumstances.
Other	Outstanding shares under an all employee share plans will vest in accordance with the terms of the plan and HMRC legislation. The Committee may pay any statutory entitlements or settle or compromise claims in connection with a termination of employment, where considered in the best interest of the Company. Outplacement services and reimbursement of legal costs may also be provided.

This part of the report has been prepared in accordance with Part 4 of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 which amended The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and 9.8.6R of the Listing Rules. The Annual Report on Remuneration will be put to an advisory shareholder vote at our next AGM.

Committee membership and attendance

During the year the Committee comprised:

Mary McNamara (Chair)

Adele Cooper

Gordon Hurst (resigned on 20 May 2020)

Keith Mansfield (appointed on 20 May 2020)

The Chairman and CEO attend meetings by invitation but are not members of the Committee.

The Committee met five times during the year and attendance is set out in the table on page 50.

Advice to the Committee

The Committee receives information and takes advice from inside and outside the Group. Internal support is provided by the Company Secretary. The CEO and any other Director or employee may be invited to attend Committee meetings by the Chair where relevant. No individual is present when matters relating to his or her own remuneration are discussed.

Following a formal review by the Committee during 2020, Korn Ferry was appointed as adviser to the Committee. Korn Ferry is a signatory to the Remuneration Consultants' Code of Conduct and has confirmed to the Committee that it adheres in all respects to the terms of the Code. Fees paid to Korn Ferry during the year were £36,090, which reflected the applicable hourly rates agreed with Korn Ferry. The Committee is satisfied, following a discussion involving all the members of the Committee, that the advice it received is objective and independent. Korn Ferry did not provide any other services to the Company during the year.

Remuneration in FY21

Directors' single figure of remuneration (audited)

The table below shows the aggregate emoluments earned by the Directors of the Company during FY21 and also sets out the comparative information for FY20.

Director	Period	Salary/fees (£'000)	Benefits[1] (£'000)	Pension (£'000)	RSA[2] (£'000)	Total fixed remuneration (£'000)	Bonus (£'000)	PSP[3] (£'000)	Total variable remuneration (£'000)	Total (£'000)
Mark Carpenter	FY21	231	2	27	206	466	–	–	–	466
	FY20	274	2	27	–	303	107	–	107	410
James Gilmour[4]	FY21	72	1	9	–	82	–	–	–	82
	FY20	215	1	22	–	238	–	–	–	238
Chris Morgan[5]	FY21	58	1	2	–	61	–	–	–	61
	FY20	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mark Morris	FY21	92	N/A	N/A	N/A	92	N/A	N/A	N/A	92
	FY20	100	N/A	N/A	N/A	100	N/A	N/A	N/A	100
Mary McNamara	FY21	49	N/A	N/A	N/A	49	N/A	N/A	N/A	49
	FY20	53	N/A	N/A	N/A	53	N/A	N/A	N/A	53
Adele Cooper	FY21	38	N/A	N/A	N/A	38	N/A	N/A	N/A	38
	FY20	3	N/A	N/A	N/A	3	N/A	N/A	N/A	3
Keith Mansfield[6]	FY21	40	N/A	N/A	N/A	40	N/A	N/A	N/A	40
	FY20	–	N/A	N/A	N/A	N/A	N/A	N/A	N/A	–
Gordon Hurst[7]	FY21	5	N/A	N/A	N/A	5	N/A	N/A	N/A	5
	FY20	48	N/A	N/A	N/A	48	N/A	N/A	N/A	48

1. Relates to provision of family private medical insurance
2. The face value on grant of the RSA awards is shown in the table above as there are no performance conditions other than underpins tested on vesting
3. None of the Executive Directors had a PSP award which was eligible to vest in the year
4. Until his resignation on 24 August 2020
5. From his appointment on 11 January 2021
6. From his appointment on 20 May 2020
7. Until his resignation on 20 May 2020

Details of variable pay earned in the year (audited)

Annual bonus

Executive Directors were eligible for a maximum annual bonus payment of 100% of salary, subject to Adjusted PBT, market share growth, customer and employment engagement measures.

The table below sets out the performance conditions and targets that were set in relation to FY21. As the Executive Directors waived their entitlement to the FY21 annual bonus, performance against targets was not assessed.

	Performance required[1]	
Performance measure	Threshold	Stretch
Adjusted PBT	£16.1m	£18.6m
Growth in share of 0 – 3 year old car market	+ve	+0.5%
Customer – NPS	75	80
Employee engagement	Top 100	2[2]

1. Payable on a sliding scale between target levels
2. Employer Star rating in the 100 Best Companies To Work For survey

Outstanding share awards, including details of awards granted during the year and awards vesting based on performance to 31 March 2021 (audited)

The below table sets out details of the Executive Directors' outstanding awards under the PSP and other share schemes.

Name	Year of Grant	Scheme	At 31 March 2020	Awards granted during the period	Awards exercised during the period	Awards lapsed during the period	At 31 March 2021	Vesting date	Exercise price
Mark Carpenter	FY18	2018 PSP	180,505	–	–	180,505	–	21 July 2020	–
	FY19	2019 PSP	106,339	–	–	–	106,339	20 July 2021	–
	FY20	2020 PSP	155,470	–	–	–	155,470	22 July 2022	–
	FY21	2021 RSA	–	75,753	–	–	75,753	24 Aug 2023*	–
	FY18	2018 SAYE	2,030	–	2,030	–	–	1 Feb 2021	177.30p
	FY19	2019 SAYE	1,904	–	–	–	1,904	1 Feb 2022	189.00p
	FY20	2020 SAYE	1,565	–	–	–	1,565	1 Feb 2023	230.00p
	FY21	2021 SAYE	–	1,298	–	–	1,298	1 Feb 2024	277.20p
James Gilmour	FY18	2018 PSP	129,964	–	–	129,964	–	21 July 2020	–
	FY19	2019 PSP	83,403	–	–	83,403	–	20 July 2021	–
	FY20	2020 PSP	121,937	–	–	121,937	–	22 July 2022	–
	FY18	2018 SAYE	2,030	–	–	2,030	–	24 Aug 2023	177.30p
	FY19	2019 SAYE	1,904	–	–	1,904	–	1 Feb 2021	189.00p
	FY20	2020 SAYE	1,565	–	–	1,565	–	1 Feb 2022	230.00p

James Gilmour resigned on 24 August 2020. All his PSP awards lapsed upon cessation of his employment on 31 March 2021.

Chris Morgan joined the Board in January 2021 and he has not received any awards in FY21.

* The first tranche of the RSA shares vest on their third anniversary of grant, at 50% of the award and then 25% vests on the fourth and fifth anniversaries of grant.

Performance Share Plan ('PSP') (audited)

Awards were made under the Company's PSP to the value of 100% of base salary for 2018, and 125% of base salary for 2019, for each Executive Director. Vesting is contingent on continued employment, and satisfaction of EPS growth targets, measured over the three financial years from the award.

The awards will ordinarily vest on the third anniversary of the date of grant, subject to achievement of the below performance conditions. A two-year post-vesting holding period will apply thereafter, during which time any vested shares (net of any taxes due) may not be sold.

1. PSP 2019

PSP awards were made in July 2018 based on the average of the closing middle-market quotations of the share price during the five dealing days before grant, being 239.80 pence. The face value of the award at date of grant was £255,000 for Mark Carpenter. The EPS growth targets measured over the three financial years from 1 April 2018 to 31 March 2021 and actual performance achieved over this period is set out in the table below:

	EPS growth / (decline) (CAGR)	Vesting
Threshold	10%	25%
Maximum	18%	100%
Actual EPS growth / (decline)	(21%)	0%

As actual EPS growth over the period was less than the threshold growth required, the 2019 PSP will lapse in full. The Committee did not exercise any discretion in determining the final vesting outcome.

2. PSP 2020

PSP awards were made in July 2019 based on the average of the closing middle-market quotations of the share price during the five dealing days before grant, being 220.4 pence. The face value of the award at date of grant for Mark Carpenter was £342,656. The awards are subject to 50% on EPS growth targets and 50% on market share growth of 0 – 2 year old vehicles measured over the three financial years from 1 April 2019 to 31 March 2022. The targets are as follows:

	EPS growth (CAGR)	Vesting	Market share growth (0 – 2 year)	Vesting
Threshold	7.5%	12.5%	5.0%	12.5%
Maximum	12%	50%	10.0%	50%

Restricted Share Awards ('RSA') (audited)

At the 2020 AGM, shareholders approved that PSP awards be replaced by Restricted Shares. The award level for the Executive Directors will normally be 75% of salary each year. In order for Restricted Shares to vest, the Committee must be satisfied that the business performance is robust and sustainable, and that management has strengthened the business. The Restricted Shares ordinarily vest on the third, fourth and fifth anniversaries of the grant (in 50%, 25% and 25% portions respectively). Awards are additionally subject to a post vesting holding period during which time vested shares may not be sold (other than for tax) before five years from grant.

3. RSA 2021

RSA awards in the form of nil cost options ('Options') granted under the rules of the PSP approved on 24 August 2020 were based on the average of the closing middle-market quotations of the share price during the five dealing days before grant, being 271.4 pence.

	Date of grant	Grant level as % of salary	Shares awarded	Share price at grant date	Face value of award	Measurement period for performance underpin
Mark Carpenter	24 August 2020	75%	75,753	271.4p	£205,593	1 April 2020 to 31 March 2023

In order for Restricted Shares to vest, the Committee must be satisfied that business performance is robust and sustainable and that management has strengthened the business.

Save As You Earn ('SAYE') (audited)

In December of each year since 2016, Motorpoint has launched a SAYE scheme for all permanent employees. Eligible employees are invited to subscribe for options over the Company's shares at an exercise price representing a 10% discount to the closing mid-market price the day before the invitation date. The maximum subscription offered is £3,600 (equivalent to £100 per month over the 36-month saving period).

Table of Directors' share interests (audited)

The share interests of each Director as at 31 March 2021 (together with interests held by his or her connected persons) are set out in the table below.

Executive Directors are required by the Policy to hold shares to the value of 200% of salary and must retain 50% of any outstanding PSP award vesting or any Restricted Shares vesting (net of any taxes due) until this guideline is met. Additionally, the Non-Executive Directors are invited to hold shares to the value of 100% of their annual fee. Shareholdings are set out as a percentage of salary or fees in the table below.

					At 31 March 2021	
Name	Beneficially owned shares[1]	Unvested PSP awards	Unvested Restricted Share awards	Unexercised SAYE options	Total	Percentage of salary/fees[3]
Executive Directors						
Mark Carpenter	8,879,789	261,809	75,753	4,767	9,222,118	9,139%
James Gilmour[2]	175,317	–	–		175,317	230%
Chris Morgan	–	–	–	–	–	–
Non-Executive Directors						
Mark Morris	8,614,556	–	–	–	8,614,556	24,293%
Mary McNamara	65,500	–	–	–	65,500	352%
Adele Cooper	13,327	–	–	–	13,327	94%
Gordon Hurst	65,000	–	–	–	65,000	386%
Keith Mansfield	20,576	–	–	–	20,576	122%

1. Some of these shares may be held through nominees.
2. Shareholding at date of stepping down. All of James Gilmour's unvested PSP awards lapsed on cessation of employment.
3. Calculated as the value of all fully owned shares held at 31 March 2021, valued using three month average share price over the period to 31 March 2021 (282p), divided by base salary as effective 31 March 2021.

During the period from 31 March 2021 to the publication of this report, there have been no changes in the Directors' share interests. Details of the PSP 2019, due to lapse in July 2021 can be found on page 68.

None of the Directors hold any loans against their shares or otherwise use their shares as collateral.

Payments to former Directors and for loss of office (audited)

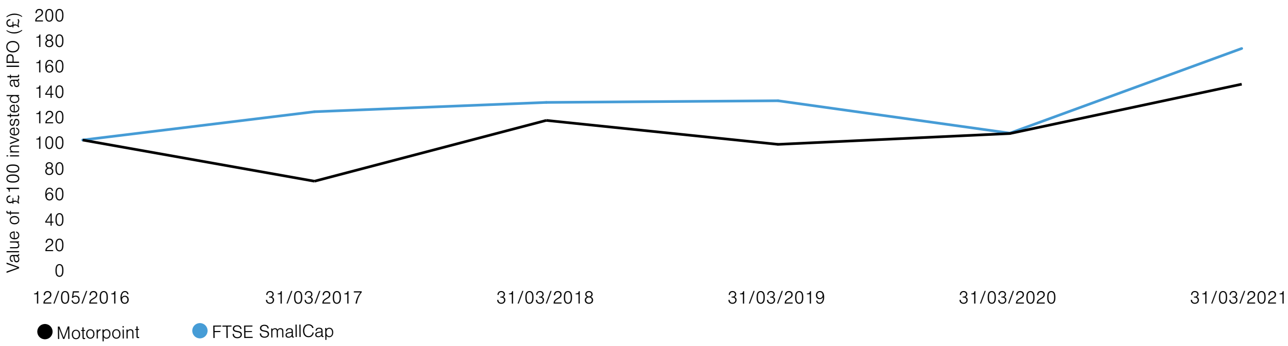
James Gilmour tendered his resignation in August 2020 and ceased to be a Board Director on 24 August 2020 when he left the Company. All of his outstanding incentive awards lapsed on cessation of employment in line with the Policy. A payment for the period from when he was placed on garden leave on 24 August 2020 until 31 January 2021 was paid in monthly instalments. These payments comprised of £89,000 salary and £9,000 in pension payments. Mr Gilmour also received £2,000 in benefit payments during this period. These payments were subject to mitigation such that if alternative employment is taken up during the notice period, these payments would be reduced by the same value.

External directorships

None of the Executive Directors currently hold non-executive directorships at any other listed companies.

Total shareholder return and Chief Executive Officer earnings history

The chart below shows the Company's Total Shareholder Return performance compared with that of the FTSE SmallCap Index over the period from the date of the Company's admission onto the London Stock Exchange, to 31 March 2021. The FTSE SmallCap Index has been chosen as an appropriate comparator as it is the index of which the Company is a constituent.



The total remuneration figure for the CEO since 9 May 2016 is shown in the table below, along with the value of bonuses paid, and LTIP vesting, as a percentage of the maximum opportunity.

	FY17	FY18	FY19	FY20	FY21
Total remuneration (£'000)	262	443	287	410	260
Annual bonus (% of maximum)	0%	61%	0%	39%	0%
LTIP vesting (% of maximum)	N/A[1]	N/A[1]	0%	0%	0%

1. No long-term incentive awards were eligible to vest over the relevant period.

Change in remuneration of Directors and employees

The table below compares the difference in remuneration payable to the Directors in FY20 and FY21 to the average employee of the Company. For the purpose of this disclosure, these figures have been compiled comparing the average of all employees in the corresponding periods separately and are based on annualised figures for each year.

	FY20 vs FY21		
	Base salary/fees % change	Benefits % change	Annual bonus % change[6]
Mark Carpenter (CEO)	(15.7)%	0%	(100)%
Chris Morgan (CFO)[1]	N/A	N/A	N/A
James Gilmour[2]	N/A	N/A	N/A
Mark Morris	(8.0)%	0%	0%
Adele Cooper[3]	N/A	N/A	N/A
Gordon Hurst[4]	N/A	N/A	N/A
Keith Mansfield[5]	N/A	N/A	N/A
Mary McNamara	(7.5)%	0%	0%
Average employee	4.5%	3.0%	(4.5)%

1. Chris Morgan joined the Board in January 2021
2. James Gilmour stepped down from the Board in August 2020
3. Adele Cooper joined the Board on March 2020
4. Gordon Hurst stepped down from the Board on 20 May 2020
5. Keith Mansfield joined the Board on 20 May 2020
6. Includes performance related commission for employees

CEO to employee pay ratio (The Companies (Miscellaneous Reporting) Regulations 2018)

The table below discloses the ratio between the CEO's remuneration and Motorpoint's wider workforce.

FY	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2021	Option A	12.7:1	11.3:1	7.1:1
2020	Option A	20.5:1	18.0:1	10.25:1

Disclosure of employee data used to calculate the ratio for FY21:

	25th percentile £'000	Median £'000	75th percentile £'000
Total pay and benefits of employees	21	23	37
Basic salary of employees	20	22	33

The table above sets out the CEO pay ratio for each financial year from FY20. The CEO pay is compared to the pay of our UK employees at the 25th, 50th and 75th percentile, calculated by reference to 31 March 2021.

In line with last year's calculation, the ratios have been calculated in accordance with Option A, as this is the most accurate method of calculation.

CEO pay has been calculated using the total single figure. The total pay for the employees comprises full time equivalent salary, benefits, pension and annual bonus payments relating to FY21 performance.

At 11.3:1, the median CEO pay ratio has decreased for FY21 compared to FY20, this is primarily due to the voluntary cut to the CEO's salary in FY21 and also no bonus paying out this year compared to FY20 where a bonus was paid. In addition there is no LTIP payable for FY21.

The Committee is satisfied the ratios are representative of Motorpoint's pay and reward policies.

Relative importance of the spend on pay

The following table sets out the percentage change in staff costs, dividends paid and share buyback in FY21 compared to the prior year.

	FY20 (£m)	**FY21 (£m)**	Percentage change
Total employee remuneration	28.8	**25.6**	(11)%
Dividends paid	7.0	–	(100)%
Share buyback	13.1	–	(100)%

Statement of shareholder voting (2020 AGM voting)

The following table shows the voting results at the Company's 2020 AGM in respect of the resolutions on: (a) the Remuneration Report for FY20; and (b) the 2020 Directors' Remuneration Policy.

Votes cast	% votes for	% votes against	Votes withheld
Directors' Remuneration Report FY20	93.1	6.9	37,545
Directors' Remuneration Policy FY20	93.1	6.9	37,500

Implementation of the Policy in FY22

A summary of how the remuneration policy will be applied during the forthcoming financial year is set out below.

Base salaries

As explained in the Chairman's letter, as part of the broader policy review in 2020, the Committee determined that the salaries for the CEO and CFO should increase from £274,125 and £215,000 to £350,000 and £250,000 respectively, with effect from 1 April 2020, so as to be closer to mid-market levels. These increases were supported by those investors consulted.

Subsequently, with the closure of our showrooms under the first national lockdown the Committee determined that the salary increases should be postponed (and indeed salaries were instead reduced significantly). Later in 2020 our CFO, James Gilmour, resigned and Chris Morgan, our new CFO, was appointed on a salary of £255,000 (with a significantly lower pension contribution), so this issue only remained relevant for the CEO.

Now, one year on and with the Company trading profitably and the outlook positive, the Committee consulted with investors again and, having received support, has determined that the increase to the CEO's salary, as originally proposed, should be implemented from 1 April 2021. Any further salary increases for the CEO or CFO over the remainder of the policy period will be in line with the average workforce increase, barring genuinely exceptional circumstances.

The salaries, together with the year on year change, are set out below:

	1 April 2020	1 April 2021	Percentage change
Mark Carpenter	£274,125	£350,000	27.7%
Chris Morgan	N/A	£255,000	N/A

Benefits and pension

No changes are proposed to the provision of pension and benefits . Executive Directors will continue to receive family private medical insurance, and a company car. Pension contributions will be 10% of salary for the CEO and 3% of salary for the CFO.

Annual bonus

There are no changes to the structure of the annual bonus plan proposed for FY22. Executive Directors will be eligible for an annual bonus payment up to a maximum of 100% of salary. Bonuses will be based on Adjusted PBT, market share growth, customer and employee engagement measures with each measure awarded independently. The Committee considers the forward-looking targets to be commercially sensitive as they relate to the current financial year, but full disclosure of targets and performance against them will be provided in next year's Annual Report.

PBT is a financial KPI for Motorpoint and is directly linked to our key strategic objective of delivering profitable earnings growth by growing in our local markets, growing online sales and opening new branches. Our customers and employees are two priority stakeholder groups, and ensuring high levels of customer satisfaction and employee engagement is key to ensuring the success of our strategy and our Company.

Long-term incentives

Executive Directors will receive an award of Restricted Shares equal to 75% of base salary. The number of shares to be granted will be determined with reference to the average of the closing middle-market quotations of the shares during the five dealing days before the date of grant.

The shares will vest 50%, 25% and 25% at years three, four and five, respectively, subject to the achievement of the underpin. All awards would need to be held (other than sales to pay any tax) for a total of five years from grant. In order for Restricted Shares to vest, the Committee must be satisfied that business performance is robust and sustainable and that management has strengthened the business. In assessing this performance condition, the Committee will consider financial and non-financial KPIs of the business as well as delivery against strategic priorities. To the extent it is not satisfied that this performance condition is met, the Committee may scale back the level of vested awards, including to zero. This performance assessment will take place at the end of the third year.

Chairman and Non-Executive Directors' fees

The fees payable to the NEDs of the Company remain unchanged for FY22 as follows:

Non-Executive Chairman	£100,000
Other NEDs	£40,000
Additional responsibility fees:	
Chair of the Remuneration Committee	£7,500
Chair of the Audit Committee	£7,500
Senior Independent Director	£5,000

Approval

This report was approved by the Board on 16 June 2021 and is signed on its behalf by:

Mary McNamara
Remuneration Committee Chair
16 June 2021

The Directors present their report, together with the audited financial statements of Group and the Company, for the year ended 31 March 2021.

The Directors' report comprises the Board biographies (on pages 46 and 47), the Corporate Governance report (from page 48 to page 51), the Directors' report (from page 72 to page 75) and the Shareholder information section (on page 119).

The following information is provided in other appropriate sections of the Annual Report and is incorporated by the following references:

Information	Reported in	Page numbers
Likely future developments and performance of the Company	Strategic report	1
Employee engagement	Strategic report	31
SECR	Strategic report	24
Stakeholder engagement	Strategic report	22 and 23
Corporate Governance statement	Chairman's statement	48
Directors	Board leadership and purpose	48
	Remuneration report – directors' beneficial interests shareholding requirements	69
Viability Statement	Strategic report	38
Details of Long-Term Incentive Plan	Remuneration report	62
Accounting policies, financial instruments and financial risk management	Financial statements	88

Articles of Association

Any amendments to the Company's Articles of Association may only be made by passing a special resolution at a general meeting of the shareholders of the Company.

Directors

The names of Directors who served during or served the end of the year of their period of appointment, are listed on pages 46 and 47, together with details of each Director's skills, experience and current external appointments.

Directors' indemnity insurance

The Company has qualifying third party indemnity provisions in force for the benefit of its Directors in accordance with Section 234 of the Companies Act 2006 and has had Directors' and Officers' liability insurance cover in place for the year and up to the date of signing this report.

Independent auditors

PricewaterhouseCoopers LLP acted as auditors throughout the year. In accordance with Section 489 and Section 492 of the Companies Act 2006, resolutions proposing the reappointment of PricewaterhouseCoopers LLP as the Company's auditors and authorising the Directors to determine the auditor's remuneration will be put to the 2021 AGM.

Political donations

No political donations were made by the Company during the year.

Employees

Motorpoint is an equal opportunities employer and our culture is one that promotes excellence and celebrates success. We are committed to eliminating discrimination and encouraging diversity. We take pride in having a workplace which celebrates diversity. Our aim is that our people will be truly representative of all sections of society and reflect the diverse customer base that we enjoy.

It is important that each person feels respected and is able to perform to the best of their ability – we do not tolerate any form of discrimination and actively promote equal opportunities. Motorpoint proudly employs a number of people with a registered disability and gives full and fair consideration to new applications for employment made by disabled persons; this also includes internal promotions throughout the business. Our training and development interventions are available to all staff and we ensure reasonable adjustments are made for new and existing team members, should they be required, to accommodate their needs and deliver a safe and welcoming work environment.

This support applies throughout an employee's career with us and should an individual find their circumstances change and they become disabled during their employment we would ensure total support and inclusion.

Section 172: Stakeholder engagement

The Board recognises its various legal, fiduciary, statutory and governance obligations and duties in relation to stakeholder engagement, including those specified in the Principles and Provisions of the 2018 Code and Section 172 of the Companies Act 2006.

Regarding the duties and responsibilities in respect of employee engagement and the related engagement outcomes, Mary McNamara, the Chair of Motorpoint's Remuneration Committee, is the designated Non-Executive Director with responsibility to engage with (and oversee engagement with) employees and involve relevant views and experiences in Board discussion and decision making (the 'Designated NED for Work Force Engagement'). As the Designated NED for Work Force Engagement, Mary engages with (and oversees engagement with) employees in ways that are most effective in discerning relevant views and understanding their experiences.

In the discharge of their various legal, statutory and governance obligations and duties, the Directors have endeavoured to act to promote the success of the Group for the benefit of its members as a whole, and in doing so have regard for the interests of its various stakeholders. Details of the various stakeholder groups and their associated engagement strategies are provided on page 23 of this report. The Board ensures, in its discussion of relevant matters, that stakeholder interests are considered in related discussions and decision-making processes and inform policies and procedures.

Substantial shareholdings

Information provided to the Company by substantial shareholders pursuant to the DTR is published via a Regulatory Information Service. As at 31 May 2021, the Company has been notified of the interests as set out below in its issued share capital. All such share capital has the right to vote at general meetings.

Shareholder as at 31 May 2021	No. of Ordinary Shares	% of issued shares at notification
Immersion Capital	17,746,519	19.68
Aberdeen Standard Investments	10,161,583	11.27
Mark Carpenter	8,879,789	9.85
Mark Morris	8,614,556	9.55
Forager Capital Management	4,295,117	4.76
Hunter Capital	3,568,310	3.96
Punch Card Capital LP	2,771,972	3.07

The shareholdings of Motorpoint Group plc Directors are listed within the Directors' Remuneration Report.

Powers of the Directors

The powers of the Directors are set out in the Companies Act 2006 and the Company's constitution. The Directors were granted authority to issue and allot shares at the 2020 AGM. Shareholders will be asked to renew these authorities in line with the latest institutional shareholder guidelines at the 2020 AGM.

Appointment and replacement of Directors

With regard to the appointment and replacement of Directors, the Company is governed by the Articles of Association (the 'Articles'), the 2018 Code, the Companies Act 2006 and related legislation. Directors can be appointed by the Company by ordinary resolution at a general meeting or by the Board. If a Director is appointed by the Board, such Director will hold office until the next AGM and shall then be eligible subject to Board recommendation, for election at that meeting.

In accordance with Provision 18 of the 2018 Code, each of the Directors, being eligible, will offer themselves for election or re-election at this year's AGM (subject to any retirements). The Company can remove a Director from office, either by passing a special resolution or by notice being given by all the other Directors.

Chris Morgan was appointed to the Board on 11 January 2021 as an Executive Director and Chief Financial Officer. His appointment and continuing membership of the Board are both subject to election at the Company's 2021 AGM.

Dividends

No final dividend is recommended by the Board.

Share capital

As at 31 March 2021, the Company's issued share capital comprised 90,189,885 Ordinary Shares with a nominal value of £0.01 each.

Ordinary Shares

The holders of Ordinary Shares are entitled to one vote per share at meetings of the Company. All Ordinary Shares, other than those held from time to time in Treasury, are freely transferable and rank pari passu for voting and dividend rights. The Company is not aware of any agreements between holders of shares that result in any restrictions.

Employee Benefit Trust

As at 31 March 2021, the Motorpoint Employee Benefit Trust held 34,841 Ordinary Shares (2020: 16,440).

Further information about share capital can be found in note 25 of the Financial Statements.

Change of control provisions

The Directors are not aware of there being any significant agreements that contain any material change of control provisions to which the Company is a party other than in respect of the financing facility which expires in May 2024. Under the terms of the facility, and in the event of a change of control of the Company, the bank can withdraw funding and all outstanding loans, accrued interest and other amounts due and owing become payable within 30 days of the change.

Purchase of own shares

At the Company's AGM on 24 August 2020, shareholders approved an authority for the Company to make market purchases of its own shares up to a maximum of 9,018,989 shares (being approximately 10% of the issued share capital at that time) at prices not less than the nominal value of each share (being £0.01 each). No use was made of this authority during the period. The Company intends to renew this authority at its 2021 AGM.

Allotment of shares

At the Company's AGM on 24 August 2020, shareholders approved an authority for the Company to allot ordinary shares up to a maximum nominal amount of £300,633 (being approximately one-third of the Company's issued share capital at that time) increasing to £601,266 (being approximately two-thirds of the Company's issued share capital at that time) in the case of a rights issue. The Company intends to renew this authority at its 2021 AGM.

Disclosure table pursuant to Listing Rule LR 9.8.4R

In accordance with LR 9.8.4R, the table below sets out the location of the information required to be disclosed, where applicable.

Listing Rule	Information to be included	Disclosure
9.8.4(1)	Interest capitalised by Group.	None.
9.8.4(2)	Unaudited financial information (LR 9.2.18R).	None.
9.8.4(4)	Long-term incentive scheme information involving Board Directors (LR 9.4.3R).	Details can be found on page 62 of the Directors' Remuneration Report.
9.8.4(5)	Waiver of emoluments by a Director.	None.
9.8.4(6)	Waiver of future emoluments by a Director.	None.
9.8.4(7)	Non-pre-emptive issues of equity for cash.	None.
9.8.4(8)	Non-pre-emptive issues of equity for cash in relation to major subsidiary undertakings.	None.
9.8.4(9)	Listed company is a subsidiary of another company.	Not applicable.
9.8.4(10)	Contracts of significance involving a Director or a controlling shareholder.	None.
9.8.4(11)	Contracts for the provision of services by a controlling shareholder.	None.
9.8.4(12)	Shareholder waiver of dividends.	The trustees of the Motorpoint Group plc Employee Share Trust have a dividend waiver in place in respect of Ordinary Shares which are its beneficial property.
9.8.4(13)	Shareholder waiver of future dividends.	The trustees of the Motorpoint Group plc Employee Share Trust have a dividend waiver in place in respect of Ordinary Shares which are its beneficial property.
9.8.4(14)	Agreement with controlling shareholder.	None.

Going Concern

The financial statements are prepared on a going concern basis. The Group regularly reviews market and financial forecasts and has reviewed its trading prospects in its key markets. As a result of Coronavirus the Group operations were closed for six weeks from late March 2020. The Group's branches were subject to further periods of closure as a result of Government imposed lockdowns. All of these closures directly impacted short term performance and liquidity. The Group took immediate actions to limit the impact of this closure and secured additional finance facilities, including an additional uncommitted £15.0m overdraft facility, to support operational cash flows if required. This was not used and has now expired and not been renewed. During the later periods of closure the Group was able to maintain reduced levels of sales through home delivery and contactless collections.

The Board has reviewed the latest forecasts of the Group, including the impact of multiple reopening scenarios, and considered the obligations of the financing arrangements.

For the purpose of considering going concern the Group focuses on a period of at least 12 months from the point of signing the accounts.

The Board has taken a reverse stress test approach in considering the going concern status of the Group, reducing volumes to the point at which the Group is either no longer compliant with banking covenants or depletes liquid resources required to continue trading, whichever is earlier. Plausible mitigating actions were built into the model including: reducing spend on specific variable cost lines including marketing and branch trading expenses, team costs most notably sales commissions, pausing new stock commitments, taking advantage of existing and confirmed Governmental support, and extending the period for which expansionary capital spend and share buybacks/ dividends are suspended. With the exception of the Government support initiatives which have only been assumed to be available under current legislation, all of these actions could conceivably be performed throughout the going concern period.

The reverse stress test model demonstrated that a prolonged period of volume reduction in excess of 31% against FY20, despite the positive impact expected of opening Swansea and Stockton on Tees, was required before a covenant breach, which is considered implausible. FY22 volumes have started strongly and are expected to exceed FY21 given no further prolonged government enforced periods of lockdown.

The Group approaches FY22 cautiously but with renewed optimism, and therefore while some of the previous cash saving initiatives could be maintained in the short term, the Group has started to invest in its pre-Covid growth plans.

The Directors have made use of the post year end trading performance to provide additional insight into the continuing viability of the business. While only a short period has passed since the year end, this evidence adds further comfort to the continuing strength of the Group in an active market. Given the continued historical liquidity of the Group and sufficiency of reserves and cash in the stressed scenarios modelled, the Board has concluded that the Group has adequate resources to continue in operational existence over the going concern period and into the foreseeable future thereafter. Accordingly, they continue to adopt the going concern basis in preparing the consolidated financial statements.

The Annual Report was approved by the Board on 16 June 2021.

On behalf of the Board

Chris Morgan
Chief Financial Officer
16 June 2021

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law). Additionally, the Financial Conduct Authority's Disclosure Guidance and Transparency Rules require the Directors to prepare the Group financial statements in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company 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 international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 102 have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statement;
- 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 also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The Directors consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy.

Each of the current Directors, whose names and function are listed on page 46 and page 47 confirm that to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 102, give a true and fair view of the assets, liabilities, financial position and loss of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group 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 and Company's auditors are aware of that information.

This confirmation is given and interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Financial Statements

Report on the audit of the financial statements

Opinion

In our opinion:

- Motorpoint Group Plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2021 and of the group's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts 2021 (the "Annual Report"), which comprise: the Consolidated balance sheet and Company balance sheet as at 31 March 2021; the Consolidated statement of comprehensive income, Consolidated cash flow statement, Consolidated statement of changes in equity and Company statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the audit committee.

Separate opinion in relation to international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union

As explained in note 2 to the financial statements, the group, in addition to applying international accounting standards in conformity with the requirements of the Companies Act 2006, has also applied international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

In our opinion, the group financial statements have been properly prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Basis for opinion

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

Independence

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

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- We conducted audit work over Motorpoint Limited (the Group's trading company) and Motorpoint Group Plc (the Company) which together accounted for 100% of the Group's revenue and profit before tax.

Key audit matters

- Going concern and impairment consideration relating to COVID-19 (group and company)
- Inventory valuation (group)

Materiality

- Overall group materiality: £845,000 (2020: £5,100,000) based on 5% (2020: 0.5%) of three year average adjusted profit before tax (2020: revenue).
- Overall company materiality: £720,000 (2020: £1,000,000) based on 1% of total assets, restricted by component materiality allocation.
- Performance materiality: £634,000 (group) and £540,000 (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Inventory valuation is a new key audit matter this year. IFRS 16 transition, which was a key audit matter last year, is no longer included because it was specific to the year of transition which was 2020. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Going concern and impairment consideration relating to COVID-19 (group and company) Refer to page 53 (Audit Committee report) and note 4 of the consolidated financial statements. The ongoing economic uncertainty due to COVID-19 required the Directors and auditors to consider the impact on the going concern assessment and the valuation of various assets on the balance sheet, specifically property, plant and equipment and right of use assets.	• We have reviewed the board approved budget/ forecasts which include specific consideration of COVID-19, to support the going concern assumptions and impairment assessments. • We have compared the budgets and forecasts used in the above to actual post year end data and management's experience of trading through a year of COVID-19. • We have challenged the key assumptions used in management's models and reviewed the downside models to assess the impact on covenant liquidity and impairment headroom. • We have verified that any planned cost mitigations in the models are within the control of the Directors and feasible. • We have verified the arithmetic accuracy of management's models mentioned above. • We have confirmed the availability of various stock finance and banking facilities. • We reviewed management's disclosures in relation to the COVID-19 impact and found them to be consistent with the stress test scenarios performed. Our conclusions relating to going concern are set out below.
Inventory valuation (group) Refer to page 54 (Audit Committee report) and note 4 of the consolidated financial statements. Given the future uncertainty over trading levels in the near to medium term, there continues to exist a heightened risk around inventory valuation being in excess of net realisable value.	• We have tested a sample of afterdate sales to assess margins achieved post year end and compared to the inventory provision. • We have verified the arithmetic accuracy of management's models in calculating the inventory provision. • We have tested a sample of inputs used in management's models to appropriate third party evidence. • We have challenged the key assumptions used in management's models, including sensitising the assumptions to assess the impact. • We have reviewed management's experience of trading through a year of COVID-19 and challenged the forecast of margins of remaining unsold inventory.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The Group and all its subsidiaries are based in the UK. There is one trading entity, Motorpoint Limited, which has 14 retail sites spread across the UK. Motorpoint Limited and Motorpoint Group Plc, the Company, were considered to be significant components, due to their contribution to the Group financial statements. Full scope audits were carried out on both of these components. The audit work performed over Motorpoint Limited and Motorpoint Group Plc gave us the evidence we needed for our opinion on the Group financial statements as a whole. These two entities cover 100% of the Group's revenue and profit before tax.

All audit work, including work on significant components, was completed by the Group audit team.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – group	Financial statements – company
Overall materiality	£845,000 (2020: £5,100,000).	£720,000 (2020: £1,000,000).
How we determined it	5% (2020: 0.5%) of three year average adjusted profit before tax (2020: revenue)	1% of total assets, restricted by component materiality allocation.
Rationale for benchmark applied	Motorpoint is seeking to grow market share through its business model and opening new sites in an industry that operates on low profit margins. With volume and revenue being key drivers for the business, we have historically applied a revenue benchmark to determine materiality. However, we continued to apply a lower profit based materiality of £0.9m in FY20 for certain financial statement line items depending on the nature of the balances and the potential impact on profit. Given the group's increasing focus on margin and ultimately profit during the course of FY21, and further to our discussions with the Audit Committee, we have used a profit based materiality benchmark for FY21.	Motorpoint Group Plc (the Company) is the investment vehicle for the Group and therefore total assets is a generally accepted auditing benchmark.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £720,000 and £803,000.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £634,000 for the group financial statements and £540,000 for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount in the middle of our normal range was appropriate.

We agreed with the audit committee that we would report to them misstatements identified during our audit above £40,000 (group audit) (2020: £100,000) and £40,000 (company audit) (2020: £100,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the Directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included the procedures as described in our Going concern and impairment consideration relating to COVID-19 key audit matter.

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

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

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

In relation to the Directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. 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 year ended 31 March 2021 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.

Directors' Remuneration

In our opinion, the part of the Annual report on remuneration to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the Directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the Corporate governance report is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The Directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The Directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the Directors' statement regarding the longer-term viability of the group was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The Directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the audit committee.

We have nothing to report in respect of our responsibility to report when the Directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of directors' responsibilities, 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 Listing Rules, UK tax legislation, Financial Conduct Authority regulations, employment law, health & safety, GDPR and modern slavery, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries with unusual account combinations to increase revenue or reduce expenditure, and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- review of correspondence with regulators, enquiries of management and audit of the financial statement disclosures to underlying supporting documentation;
- challenging assumptions and judgements made by management in their significant accounting estimates, to identify potential management bias, in particular in relation inventory valuation; and
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations that increase revenue or reduce expenditure.

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

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditors responsibilities. 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 and the part of the Annual report on remuneration to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

We were first appointed as auditors of Motorpoint Limited by its Directors on 18 September 2015 to audit the financial statements for the year ended 31 March 2015 and subsequently reappointed on 29 February 2016 to audit the financial statements for the year ended 31 March 2016. Following the reorganisation of the group headed by Motorpoint Holdings Limited and the formation of Motorpoint Group Plc, we were appointed by the Directors of Motorpoint Group Plc on 28 October 2016 to audit the financial statements for the year ended 31 March 2017 and subsequent financial periods. The period of total uninterrupted engagement is 7 years, covering the years ended 31 March 2015 to 31 March 2021.

Mark Skedgel (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
16 June 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 £m	2020 £m
Revenue	5	**721.4**	1,018.0
Cost of sales	6	**(658.9)**	(939.1)
Gross profit		**62.5**	78.9
Operating expenses	6	**(49.9)**	(56.6)
Operating profit		**12.6**	22.3
Finance expense	10	**(2.9)**	(3.5)
Profit before income tax		**9.7**	18.8
Income tax expense	11	**(2.1)**	(3.6)
Profit and total comprehensive income for the year attributable to equity holders of the parent		**7.6**	15.2
Earnings per share attributable to equity holders of the parent			
Basic	12	**8.4p**	16.4p
Diluted	12	**8.4p**	16.4p

The Group's activities all derive from continuing operations.

The Group has no other comprehensive income (2020: £Nil). Total comprehensive income for the year is equal to the profit for the financial year. The notes on pages 88 to 110 are an integral part of these consolidated financial statements.

	Note	2021 £m	2020 £m
ASSETS			
Non-current assets			
Property, plant and equipment	14	**16.1**	18.9
Right-of-use assets	15	**43.6**	41.6
Deferred tax asset	16	**1.2**	1.3
Total non-current assets		**60.9**	61.8
Current assets			
Inventories	17	**128.4**	111.8
Trade and other receivables	18	**7.7**	4.4
Current tax receivable	11	**1.7**	0.9
Cash and cash equivalents	19	**6.0**	10.8
Total current assets		**143.8**	127.9
TOTAL ASSETS		**204.7**	189.7
LIABILITIES			
Current liabilities			
Borrowings	20	**–**	(10.0)
Trade and other payables, excluding contract liabilities	21	**(125.7)**	(111.6)
Contract liabilities	21	**–**	(0.2)
Lease liabilities	15	**(2.4)**	(2.3)
Provisions	22	**(0.1)**	(0.2)
Total current liabilities		**(128.2)**	(124.3)
Net current assets		**15.6**	3.6
Non-current liabilities			
Lease liabilities	15	**(46.9)**	(43.1)
Provisions	22	**(2.0)**	(2.1)
Total non-current liabilities		**(48.9)**	(45.2)
TOTAL LIABILITIES		**(177.1)**	(169.5)
NET ASSETS		**27.6**	20.2
EQUITY			
Called up share capital	25	**0.9**	0.9
Capital redemption reserve	26	**0.1**	0.1
Capital reorganisation reserve	27	**(0.8)**	(0.8)
EBT reserve	28	**(0.1)**	–
Retained earnings		**27.5**	20.0
TOTAL EQUITY		**27.6**	20.2

The consolidated financial statements on pages 84 to 110 were approved by the Board of Directors on 16 June 2021 and were signed on its behalf by:

M Carpenter
Chief Executive Officer

C Morgan
Chief Financial Officer

Motorpoint Group Plc

Registered number 10119755

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Note	Called up share capital £m	Capital redemption reserve £m	Capital reorganisation reserve £m	EBT reserve £m	Retained earnings £m	Total equity £m
Balance at 1 April 2019		1.0	–	(0.8)	–	25.8	26.0
Profit and total comprehensive income for the year		–	–	–	–	15.2	15.2
Transactions with owners in their capacity as owners:							
Share-based payments	31	–	–	–	–	(0.9)	(0.9)
Buyback and cancellation of shares	25	(0.1)	0.1	–	–	(13.1)	(13.1)
Final dividend for the year ended 31 March 2019	13	–	–	–	–	(4.7)	(4.7)
Interim dividend for the year ended 31 March 2020	13	–	–	–	–	(2.3)	(2.3)
		(0.1)	0.1	–	–	(21.0)	(21.0)
Balance at 31 March 2020		0.9	0.1	(0.8)	–	20.0	20.2
Profit and total comprehensive income for the year		–	–	–	–	7.6	7.6
Transactions with owners in their capacity as owners:							
Share-based payments	31	–	–	–	–	0.2	0.2
EBT share purchases and commitments	28	–	–	–	(0.4)	–	(0.4)
Share-based compensation options satisfied through the EBT	28	–	–	–	0.3	(0.3)	–
		–	–	–	(0.1)	(0.1)	(0.2)
Balance at 31 March 2021		0.9	0.1	(0.8)	(0.1)	27.5	27.6

The notes on pages 88 to 110 are an integral part of these consolidated financial statements.

	Note	2021 £m	2020 £m
Cash flows from operating activities			
Cash generated from operations	30	**12.4**	33.2
Interest paid on lease liabilities		**(1.6)**	(1.6)
Interest paid on borrowings and financing facilities		**(1.3)**	(1.9)
Income tax paid		**(2.8)**	(6.4)
Net cash generated from operating activities		**6.7**	23.3
Cash flows from investing activities			
Purchases of property, plant and equipment	14	**(3.6)**	(12.3)
Proceeds from disposal of property, plant and equipment and right-of-use assets		**6.1**	–
Net cash generated from / (used in) investing activities		**2.5**	(12.3)
Cash flows from financing activities			
Dividends paid	13	**–**	(7.0)
Payments to acquire own shares	25	**–**	(13.1)
Payments to satisfy employee share plan obligations		**(0.4)**	(0.9)
Repayment of leases		**(3.6)**	(3.0)
Proceeds from borrowings		**-**	29.0
Repayment of borrowings		**(10.0)**	(19.0)
Net cash used in financing activities		**(14.0)**	(14.0)
Net decrease in cash and cash equivalents		**(4.8)**	(3.0)
Cash and cash equivalents at the beginning of the year		**10.8**	13.8
Cash and cash equivalents at end of year		**6.0**	10.8
Net cash and cash equivalents comprises: Cash at bank		**6.0**	10.8

1. General information

Motorpoint Group Plc (the Company) is incorporated and domiciled in the United Kingdom under the Companies Act 2006.

The Company is a public company limited by shares and is listed on the London Stock Exchange; the address of the registered office is Chartwell Drive, West Meadows Industrial Estate, Derby, England, United Kingdom, DE21 6BZ. The consolidated financial statements of the Group as at and for the year ended 31 March 2021 comprise the Company, all of its subsidiaries and the Motorpoint Group Plc Employee Benefit Trust (the 'EBT') as listed on page 115, together referred to as the Group. These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates.

The principal activities of the Group and the nature of the Group's operations are set out in the Strategic Report on pages 1 to 43.

2. Summary of significant accounting policies

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

(a) Basis of preparation

These consolidated financial statements of the Group have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union together referred to as 'IFRS'. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

(b) Going concern

The financial statements are prepared on a going concern basis. The Group regularly reviews market and financial forecasts and has reviewed its trading prospects in its key markets. As a result of Coronavirus the Group operations were closed for six weeks from late March 2020. The Group's branches were subject to further periods of closure as a result of Government imposed lockdowns. All of these closures directly impacted short term performance and liquidity. The Group took immediate actions to limit the impact of this closure and secured additional finance facilities, including an additional uncommitted £15.0m overdraft facility, to support operational cash flows if required. This was not used and has now expired and not been renewed. During the later periods of closure the Group was able to maintain reduced levels of sales through home delivery and contactless collections.

The Board has reviewed the latest forecasts of the Group, including the impact of multiple reopening scenarios, and considered the obligations of the financing arrangements.

For the purpose of considering going concern the Group focuses on a period of at least 12 months from the point of signing the accounts.

The Board has taken a reverse stress test approach in considering the going concern status of the Group, reducing volumes to the point at which the Group is either no longer compliant with banking covenants or depletes liquid resources required to continue trading, whichever is earlier. Plausible mitigating actions were built into the model including: reducing spend on specific variable cost lines including marketing and branch trading expenses, team costs most notably sales commissions, pausing new stock commitments, taking advantage of existing and confirmed Governmental support, and extending the period for which expansionary capital spend and share buybacks/ dividends are suspended. With the exception of the Government support initiatives which have only been assumed to be available under current legislation, all of these actions could conceivably be performed throughout the going concern period.

The reverse stress test model demonstrated that a prolonged period of volume reduction in excess of 31% against FY20, despite the positive impact expected of opening Swansea and Stockton on Tees, was required before a covenant breach, which is considered implausible. FY22 volumes have started strongly and are expected to exceed FY21 given no further prolonged government enforced periods of lockdown.

The Group approaches FY22 cautiously but with renewed optimism, and therefore while some of the previous cash saving initiatives could be maintained in the short term, the Group has started to invest in its pre-Covid growth plans.

The Directors have made use of the post year end trading performance to provide additional insight into the continuing viability of the business. While only a short period has passed since the year end, this evidence adds further comfort to the continuing strength of the Group in an active market. Given the continued historical liquidity of the Group and sufficiency of reserves and cash in the stressed scenarios modelled, the Board has concluded that the Group has adequate resources to continue in operational existence over the going concern period and into the foreseeable future thereafter. Accordingly, they continue to adopt the going concern basis in preparing the consolidated financial statements.

(c) New standards, amendments and interpretations

The Group has not early-adopted standards, interpretations or amendments that have been issued but are not mandatory for 31 March 2021 reporting periods.

The following amended standards and interpretations effective for the current financial year, have been applied and have not had a significant impact on the Group's consolidated financial statements in the current or future reporting periods and on foreseeable future transactions.

- Definition of a Business – Amendments to IFRS 3;
- Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7;
- Revised Conceptual Framework for Financial Reporting;
- Definition of Material – amendments to IAS 1 and IAS 8; and
- IFRIC 23 Uncertainty over Income Tax Treatments.

(d) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company, entities controlled by the Company (its subsidiaries) and the Motorpoint Group Plc Employee Benefit Trust made up to 31 March each year.

A list of subsidiaries is disclosed in note 4 to the Company financial statements.

The EBT is consolidated on the basis that the Company has control, thus the assets and liabilities of the EBT are included in the Balance Sheet and shares held by the EBT in the Company are presented as a deduction from equity. The EBT has been solely set up for the purpose of issuing shares to Group employees to satisfy awards under the various share-based schemes detailed in Note 31 and has no ability to access or use assets, or settle liabilities, of the Group.

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. Intercompany transactions and balances between Group companies are eliminated on consolidation.

(e) Segmental reporting

The Group has prepared segmental reporting in accordance with IFRS 8 'Operating Segments', which requires segments to be presented on the same basis as the management reporting. An operating segment is a component of the business where discrete financial information is available and the operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance.

Operating segments are aggregated into reporting segments to combine those with similar characteristics. The Group's reportable operating segment is considered to be the United Kingdom operations. The Group's chief operating decision maker is considered to be the Board of Directors.

The Group operates through a branch network and separate financial information is prepared for these individual branch operations. These branches are considered separate 'cash-generating units' for impairment purposes. However it is considered that the nature of the operations and products is similar and they all have similar long-term economic characteristics, as they are all based within the UK. Accordingly the Group has applied the aggregation criteria of IFRS 8 and thus considers it has one reportable segment. As a consequence no additional segmental information is required.

(f) Revenue recognition

Revenue represents amounts chargeable, net of value added tax, in respect of the sale of goods and services to customers. Revenue is measured at the fair value of the consideration receivable, when it can be reliably measured, and the specified recognition criteria for the sales type has been met. The transaction price is determined based on periodically reviewed prices and are separately identified on the customer's invoice. There are no estimates of variable consideration.

The transaction price for motor vehicles and motor related services is at fair value as if each of those products are sold individually.

(i) Sales of motor vehicles

Revenue from sale of motor vehicles is recognised when the control has passed; that is, when the vehicle has been collected by, or delivered to, the customer. Payment of the transaction price is due immediately when the customer purchases the vehicle. Sales of accessories, such as mats, are recognised in the same way.

(ii) Sales of motor related services and commissions

Motor related services sales include commissions on finance introductions, extended guarantees and vehicle asset protection as well as the sale of paint protection products. Sales of paint protection products are recognised when the control has passed; that is, the protection has been applied and the product is supplied to the customer.

Vehicle extended guarantees where the Group is contractually responsible for future claims are accounted for by deferring the guarantee income received along with direct selling costs, and then releasing the income on a straight line basis over the remaining life of the guarantee. Costs in relation to servicing the extended guarantee income are expensed to the statement of comprehensive income as incurred. The Group has not sold any of these policies in the current or prior period but continues to release income in relation to legacy sales.

2. Summary of significant accounting policies continued

(f) Revenue recognition continued

Vehicle extended guarantees and asset protection ('GAP insurance') where the Group is not contractually responsible for future claims, are accounted for by recognising the commissions attributable to Motorpoint at the point of sale to the customer.

Where the Group receives finance commission income, primarily arising when the customer uses third-party finance to purchase the vehicle, the Group recognises such income on an 'as earned' basis.

The assessment is based on whether the Group controls the specific goods and services before transferring them to the end customer, rather than whether it has exposure to significant risks and rewards associated with the sale of goods or services.

Products and services	Nature, timing of satisfaction of performance obligations and significant payment terms
Sale of motor vehicles	The Group sells nearly new vehicles and accessories to retail customers. Revenue is recognised at the point the vehicle is collected by, or delivered to, the customer. The satisfaction of the performance obligation occurs on delivery or collection of the product. The Group also sells vehicles acquired through retail customer trade-ins to trade customers through its website auction4cars. Vehicles do not leave the premises until they are paid for in full and therefore the revenue and the profit are recognised at the point of sale. The satisfaction of the performance obligation occurs on collection of the vehicle. The Group operates a return policy which is consistent with the relevant consumer protection regulations.
Sales of motor related services and commissions	The Group receives commissions when it arranges finance, insurance packages, extended warranty and paint protection for its customers, acting as agent on behalf of a limited number of finance, insurance and other companies. For finance and insurance packages, commission is earned and recognised as revenue when the customer draws down the finance or commences the insurance policy from the supplier which coincides with the delivery of the product or service. Commissions receivable are paid typically in the month after the finance is drawn down. For extended warranty and paint protection, the commission earned by the Group as an agent is recognised as revenue at the point of sale on behalf of the Principal. The Group offered an Extended Guarantee for either 12 or 24 months, which commenced from the end of the manufacturer's warranty period. The revenue is deferred until the start of the policy period, and then released on a straight line basis over the policy term. Any directly attributable costs from the sale (eg sales commission) are also deferred and released over the same period. Customer claims are taken to the statement of comprehensive income as they are incurred during the policy term.

(g) Dividend distribution

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's financial statements in the period which the dividends are approved.

(h) Foreign currency

The Group's functional and presentation currency is the pound sterling.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(i) Property, plant & equipment

Property, plant and equipment is stated at the cost less depreciation. The cost of property, plant and equipment includes directly attributable costs. Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows.

Asset class	Depreciation method and rate
Land	Nil
Freehold property	5% straight line
Short term leasehold improvements	Lower of 20% straight line or remaining lease term
Plant and machinery	20% straight line
Fixtures and fittings	20% straight line
Office equipment	20% – 33.3% straight line

Assets in the course of construction are recorded separately within property, plant and equipment and are transferred to the appropriate classification when complete and depreciated from the date they are bought into use.

The residual values of the assets and their useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. The carrying value of assets is reviewed for impairment if events or changes in circumstances suggest that the carrying value may not be recoverable. Assets are written down to their recoverable amount if lower than their carrying value, and any impairment is charged to the statement of comprehensive income.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income within 'other income'.

(j) Financial instruments

IFRS 9 requires an entity to recognise financial assets and financial liabilities in the Group's balance sheet when the Group becomes party to the contractual provisions of the instrument.

The Group classifies financial instruments, or their component parts, on initial recognition as financial assets, financial liabilities or equity instruments according to the substance of the contractual arrangements entered into.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded as the proceeds received, net of direct issue costs.

Financial assets

Trade receivables are initially recognised when they originated. All other financial assets are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ('FVPL'), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. A trade receivable without a significant financing component is initially measured at the transaction price.

A financial asset is classified either as being measured subsequently at fair value (either through other comprehensive income or through profit or loss), or measured at amortised cost. The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

All financial assets of the Group are classified as measured at amortised cost. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value reported in profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairments are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.

The Group recognises loss allowances for Expected Credit Losses ('ECL') on financial assets measured at amortised cost. ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (ie the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). All trade receivable balances are assessed individually.

ECL are discounted at the effective interest rate of the financial asset. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

From time to time based on purchasing decisions the Group holds hedging instruments to hedge currency risks arising from its activities. Hedging instruments are recognised at fair value. Any gain or loss on remeasurement is recognised in the statement of comprehensive income. However, the treatment of gains or losses arising from hedging instruments which qualify for hedge accounting depends on the type of hedge arrangement. The fair value of hedging instruments is the estimated amount receivable or payable to terminate the contract determined by reference to the market prices prevailing at the balance sheet date. A gain or loss in respect of an effective hedge of a net investment in an overseas operation is recognised directly in equity. Any ineffective portion of the hedge is recognised in the statement of comprehensive income. The Group currently has no hedge arrangements and no gain or loss is recognised in profit or loss in administrative expenses.

Financial liabilities

Financial liabilities are classified on initial recognition as either other financial liabilities measured at amortised cost or at fair value through profit or loss.

2. Summary of significant accounting policies continued

(j) Financial instruments continued

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet 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. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

(k) Leases

In the prior year the Group applied IFRS 16 for the first time, using the following practical expedients permitted by the standard:

- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an arrangement contains a Lease.

Lease liability - initial recognition

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted at the Group's incremental borrowing rate. The incremental borrowing rate is determined based on a series of inputs including the risk free rate based on Government bond rates in addition to specific adjustments for risk and security. Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments such as those that depend on an index or rate (such as RPI), initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the Group under residual value guarantees;
- the exercise price of purchase options where the Group is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Break and extension options are included in leases to provide operational flexibility should the economic outlook for an asset be different to expectations, and hence at commencement of the lease, break or extension options are not typically considered reasonably certain to be exercised, unless there is a valid business reason otherwise.

The lease liability is presented as a separate line in the Consolidated Balance Sheet, split between current and non-current liabilities.

Lease liability - subsequent measurement

The lease liability 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.

Lease liability - re-measurement

The lease liability is re-measured where:

- there is a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate; or
- 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 re-measured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- the lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.

When the lease liability is re-measured, an equivalent adjustment is made to the right-of-use asset unless its carrying amount is reduced to zero, in which case any remaining amount is recognised in profit or loss.

Right-of-use asset – initial recognition

The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, any dilapidation or removal costs, and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Where the Group has an obligation for costs to dismantle and remove a leased asset, restore the branch 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. The present value of these costs are included in the related right-of-use asset.

The right-of-use asset is presented as a separate line in the Balance Sheet.

Right-of-use asset – subsequent measurement

Right-of-use assets are depreciated over the shorter of the lease term and useful life of the underlying asset.

Impairment

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Impairment – non-financial assets' policy. Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

(l) Inventory

Inventory is valued at the lower of cost and net realisable value, after due regard for slow moving vehicles.

Net realisable value is based on selling price less anticipated costs of completion and selling costs. When calculating an inventory provision management considers the nature and condition of the inventory as well as applying assumptions around expected saleability, determined on historic trading patterns.

Inventory cost is calculated using the specific identification method.

(m) Trade receivables

Trade receivables represent the principal amounts outstanding from finance companies in respect of the financed element of sales to customers for motor vehicle and related products. Trade receivables are recognised net of any provision for impairment.

The carrying value of certain financial assets are measured on an expected credit loss approach. Trade and other receivables do not contain a significant financing element and therefore expected credit losses are measured using the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from the initial recognition of the receivables.

(n) Cash and cash equivalents

Cash and cash equivalents include cash in hand and at bank, and deposits held at call with banks. Where applicable, bank overdrafts are shown within borrowings in current liabilities.

(o) Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

The current tax charge is calculated on the basis of tax laws enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised, without discounting, in respect of all temporary differences arising between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date. Deferred tax is measured at the rates, based on the tax rates and law enacted or substantively enacted at the balance sheet date, that are expected to apply in the periods when the timing differences are expected to reverse.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

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 same taxable entity or different taxable entities and there is an intention to settle the balances on a net basis.

(p) Trade payables

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

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, unless the effect is immaterial.

2. Summary of significant accounting policies continued

(q) Stocking finance facilities

Stocking finance facilities, included within trade and other payables, are borrowings secured against the vehicle against which the facility is drawn down. These are short-term liabilities which are settled on the sale of a vehicle or a fixed maturity not greater than 150 days and as a result form part of the normal business operating cycle (see note 21 for more details). They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, unless the effect is immaterial.

(r) Share capital

Ordinary Shares are classified as equity. Costs incurred in issuing equity are deducted from the equity instrument.

(s) Provisions

Provisions for making good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(t) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost and allocating the interest cost over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument.

(u) Employee benefits

(i) Pensions

The Group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Group. The annual contributions are charged in the statement of comprehensive income in the year in which they become payable in accordance with the rules of the scheme.

(ii) Other employee benefits

The Group recognises an expense for other short-term employee benefits, primarily holiday pay and employee commissions and bonuses on an accruals basis.

(iii) Share-based compensation

Equity-settled share-based compensation to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The estimate is measured using the Black-Scholes pricing model and excludes the effect of non-market based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 31.

The fair value determined at the grant date of the equity-settled share-based compensation is expensed on a straight line basis over the vesting period, based on the Group's estimates of equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in the statement of comprehensive income such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to equity reserves.

SAYE share options granted to employees are treated as cancelled when employees cease to contribute to the scheme. This results in accelerated recognition of the expenses that would have arisen over the remainder of the original vesting period.

Cash-settled share-based compensation to employees and others providing similar services is measured at the fair value of the equity instruments at the grant date. A liability is recognised at the current fair value determined at each balance sheet date and at settlement.

(v) Government grants

Grants are recognised only when there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received. Grants that are receivable as compensation for expenses already incurred are recognised in the statement of comprehensive income in the period in which they become receivable.

(w) EPS

The Group presents basic and diluted EPS for its Ordinary Shares. Basic EPS is calculated by dividing the profit attributable to Ordinary Shareholders by the weighted average number of Ordinary Shares outstanding during the year. For diluted EPS, the weighted average number of Ordinary Shares is adjusted to assume conversion of all dilutive potential Ordinary Shares.

(x) Exceptional items

Material non-recurring items of income and expense are disclosed as 'exceptional items'. Examples of items that may give rise to disclosure as exceptional items include costs of major restructuring and reorganisation of the business, corporate refinancing and restructuring costs.

3. Underlying profit measures

The Group's chief operating decision maker is considered to be the Board of Directors. The Board of Directors measure the overall performance of the Group by reference to the following non-GAAP measures:

- operating profit before exceptional items (adjusted operating profit); and
- profit before tax before exceptional items (adjusted profit before tax).

The adjusted measures are applied by the Board of Directors to understand the earning trends of the Group and are considered the most meaningful measures by which to assess the true operating performance of the Group. In the current and prior year there are no exceptional items noted; however these underlying profit measures remain valid when considering earlier years.

4. Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions in the application of accounting policies that affect reported amounts of assets, liabilities, income and expense. Further information about these areas of judgement is contained below. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

Accounting estimates

IFRS 16 Incremental borrowing rate (note 15): Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment. The impact of an increase of 0.5% on the discount rate applied to the FY21 right-of-use asset, depreciation, lease liability and finance cost is presented below:

	£m
Right-of-use asset	1.5
Depreciation	0.1
Lease liability	(3.2)
Finance cost	0.1

Inventory provisions (note 17): Inventories are stated at the lower of cost and net realisable value. Given the closure of the Group's retail branches during FY21 and reduction in sales volumes due to the Coronavirus pandemic, there is some continued uncertainty around the future sale value of inventory at the year end. As in previous years, a provision is included where management feels net realisable value falls below cost. The level of provision is determined by management estimates based on historical and forecast sales and potential net realisable value.

Given sales volumes since reopening in April 2021 have been strong with similar trends seen throughout FY21, the primary sensitivity of the provision estimate is whether excessive pricing changes would be required to sell the year end inventory. If the proportion of vehicles making losses increased by 5% compared to current model the provision would increase by just £0.1m.

Impairment assessments: Under IAS 36, the Group performs an annual assessment as to the existence of impairment indicators. The Group has remained profitable during FY21 and management believe that the future financial impact on Motorpoint of the Coronavirus pandemic is likely to be short term. However, as there is an ongoing risk surrounding further lockdowns or social distancing measures which could directly impact the Group's retail estate, the pandemic is still considered to meet the definition of an impairment trigger. The impairment review results in every cash-generating unit showing a sufficiency of future cashflows, so no impairment charge has been made. The minimum headroom on any cash-generating unit is £1.4m

Management has therefore completed an impairment review of the Group's estate, using each Retail Branch as a cash-generating unit. Recoverable amounts for cash-generating units are the higher of fair value less costs of disposal, and value in use. Future cashflow projections are based on the Group's internal forecasts and include modest ongoing performance improvement, including in the newest branches. The Group considers these cashflows to be reasonable and conservative. Management estimates the risk-adjusted discount rate using pre-tax rates that reflect the current market assessment of the time value of money.

The impairment review results in every cash-generating unit showing a sufficiency of future cashflows, so no impairment charge has been made. The Group has carried out sensitivity analysis on the impairment tests using various reasonably possible scenarios based on possible market movements. In particular the model is sensitive to the estimated discount rate applied. Applying a discount rate 3% higher than management's best estimate still does not result in the requirement for any impairment to be realised.

Significant judgements

IFRS 16 Lease term (note 15): The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Going concern status: The accounts have been prepared on a going concern basis. The Group underwent a period of closure following guidance given by the UK Government as a result of the Coronavirus pandemic, and additional stresses were placed on short term liquidity.

4. Critical accounting estimates and judgements continued

Significant judgements continued

A range of scenario modelling has been performed as part of the going concern status assessment, considering stressed levels of volume and margin over the going concern period. Further details are provided in the going concern section of this note.

5. Revenue

Revenue has been analysed between the sale of goods and the sale of services below.

	2021 £m	2020 £m
Revenue analysis		
Revenue from sale of motor vehicles	**687.5**	965.5
Revenue from motor related services and commissions	**29.0**	45.8
Revenue recognised that was included in deferred income at the beginning of the year – Sale of motor vehicles	**1.7**	3.3
Revenue recognised that was included in deferred income at the beginning of the year – Motor related services and commissions	**3.0**	2.0
Revenue recognised that was included in the contract liability balance at the beginning of the year – Extended guarantee income	**0.2**	1.4
Total revenue	**721.4**	1,018.0

The Group recognises the following contract liabilities:

	2021 £m	2020 £m
Contract liabilities		
Unearned proportion of extended guarantee income[1]	**–**	0.2
	–	0.2

1 Contract liabilities are vehicle extended guarantees where the Group is contractually responsible for future claims and are accounted for by deferring the guarantee income received, along with direct selling costs, and then releasing the income on a straight line basis over the remaining life of the guarantee. Costs in relation to servicing the extended guarantee income are expensed to the statement of comprehensive income as incurred. The Group has not sold any of these policies in the current or prior year but continues to release income in relation to legacy sales.

The Group recognises the following accrued income balances:

	2021 £m	2020 £m
Accrued income		
Commissions[1]	**0.4**	0.1
	0.4	0.1

1 Accrued income relates to commissions earned from finance companies received the following month.

The Group recognises the following deferred income balances within accruals and deferred income:

	2021 £m	2020 £m
Deferred income		
Vehicles invoiced not collected	**3.3**	1.7
Commissions received not earned	**3.0**	3.0
Total deferred income	**6.3**	4.7

6. Operating profit

Analysed as:

Operating profit include the effect of charging/(crediting):	2021 £m	2020 £m
Inventory recognised as expense	**654.9**	928.0
Movement in provision against inventory	**0.2**	(0.2)
Employee benefit expense (note 8)	**25.6**	28.8
Depreciation of property, plant and equipment (note 14) and right-of-use assets (note 15)	**5.7**	5.0
Expense on short term and low value leases	**0.2**	0.2
Loss on disposal of property, plant and equipment	**0.1**	0.1

Total expenses comprise:	2021 £m	2020 £m
Cost of sales	**658.9**	939.1
Operating expenses:		
Selling and distribution expenses	**13.9**	16.4
Administrative expenses	**36.0**	40.2
Total expenses	**708.8**	995.7

Receipts associated with the Job Retention Scheme of £3.9m (FY20: £0.3m) have been recognised in employee benefit expenses. All receipts from the Job Retention Scheme have been paid in full to staff on furlough.

7. Auditor's remuneration:

	2021 £'000	2020 £'000
Auditor's remuneration:		
Fees payable for the audit of the parent Company and consolidated financial statements	**174**	125
Fees payable for the audit of the Company's subsidiaries	**15**	19
Audit-related assurance services[1]	**–**	22
Total	**189**	166

1 Audit-related assurance services comprise fees payable to the Group's auditor for carrying out a review of the Group's interim results in accordance with International Standard on Review Engagements (UK and Ireland) 2410.

8. Employees and Directors

The aggregate employee benefit expenses were as follows:

	2021 £m	2020 £m
Employee benefit expenses:		
Wages and salaries	**22.1**	25.7
Social security costs	**2.7**	2.6
Other pension costs	**0.6**	0.6
Share-based compensation charge (note 31)	**0.2**	(0.1)
	25.6	28.8

Receipts associated with the Job Retention Scheme of £3.9m (FY20: £0.3m) have been recognised in employee benefit expenses. All receipts from the Job Retention Scheme have been paid in full to staff on furlough.

The average monthly number of employees (including Directors but excluding third-party contractors) employed by the Group was as follows:

	2021 No.	2020 No.
Average number of people employed:		
Sales and operations	**517**	508
Administration and support	**252**	254
	769	762

9. Directors' and key management remuneration

Key management has been identified as the Directors of Motorpoint Group Plc.

	2021 £m	2020 £m
Remuneration	**0.6**	0.9
Employer contributions paid to money purchase schemes	**–**	0.1
Benefits in kind	**–**	–
	0.6	1.0

During the year the number of key management who were receiving benefits was 2 (FY20: 2).

The table above includes both Executive and Non-executive Directors and excludes payments made to former Directors for loss of office.

James Gilmour ceased to be a Board Director on 24 August 2020 when he left the Company and received a payment of £0.1m for the period when he was placed on garden leave. Further information on Directors' remuneration for the Directors of Motorpoint Group Plc is included in the Remuneration Committee Report on page 66.

In respect of the highest paid Director refer to page 66 of the Annual Report on Remuneration.

10. Finance expense

	2021 £m	2020 £m
Interest on bank borrowings	**0.2**	0.2
Interest on stocking finance facilities	**1.1**	1.7
Other interest payable	**1.6**	1.6
Total finance expense	**2.9**	3.5

11. Income tax expense

The tax charge in the statement of comprehensive income represents:

	2021 £m	2020 £m
Current tax:		
UK corporation tax	**2.0**	3.5
Adjustment in respect of prior years	**–**	(0.1)
Total current tax	**2.0**	3.4
Deferred tax:		
Origination and reversal of temporary differences	**0.1**	0.4
Impact of UK corporation tax rate change	**–**	(0.2)
Total deferred tax	**0.1**	0.2
Total tax charge in the statement of comprehensive income	**2.1**	3.6

Reconciliation of the total tax charge

The tax charge in the statement of comprehensive income in the year differs from (FY20: is consistent with) the charge which would result from the standard rate of corporation tax in the UK of 19% (FY20: 19%):

	2021 £m	2020 £m
Profit before taxation	**9.7**	18.8
Profit before taxation at the standard rate of corporation tax of 19% (FY20: 19%)	**1.8**	3.6
Tax effect of:		
– Fixed asset differences	**0.3**	0.2
– Expenses not deductible for tax purposes	**–**	0.1
– Adjustments to tax charge in respect of prior periods	**–**	(0.1)
– Adjustment to opening deferred tax	**–**	(0.2)
Tax charge in the statement of comprehensive income	**2.1**	3.6

A tax receivable balance of £1.7m (2020: £0.9m) is included within current assets as a result of the payments on account to HMRC exceeding the tax charge for the year.

Factors affecting current and future tax charges

In the Spring UK Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020 and so deferred tax balances have been measured at 19%. The UK Budget 2021 announcement on 3 March 2021 included measures to support economic recovery as a result of the Coronavirus pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023.

This will have a consequential effect on the Group's future tax charge. If this rate change had been substantively enacted at the current balance sheet date the deferred tax asset would have increased by £0.4m.

12. Earnings per share

Basic and diluted EPS are calculated by dividing the earnings attributable to equity shareholders by the weighted average number of Ordinary Shares during the year.

	2021	2020
Profit Attributable to Ordinary Shareholders (£m)	**7.6**	15.2
Weighted average number of Ordinary Shares in Issue ('000)	**90,190**	92,521
Basic EPS (pence)	**8.4**	16.4
Diluted weighted average number of Shares in Issue ('000)	**90,265**	92,577
Diluted EPS (pence)	**8.4**	16.4

The difference between the basic and diluted weighted average number of shares represents the dilutive effect of the FY19, FY20, FY21 SAYE schemes and the vested but not yet exercised options under the FY17 and FY18 PSP schemes. This is shown in the reconciliation below.

The shares for the PSP schemes for 2019 and 2020 and RSA for 2021 have performance criteria which have not been met so the options are not yet dilutive. There is a maximum of 1,214,031 additional options which have not been included in the dilutive calculation in relation to these schemes. Further information is included in note 31.

	2021	2020
Weighted average number of Ordinary Shares in Issue ('000)	**90,190**	92,521
Adjustment for share options ('000)	**75**	56
Weighted average number of Ordinary Shares for diluted earnings per share ('000)	**90,265**	92,577

13. Dividends

During the year the following dividends were paid:

	2021 £m	2020 £m
Final dividend for the year ended 31 March 2019	**–**	4.7
Interim dividend for the year ended 31 March 2020	**–**	2.3
Total	**–**	7.0

The Board has not proposed a final dividend (FY20: £Nil) for the year ended 31 March 2021.

14. Property, plant and equipment

	Land £m	Freehold property £m	Short term leasehold improvements £m	Plant and machinery £m	Fixtures and fittings £m	Office equipment £m	Work in progress £m	Total £m
Cost								
At 1 April 2019	1.7	–	6.4	1.2	1.1	2.7	2.5	15.6
Additions	4.5	3.6	0.8	0.3	0.2	0.4	2.5	12.3
Transfers	–	2.3	–	–	–	0.1	(2.4)	–
Disposals	–	–	–	–	–	–	(0.1)	(0.1)
At 31 March 2020	6.2	5.9	7.2	1.5	1.3	3.2	2.5	27.8
Additions	–	2.0	0.3	0.1	0.5	0.2	0.5	3.6
Transfers	–	2.2	0.1	–	–	–	(2.3)	-
Disposals	(0.9)	(3.4)	(0.4)	(0.1)	(0.1)	(0.3)	(0.2)	(5.4)
At 31 March 2021	5.3	6.7	7.2	1.5	1.7	3.1	0.5	26.0
Accumulated depreciation								
At 1 April 2019	–	–	3.4	0.9	0.8	2.2	–	7.3
Provided during the year	–	0.1	0.9	0.1	0.3	0.2	–	1.6
Disposals	–	–	–	–	–	–	–	–
At 31 March 2020	–	0.1	4.3	1.0	1.1	2.4	–	8.9
Provided during the year	–	0.3	0.9	0.2	0.1	0.4	–	1.9
Disposals	–	(0.1)	(0.4)	(0.1)	(0.1)	(0.2)	–	(0.9)
At 31 March 2021	–	0.3	4.8	1.1	1.1	2.6	–	9.9
Net book value								
At 31 March 2021	**5.3**	**6.4**	**2.4**	**0.4**	**0.6**	**0.5**	**0.5**	**16.1**
At 31 March 2020	6.2	5.8	2.9	0.5	0.2	0.8	2.5	18.9
At 31 March 2019	1.7	–	3.0	0.3	0.3	0.5	2.5	8.3

The depreciation expense of £1.9m (FY20: £1.6m) has been recorded in operating expenses.

15. Leases

The Group only acts as a lessee.

(a) Amounts recognised in the statement of financial position

The balance sheet shows the following amounts relating to leases:

	Land and buildings £m
Right-of-use assets	
Balance at 1 April 2019	42.6
Additions to right-of-use assets	2.4
Depreciation charge	(3.4)
Balance at 31 March 2020	**41.6**
Balance at 1 April 2020	41.6
Additions to right-of-use assets	5.8
Depreciation charge	(3.8)
Balance at 31 March 2021	**43.6**

	Land and buildings £m
Lease liabilities	
Balance at 1 April 2019	46.2
Additions to lease liabilities	2.2
Repayment of lease liabilities (including interest element)	(4.6)
Interest expense related to lease liabilities	1.6
Balance at 31 March 2020	45.4
Current	2.3
Non-current	43.1

Balance at 1 April 2020	**45.4**
Additions to lease liabilities	**7.5**
Repayment of lease liabilities (including interest element)	**(5.2)**
Interest expense related to lease liabilities	**1.6**
Balance at 31 March 2021	**49.3**
Current	**2.4**
Non-current	**46.9**

A maturity analysis of lease liabilities based on undiscounted gross cash flows as at 31 March 2021 is reported in the table below.

	2021 £m	2020 £m
Within one year	**5.4**	4.7
In the second to fifth years inclusive	**20.6**	18.3
After five years	**35.1**	35.4
Total minimum lease payments	**61.1**	58.4
Interest charges	**(11.8)**	(13.0)
Lease liability	**49.3**	45.4

(b) Amounts recognised in the statement of comprehensive income

The statement of comprehensive income shows the following amounts relating to leases:

	2021 £m	2020 £m
Depreciation charge of right-of-use assets		
Buildings	**3.8**	3.4
Finance expense		
Interest expense	**1.6**	1.6

The total cash outflow for leases held as right-of-use assets in FY21 was £5.2m (FY20: £4.6m).

An expense on short term and low value leases is also included of £0.2m (FY20: £0.2m).

(c) The Group's leasing activities and how these are accounted for

The Group leases various offices and retail branches. Rental contracts are typically made for fixed periods of three to 20 years, but may have extension options.

Lease terms are negotiated on an individual basis and contain a range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Where leases contain options to break, the Group has assumed that these are not exercised, unless there is reasonable certainty that the lease will be extended, and therefore the assumed duration for the liability is to the break point. Similarly, for any extension options, these have not been assumed to be utilised unless there is reasonable certainty.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

15. Leases continued

(c) The Group's leasing activities and how these are accounted for continued

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing; and
- makes adjustments specific to the lease where relevant.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight line basis.

There have been no lease payment breaks during the year.

16. Deferred tax assets

The movement in deferred taxation assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Other temporary differences	Accelerated capital allowances £m	Other timing differences £m	Total £m
At 1 April 2019	1.4	0.1	1.5
Charged to the statement of comprehensive income	(0.2)	–	(0.2)
At 31 March 2020	**1.2**	**0.1**	**1.3**
Charged to the statement of comprehensive income	(0.1)	–	(0.1)
At 31 March 2021	**1.1**	**0.1**	**1.2**

17. Inventories

	2021 £m	2020 £m
Finished goods: New and used vehicles for resale	**128.4**	111.8

The replacement cost of inventories is not considered to be materially different from the above values.

Provisions against inventory total £1.4m (FY20: £1.2m).

Inventory is pledged as security for the stocking finance facilities where funding has been drawn down on that inventory.

18. Trade and other receivables

Due within one year	**2021 £m**	2020 £m
Trade receivables[1]	**2.1**	3.0
Other receivables	**0.5**	1.0
VAT receivables	**3.7**	–
Prepayments	**1.0**	0.3
Accrued income[2]	**0.4**	0.1
	7.7	4.4

1 Trade receivables are non-interest bearing and generally have a term of less than seven days. Due to their short maturities, the fair value of current trade and other receivables approximates to their book value. Trade receivables represent amounts due from financial institutions on the financed element of vehicle sales to customers. The maximum exposure to credit risk is the carrying amount. The Group has no provisions against trade receivables (FY20: £Nil).

2 Accrued income relates to commissions earned from finance companies.

None of the Group's trade receivables or other receivables were past due or impaired (FY20: £Nil). Trade and other receivables are valued at their book value which is equivalent to fair value and all are in sterling.

19. Cash and cash equivalents

	2021 £m	2020 £m
Cash at bank and in hand	**6.0**	10.8

20. Borrowings

The Group's available borrowings consist of an unsecured loan facility provided by Santander UK PLC, split between £6.0m available as an overdraft and £14.0m available as a revolving credit facility. A further temporary 12 month £15.0m overdraft facility was agreed with Santander UK PLC in May 2020 to help support short term cash impacts, should it have been required during the pandemic. This additional facility was not used. The existing £20.0m facility expires in May 2024. As at the reporting date £Nil (FY20: £10.0m) was drawn down.

The finance charge for utilising the facility is dependent on the Group's borrowing ratios as well as the base rate of interest in effect. During the year ended 31 March 2021 interest was charged at 1.4% (FY20: 1.4%) per annum. The interest charged for the year of £0.2m (FY20: £0.2m) has been expensed as a finance cost.

Net debt reconciliation

	Borrowings £m	Leases £m	Sub-total £m	Cash £m	Total £m
Net debt as at 1 April 2019	–	(46.2)	(46.2)	13.8	(32.4)
Cash flows	(10.0)	3.0	(7.0)	(3.0)	(10.0)
New leases	–	(2.2)	(2.2)	–	(2.2)
Net debt as at 31 March 2020	(10.0)	(45.4)	(55.4)	10.8	(44.6)
Cash flows	10.0	3.6	13.6	(4.8)	8.8
New leases	–	(7.5)	(7.5)	–	(7.5)
Net debt as at 31 March 2021	0.0	(49.3)	(49.3)	6.0	(43.3)

21. Trade and other payables: amounts due within one year

	2021 £m	2020 £m
Trade payables		
– Trade creditors	**19.4**	10.6
– Stocking finance facilities[1]	**89.2**	86.1
Other taxes and social security		
– VAT payable	**–**	1.4
– PAYE/NI payable	**0.7**	0.8
Accruals and deferred income[2]	**16.4**	12.7
	125.7	111.6
Contract liabilities[3]	**–**	0.2
	125.7	111.8

1 Stocking finance facilities are provided from Black Horse Limited and Lombard North Central PLC. At 31 March 2021 the Group had £106m (FY20: £101m) of stocking finance facilities available of which £89.2m (FY20: £86.1m) was drawn.

The stocking finance facility with Black Horse Limited was renegotiated in May 2019 and all borrowings are secured against the vehicle which the stocking finance facility is drawn down against. During the year this facility was increased by £75.0m to £80.0m. The finance is repayable on the earlier of the sale of the respective vehicle or a latest date of between 90 and 150 days from date of drawdown of the facility amount. The repayment term was extended by 30 days for vehicles already on the scheme as at 18 March 2021. Since renegotiation the facility bears interest at the rate of 1% over Finance House Base Rate.

The stocking finance facility with Lombard North Central PLC was negotiated in March 2019 and all borrowings are secured against the vehicle which the stocking finance facility is drawn down against. The finance is repayable on the earlier of the sale of the respective vehicle or a latest date of between 90 and 120 days from date of drawdown of the facility amount. The repayment term was extended by 60 days for vehicles already on the scheme as at 4 February 2021. Since renegotiation the facility bears interest at the rate of 1.35% over Finance House Base Rate.

Interest expense in the year of £1.1m (FY20: £1.7m) has been recognised as a finance cost.

2 Included within accruals and deferred income is £3.3m (FY20: £1.7m) in relation to vehicles invoiced not collected at the reporting date and £3.0m (FY20: £3.0m) of commissions received in advance.

3 Contract liabilities are vehicle extended guarantees where the Group is contractually responsible for future claims and are accounted for by deferring the guarantee income received, along with direct selling costs, and then releasing the income on a straight line basis over the remaining life of the guarantee. Costs in relation to servicing the extended guarantee income are expensed to the statement of comprehensive income as incurred. The Group has not sold any of these policies in the current or prior period but continues to release income in relation to legacy sales.

Other than the stocking finance facilities payable, trade and other payables are all non-interest bearing.

Due to their short maturities, the fair value of current liabilities approximates to their book value and all are in sterling.

22. Provisions

	2021 £m Current	2021 £m Non-current	2021 £m Total	2020 £m Current	2020 £m Non-current	2020 £m Total
Make good provision[1]	**–**	**1.9**	**1.9**	–	1.9	1.9
Onerous lease[2]	**0.1**	**0.1**	**0.2**	0.2	0.2	0.4
	0.1	**2.0**	**2.1**	0.2	2.1	2.3

Movements in each class of provision during the financial year are set out below:

	2021 Make good provision[1]	2021 Onerous lease[2]	2021 Total	2020 Make good provision[1]	2020 Onerous lease[2]	2020 Total
Carrying amount at start of year	**1.9**	**0.4**	**2.3**	1.6	0.5	2.1
Charged/(credited) to statement of comprehensive income						
– additional provisions recognised	**–**	**–**	**–**	0.2	–	0.2
– unwinding of discount	**–**	**–**	**–**	0.1	–	0.1
Amounts used during the year	**–**	**(0.2)**	**(0.2)**	–	(0.1)	(0.1)
Carrying amount at end of year	**1.9**	**0.2**	**2.1**	1.9	0.4	2.3

1 Make good provision
Motorpoint Group Plc is required to restore the leased premises of its retail stores to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the cost of right-of-use assets and are amortised over the shorter of the term of the lease and the useful life of the assets.

The timing of the cash outflow relating to the make good provision is in line with the life of the relevant lease. The remaining term on existing leases ranges from 2 to 16 years with a weighted average of 11 years.

There is judgement associated with the potential cost of remediation of each property and estimated provisions have been based on the past experience of the Group.

2 Onerous leases
The Group operates across a number of locations and if there is clear indication that a property will no longer be used for its intended operation, a provision may be required based on an estimate of potential liabilities for periods of lease where the property will not be used at the end of the reporting period, to unwind over the remaining term of the lease. The onerous lease is likely to be utilised for a period of 5 years.

23. Financial instruments and risk management

The principal financial liabilities comprise inventory finance facilities, borrowings, and trade and other payables. The main purpose of these financial liabilities is to provide working capital funding for the Group. The main risks arising from financial liabilities are discussed further below. The principal financial assets comprise trade and other receivables, and cash at bank and in hand. The maximum exposure at the balance sheet date is the carrying value of the financial assets as disclosed in this note.

(a) Credit risk

The Group trades predominantly with retail customers. Sales to such customers are for cash and/or part exchange, often with finance provided by a selected panel of financial institutions. The majority of the Group's sales are thus for cash or the remittances of funds from financial institutions, which is achieved in a short period after the sale. As such the Group does not consider that it is exposed to credit risk from retail customers. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not considered to be significant. The maximum exposure is the carrying value amount as disclosed in this note. There is no significant concentration of credit risk within the Group. As a consequence, the Directors are satisfied that the Group's exposure to credit risk is acceptable.

With respect to credit risk arising from other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from the default of counterparties, with a maximum exposure equal to the carrying amount of these instruments. Default is defined as the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Counterparty credit risk is managed through the monitoring and active management of counterparty balances.

(b) Foreign exchange risk

The Group is not exposed to a significant foreign exchange risk. In FY20 and FY21 there were no purchases of inventory from the EU, or other overseas countries and no hedging contracts were entered into.

At 31 March 2021 if sterling had weakened/strengthened by 10% against the Euro, with all other variables held constant, the recalculated post-tax profit for the year would therefore have been unchanged (FY20: unchanged) as a result of foreign exchange losses/gains on the translation of euro-denominated trade payables.

(c) Funding and liquidity risk

The funding arrangements of the Group at the balance sheet date consisted primarily of the stocking finance facilities, trade and other payables, as well as an unsecured loan facility provided by Santander UK PLC, split between £6.0m available as an overdraft and £14.0m available as a revolving credit facility. A further temporary 12 month £15.0m overdraft facility was agreed with Santander UK PLC in May 2020 to help support short term cash impacts, should it have been required during the pandemic. Further information regarding these arrangements is included in note 20.

The Coronavirus pandemic has increased funding and liquidity risk as a result of a period of depressed trading. As set out in the Viability Statement on page 38, various scenarios have been modelled in response to the impact of Coronavirus, with particular focus on short term cash management.

In addition, in response to the pandemic, the Group took extensive actions to minimise the impact on short term cash flows; temporarily pausing all capital expenditure, furloughing team members, suspending the share buyback programme and reducing all non-essential spend.

The Group monitors its risk to a shortage of funds using a long term business plan that considers the maturity of all of its financial liabilities and the projected cash flows from operations. The Group aims to have sufficient committed borrowing facilities and operating cash flows to cover its core long term requirements.

The maturity table that follows details the contractual, undiscounted cash flows (both principal and interest) for 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. Interest payments have been calculated using the LIBOR rates at the period end, except where rates had already been contracted.

2021	**Within 180 days £m**	**Within 1 year £m**	**Between 1 and 2 years £m**	**Between 2 and 5 years £m**	**Over 5 years £m**	**Total £m**
Borrowings	**–**	**–**	**–**	**–**	**–**	**–**
Stocking finance facilities	**89.2**	**–**	**–**	**–**	**–**	**89.2**
Trade creditors and accruals	**29.5**	**–**	**–**	**–**	**–**	**29.5**
Lease liabilities	**2.7**	**2.7**	**5.4**	**15.2**	**35.1**	**61.1**
	121.4	**2.7**	**5.4**	**15.2**	**35.1**	**179.8**

2020	Within 180 days £m	Within 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m	Total £m
Borrowings	10.0	–	–	–	–	10.0
Stocking finance facilities	86.1	–	–	–	–	86.1
Trade creditors and accruals	18.6	–	–	–	–	18.6
Lease liabilities[1]	2.3	2.4	4.7	13.6	35.4	58.4
	117.0	2.4	4.7	13.6	35.4	173.1

1 The prior year comparative table has been restated to include the lease liabilities maturity analysis.

(d) Capital market risk

The Group is subject to capital market risk, primarily in relation to changes in interest rates.

The Group's interest-bearing financial liabilities are analysed as follows:

	2021			2020		
	Floating £m	**Fixed £m**	**Total £m**	Floating £m	Fixed £m	Total £m
Sterling denominated	**89.2**	**–**	**89.2**	96.1	–	96.1
Total	**89.2**	**–**	**89.2**	96.1	–	96.1

At 31 March 2021 and 2020 the floating rate financial liabilities comprise stocking finance facilities that bear interest at rates based on Finance House Base Rate and a revolving credit facility which bears interest based on the LIBOR rate.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, to the Group's results before tax. The Group's equity would be impacted by this amount less tax at the prevailing rate.

	Increase/ decrease in basis points	**2021 £m**	2020 £m
Sterling	+50	**(0.4)**	(0.5)
Sterling	-50	**0.4**	0.5

23. Financial instruments and risk management continued

(e) Capital management

The Group's objective when managing capital is to ensure adequate working capital for all operating activities and liquidity, including a comfortable headroom to take advantage of shorter term opportunities, or to weather short term shocks. Secondly the Group aims to operate an efficient capital structure to achieve the business plan and return excess cash to shareholders. For these purposes the Group considers capital to be shareholders' equity, borrowings and stocking finance facilities.

The Group funds its inventory and other working capital through trade creditors, stocking finance facilities, as well as an unsecured loan facility provided by Santander UK PLC, split between £6.0m available as an overdraft and £14.0m available as a revolving credit facility. A further temporary 12 month £15.0m overdraft facility was agreed with Santander UK PLC in May 2020 to help support short term cash impacts, should it have been required during the pandemic. Further information regarding these arrangements is included in note 20.

There are certain covenants relating to a maximum debt to equity and interest rate cover in respect of the Group consolidated financial statements. The Group reviews covenant compliance on a monthly basis, both retrospectively and prospectively. As discussed more in note 2 and 4, in a stressed scenario, involving future branch closures, it is possible the Group would need to negotiate changes to the banking covenants but this is not considered plausible in the scenarios modelled.

At 31 March 2021 the Group had undrawn stocking finance facilities of approximately £16.8m (FY20: £14.9m) and undrawn credit facilities of £35.0m (FY20: £10.0m) split between £6m available as an overdraft, £14.0m available as a revolving credit facility and a temporary 12 month £15.0m uncommitted overdraft facility.

(f) Fair value estimation

The Group has no financial assets or liabilities carried at fair value.

(g) Financial instruments by category

The Group's financial assets are all measured at amortised cost.

2021	Carrying value £m
Trade receivables	**2.1**
Other receivables	**0.5**
Accrued income	**0.4**
	3.0

2020	Carrying value £m
Trade receivables	3.0
Other receivables	1.0
Accrued income	0.1
	4.1

The Group's liabilities are classified as follows:

2021	Other financial liabilities at amortised cost £m	Liabilities not within the scope of IFRS 9 £m	Total £m
Borrowings	–	–	–
Trade creditors	**19.4**	–	**19.4**
Stocking finance facilities	**89.2**	–	**89.2**
Other taxes and social security	–	**0.7**	**0.7**
Lease liabilities	**49.3**	–	**49.3**
Accruals	**10.1**	–	**10.1**
	168.0	**0.7**	**168.7**

2020	Other financial liabilities at amortised cost £m	Liabilities not within the scope of IFRS 9 £m	Total £m
Borrowings	10.0	–	10.0
Trade creditors	10.6	–	10.6
Stocking finance facilities	86.1	–	86.1
Other taxes and social security	–	2.2	2.2
Lease liabilities	45.4	–	45.4
Accruals	8.0	–	8.0
Contract liabilities	–	0.2	0.2
	160.1	2.4	162.5

Fair value hierarchy

Financial instruments carried at fair value are required to be measured by reference to the following levels:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group has no financial instruments carried at fair value.

(h) Credit quality of financial assets

As disclosed in note 18 the Group has no financial assets that are past due or impaired. The Group's financial assets represent balances due from a selected panel of financial institutions that provide finance to the Group's retail customers and cash and cash equivalents held with banks. The Group has banking arrangements in place with Barclays Bank plc, Santander UK plc and Lloyds Bank plc, which have a Fitch credit rating of A+, A- and A+ respectively. The Group does not obtain credit ratings for its customers. Due to their short maturities the expected credit loss on financial assets is estimated at £Nil.

24. Post-employment benefit obligations

The Group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Group to the scheme and is disclosed in note 8. Contributions totalling £0.1m (FY20: £0.1m) were payable to the scheme at the end of the year and are included in accruals.

25. Share capital

	2021		2020	
	Number '000	**Amount £m**	Number '000	Amount £m
Allotted, called up and fully paid Ordinary Shares of 1p each				
Balance at the beginning of the year	**90,190**	**0.9**	96,166	1.0
Bought back and held as treasury shares during the year[1]	–	–	(5)	–
Released from treasury to satisfy employee share plan obligations[1]	–	–	5	–
Bought back and cancelled during the year[1]	–	–	(5,976)	(0.1)
Balance at the end of the year	**90,190**	**0.9**	90,190	0.9

1 Share buyback
During FY20 the Company purchased 5,981,000 Ordinary Shares on-market for £13.1m in order to reduce the share capital of the Company and return funds to shareholders who sell their shares. There has been no share buyback during FY21.

Since the commencement of the current share buyback programme in 2019 as at 31 March 2021, 615,000 shares have been bought back and cancelled representing 0.7% of the issued Ordinary Shares, at a cost of £1.8m.

There are currently no shares held in treasury for use to satisfy employee share plan obligations.

The Group does not have a limited amount of authorised capital.

26. Capital redemption reserve

The capital redemption reserve represents the purchase by the Group of its own shares and comprises the amount by which distributable profits were reduced on these transactions in accordance with s733 of the Companies Act 2006. £Nil (FY20: £0.1m) was transferred into the capital redemption reserve during the year in respect of shares purchased by the Group and subsequently cancelled.

27. Capital reorganisation reserve

The capital reorganisation reserve represents the capital reduction in the nominal value of shares in Motorpoint Group Limited (re-registered as Motorpoint Group Plc on 10 May 2016) from £1 to 1p.

28. EBT reserve

The EBT has an independent trustee and has been set up to satisfy awards which are exercised in accordance with the terms of the various share-based schemes detailed in Note 31.

At 31 March 2021 the EBT held 34,841 ordinary shares of 1p each in the Group, the market value of which amounted to £0.1m. Details of outstanding share awards and options are shown in Note 31.

The consideration paid for the ordinary shares of 1p each in the Group held by the EBT at 31 March 2021 and 31 March 2020 has been shown as an EBT reserve and presented within equity for the Group. All other assets, liabilities, income and costs of the EBT have been incorporated into the accounts of the Group.

The table below shows the movements in equity from EBT transactions during the year:

	2021	
	Number '000	Amount £m
Shared purchased by EBT in the year	**183,494**	**0.4**
Shares issued in respect of employee share schemes	**165,093**	**0.3**

Proceeds of £0.3m were received on the exercise of share-based payments. The weighted average cost of shares issued by the EBT was £0.3m.

Subsequent to the year end employee share options over 6,721 shares had been exercised and had been satisfied by ordinary shares issued by the EBT.

29. Other commitments

Capital commitments

The Group had capital commitments of £Nil at 31 March 2021 (FY20: £Nil).

30. Cash flow from operating activities

	2021 £m	2020 £m
Profit for the year attributable to equity shareholders	**7.6**	15.2
Adjustments for:		
Taxation charge	**2.1**	3.6
Finance costs	**2.9**	3.5
Operating profit	**12.6**	22.3
Share-based payments	**0.2**	(0.1)
Loss on disposal of property, plant and equipment and right-of-use assets	**0.1**	0.1
Depreciation charge	**5.7**	5.0
Cash flow from operations before movements in working capital	**18.6**	27.3
(Increase) / Decrease in inventory	**(16.6)**	4.4
(Increase) / Decrease in trade and other receivables	**(3.3)**	8.6
Increase / (Decrease) in trade and other payables	**13.7**	(7.1)
Cash flow from operating activities	**12.4**	33.2

31. Share-based compensation

Share options are granted to Senior Executives and other individuals throughout the organisation. The Group currently operates three share schemes and these are the Performance Share Plan ('PSP'), the Share Incentive Plan ('SIP') and the Save As You Earn ('SAYE') schemes. During the year the Restricted Shares Award ('RSA') was introduced which operates under the rules of the PSP scheme.

The total charge in the year relating to the three schemes including associated national insurance ('NI') charges was £0.2m (FY20: £0.1m credit).

NI is being accrued, where applicable, at a rate of 13.8% which management expects to be the prevailing rate when the awards are exercised, based on the share price at the reporting date. NI for the year ended 31 March 2021 relating to all awards was a charge of £Nil (FY19: £Nil).

Share Incentive Plan

The Group operates a SIP under which an award was made available to all eligible employees following admission to the London Stock Exchange in May 2016.

Performance Share Plan

The Group operates a Performance Share Plan for Executive Directors and certain key senior managers.

Restricted Share Award ('RSA')

Restricted shares differ from performance shares in a way that the grant level is scaled back significantly, but the vesting of the shares is not subject to specific future conditions (other than a performance underpin).

SAYE scheme

The Group operates a SAYE scheme for all employees under which employees are invited to subscribe for options over the Company's shares at an exercise price representing a 10% discount to the closing mid-market price the day before the invitation date.

Plan	Grant date	Vesting date	Lapse date	Settlement type	Number of shares granted	Fair value at grant date[5] £	Exercise price £	Performance criteria
SIP	27-Jun-16	27-Jun-19	N/A	equity-settled	194,023	1.877	Nil	No
SIP[1]	22-Dec-17	22-Dec-20	N/A	cash-settled	118,716	1.877	Nil	No
FY17 PSP	23-Jun-16	22-Jun-19	23-Jun-26	equity-settled	596,659	2.300	Nil	Yes
FY18 PSP	21-Jul-17	21-Jul-20	21-Jul-27	equity-settled	830,267	1.385	Nil	Yes
FY19 PSP[2]	20-Jul-18	1-Apr-21	20-Jul-28	equity-settled	323,303	2.420	Nil	Yes
FY20 PSP (A)[2]	22-Jul-19	22-Jul-21	22-Jul-29	equity-settled	203,620	2.204	Nil	Yes
FY20 PSP (B)[3]	22-Jul-19	22-Jul-22	22-Jul-29	equity-settled	412,022	2.204	Nil	Yes
FY21 RSA (A)[4]	24-Aug-20	24-Aug-23	24-Aug-30	equity-settled	199,333	2.480	Nil	Yes
FY21 RSA (B)[4]	24-Aug-20	24-Aug-23	24-Aug-30	equity-settled	37,877	2.480	Nil	Yes
FY21 RSA (C)[4]	24-Aug-20	24-Aug-24	24-Aug-30	equity-settled	18,938	2.447	Nil	Yes
FY21 RSA (D)[4]	24-Aug-20	24-Aug-25	24-Aug-30	equity-settled	18,938	2.336	Nil	Yes
SAYE17	27-Dec-16	1-Feb-20	1-Aug-20	equity-settled	770,041	0.320	1.12	No
SAYE18	27-Dec-17	1-Feb-21	1-Aug-21	equity-settled	417,765	0.490	1.77	No
SAYE19	21-Dec-18	1-Feb-22	1-Aug-22	equity-settled	283,012	0.500	1.89	No
SAYE20	23-Dec-19	1-Feb-23	1-Aug-23	equity-settled	222,040	0.890	2.30	No
SAYE21	23-Dec-20	1-Feb-24	1-Aug-24	equity-settled	259,001	0.940	2.77	No
					4,905,555			

1 Awards under the SIP cash-settled plan vested and were exercised during the year resulting in a total of £0.2m cash payment to the eligible participants.
2 The current assumption of non-vesting conditions reduces the fair value to zero at the balance sheet date.
3 The current assumption of non-vesting conditions reduces the fair value to 51% of the fair value at grant date.
4 The current assumption of non-vesting conditions reduces the fair value to 73% of the fair value at grant date.
5 The fair value at grant date as disclosed above is prior to applying an assumption for the number of shares not expected to vest due to participants leaving the scheme.

	SIP		SAYE		PSP		RSA		**2021**		2020	
	FY21	FY20	FY21	FY20	FY21	FY20	FY21	FY20	**Weighted average exercise price £**	**Number of options**	Weighted average exercise price £	Number of options
Outstanding at 1 April FY	63,045	149,168	581,604	1,058,273	1,459,519	1,522,841	–	–	**0.55**	**2,104,168**	0.66	2,730,282
Awarded	–	–	259,001	222,040	–	615,642	275,086	–	**1.34**	**534,087**	0.61	837,682
Forfeited / lapsed	–	(3,690)	(120,628)	(274,962)	(483,490)	(678,964)	(6,908)	–	**(0.41)**	**(611,026)**	(0.07)	(957,616)
Exercised	(7,872)	(82,433)	(133,493)	(423,747)	(13,668)	–	–	–	**(1.53)**	**(155,033)**	(0.94)	(506,180)
Outstanding at 31 March FY	55,173	63,045	586,484	581,604	962,361	1,459,519	268,178	–	**0.74**	**1,872,196**	0.55	2,104,168
Exercisable at 31 March FY	55,173	63,045	37,655	18,947	23,416	12,221	–	–	**0.57**	**116,244**	0.87	94,213

The assumptions used in the measurement of the fair value at grant dates of the SAYE scheme are as follows.

	Share price at grant date £	Expected volatility %	Option life years	Risk-free rate %	Dividend yield %	Non-vesting condition %	Fair value per option £
23 December 2020	2.81	51.7	3.0	2.5	1.29	27.1	0.94
23 December 2019	2.89	37.5	3.0	2.5	3.00	27.1	0.89
21 December 2018	2.04	34.5	3.0	2.5	2.85	27.1	0.50
27 December 2017	1.97	34.3	3.0	2.5	2.85	27.1	0.49
27 December 2016	1.28	33.0	3.0	2.5	3.10	27.1	0.32

The maximum subscription offered is £3,600 (equivalent to £100 per month over the 36 month saving period). Contributions from salary are made into a savings account and on maturity participants can exercise their option to buy shares at the discounted rate with their saved contributions or have the funds returned to them.

31. Share-based compensation continued

Expected volatility is estimated by considering historic average share price volatility of Motorpoint Group Plc share price at the grant date, unless there was no significant history, resulting in volatility being based on the historic share price movement of a selection of comparative companies. The requirement that an employee has to save in order to purchase shares under the SAYE is a non-vesting condition. This feature has been incorporated into the fair value at grant date by applying a discount to the valuation obtained from the Black-Scholes pricing model.

	FY21 SAYE		FY20 SAYE		FY19 SAYE		FY18 SAYE	
	Number	**Option exercise price £**	Number	Option exercise price £	Number	Option exercise price £	Number	Option exercise price £
Outstanding at 1 April 2020	**–**	**–**	209,385	2.300	187,595	1.890	184,624	1.773
Awarded	**259,001**	**2.772**	–	–	–	–	–	–
Forfeited	**(10,709)**	**–**	(43,805)	–	(45,786)	–	(20,328)	–
Vested / early exercise	**–**	**–**	(1,358)	–	(5,494)	–	(126,641)	–
Outstanding at 31 March 2021	**248,292**	**–**	164,222	–	136,315	–	37,655	–

The total charge in the year, included in administrative expenses, in relation to these awards was £0.1m (FY20: £Nil).

Payments of £0.9m were made during FY20 to acquire shares for an employee benefit trust to satisfy the share plan obligations of the SAYE 2017 scheme. This scheme was ultimately cash settled to employees as a result of conditions at the time of vesting. The scheme has fully vested and therefore the full reserve of £0.9m has been transferred to equity during the period.

The weighted average remaining contractual life of the outstanding share options based on the relevant vesting date as at the year end is 1.4 years (2020: 1.4 years).

32. Transactions and balances with related parties

There were no transactions with related parties other than Directors and key management. Their remuneration including share-based payment as detailed in note 9 to the Financial Statements and their beneficiary owned shares are detailed in the Remuneration Committee Report on page 69.

	Note	2021 £m	2020 £m
Assets			
Non-current assets			
Investments	4	**101.3**	101.1
Total non-current assets		**101.3**	101.1
Total assets		**101.3**	101.1
Liabilities			
Current liabilities			
Creditors: amounts falling due within 1 year	5	**(46.4)**	(46.3)
Total current liabilities		**(46.4)**	(46.3)
Net current liabilities		**(46.4)**	(46.3)
Total liabilities		**(46.4)**	(46.3)
Net assets		**54.9**	54.8
Equity			
Called up share capital	7	**0.9**	0.9
Capital redemption reserve	8	**0.1**	0.1
Retained earnings			
At 1 April 2020 and 2019		**53.8**	74.8
Buyback and cancellation of shares	7	**–**	(13.1)
(Loss) / Result for the year		**(0.1)**	–
Share-based payments		**0.2**	(0.9)
Dividends	9	**–**	(7.0)
		53.9	53.8
Total equity		**54.9**	54.8

The notes on pages 113 to 116 are an integral part of these financial statements.

The financial statements on pages 111 to 116 were approved by the Board of Directors on 16 June 2021 and were signed on its behalf by:

M Carpenter
Chief Executive Officer

C Morgan
Chief Financial Officer

Motorpoint Group Plc

Registered number 10119755

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021

	Note	Called up share capital £m	Capital redemption reserve £m	Retained earnings £m	Total equity £m
At 1 April 2019		1.0	–	74.8	75.8
Result for the year		–	–	–	–
Transactions with owners in their capacity as owners:					
Share-based payments		–	–	(0.9)	(0.9)
Buyback and cancellation of shares	7	(0.1)	0.1	(13.1)	(13.1)
Final dividend for the year ended 31 March 2019	9	–	–	(4.7)	(4.7)
Interim dividend for the year ended 31 March 2020	9	–	–	(2.3)	(2.3)
		(0.1)	0.1	(21.0)	(21.0)
At 31 March 2020		0.9	0.1	53.8	54.8
Loss for the year		–	–	(0.1)	(0.1)
Transactions with owners in their capacity as owners:					
Share-based payments		–	–	0.2	0.2
		–	–	0.2	0.2
Balance at 31 March 2021		0.9	0.1	53.9	54.9

1. Summary of significant accounting policies

Motorpoint Group Plc (the Company) is incorporated and domiciled in the United Kingdom under the Companies Act 2006.

The Company is a public company limited by shares and is listed on the London Stock Exchange; the address of the registered office is Chartwell Drive, West Meadows Industrial Estate, Derby, England, United Kingdom, DE21 6BZ. The principal activity of the Company is to provide the services of the Directors to the Group and that of a holding company.

(a) Basis of preparation

These Company financial statements for the year ended 31 March 2021 have been prepared in accordance with United Kingdom accounting standards including FRS 102 and the Companies Act 2006. These financial statements are prepared on a going concern basis, under the historical cost convention. The accounting policies have been consistently applied to all the years presented, unless otherwise stated.

The Directors of the Company are also Directors of Motorpoint Group Plc and have used the going concern principle on the basis that the current profitable financial projections and facilities of the consolidated Group will continue in operation for a period not less than 12 months from the date of this report. The Company is in a net current liability position; however as Motorpoint Limited is a wholly owned subsidiary of the Company, those outstanding balances will not be settled unless the Company has the means to repay. For further details of the going concern status of the Group see page 88.

The Company financial statements have been prepared in sterling which is the functional and presentational currency of the Company and have been presented in round £m.

As permitted under section 408 of the Companies Act 2006 an entity profit and loss is not included as part of the published consolidated financial statements of Motorpoint Group Plc.

(b) Critical accounting judgements

The preparation of the financial statements requires management to exercise its judgement in the process of applying the Group and Company accounting policies. The areas involving a higher degree of judgement or complexity are disclosed in note 4 to the consolidated financial statements. The judgement involved in assessing the going concern of the Group are relevant for the Company financial statements.

(c) Investment in subsidiaries

Investments in subsidiaries are held at cost, less any provision for impairment. Annually, the Directors consider whether any events or circumstances have occurred that could indicate that the carrying amount of fixed asset investments may not be recoverable. If such circumstances do exist, a full impairment review is undertaken to establish whether the carrying amounts exceed the higher of net realisable value or value in use. If this is the case, an impairment charge is recorded to reduce the carrying value of the related investment. Where equity-settled share-based compensation is granted to the employees of subsidiary companies, the fair value of the award is treated as a capital contribution by the Company and investments in subsidiaries are adjusted to reflect this capital contribution.

(d) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

(e) Financial instruments

The Company is applying sections 11 and 12 of FRS 102 in respect of the recognition and measurement of financial instruments. Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument.

The Company classifies financial instruments, or their component parts, on initial recognition as financial assets, financial liabilities or equity instruments according to the substance of the contractual arrangements entered into.

(f) Financial equity

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded as the proceeds received, net of direct issue costs.

(g) Financial liabilities

Financial liabilities are classified on initial recognition as either other financial liabilities measured at amortised cost or at fair value through profit or loss.

(h) Share capital

Ordinary Shares are classified as equity. Costs incurred in issuing equity are deducted from the equity instrument.

(i) Employee benefits

(i) Pensions

The Group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Group. The annual contributions are charged in the statement of comprehensive income in the year in which they become payable in accordance with the rules of the scheme.

1. Summary of significant accounting policies continued

(i) Employee benefits continued

(ii) Other employee benefits

The Group recognises an expense for other short-term employee benefits, primarily holiday pay and employee commissions and bonuses on an accruals basis.

(iii) Share-based compensation

Equity-settled share-based compensation to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The estimate is measured using the Black-Scholes pricing model and excludes the effect of non-market based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 31 of the Group's financial statements.

The fair value determined at the grant date of the equity-settled share-based compensation is expensed on a straight line basis over the vesting period, based on the Group's estimates of equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in the statement of comprehensive income such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to equity reserves.

SAYE share options granted to employees are treated as cancelled when employees cease to contribute to the scheme. This results in accelerated recognition of the expenses that would have arisen over the remainder of the original vesting period.

Cash-settled share-based compensation to employees and others providing similar services is measured at the fair value of the equity instruments at the grant date. A liability is recognised at the current fair value determined at each balance sheet date and at settlement.

(j) Exemptions for qualifying entities under FRS 102

FRS 102 allows certain disclosure exemptions. The Company has taken the exemptions under FRS 102 paragraphs 1.12 (b), (d) and (e) from including the preparation of a cash flow statement and disclosure in relation to share-based compensation and key management compensation, since equivalent disclosures are included in the consolidated financial statements of the Group headed by Motorpoint Group Plc.

2. Auditor's remuneration

	2021 £'000	2020 £'000
Auditor's remuneration:		
Fees payable for the audit	174	125
Fees payable for the audit of the Company's subsidiaries	15	19
Audit-related assurance services[1]	–	22
Total	189	166

1 Audit-related assurance services comprise fees payable to the Group's auditor for carrying out a review of the Group's interim results in accordance with International Standard on Review Engagements (UK and Ireland) 2410.

3. Employees and Directors

The Company has no employees other than Directors (FY20: none). Full details of the Directors' remuneration and interests are set out in the Remuneration Committee Report on pages 66 to 69.

There were no transactions with related parties other than Directors and key management remuneration including share-based payment as detailed in note 9 to the consolidated financial statements. The shares beneficiary owned by the Directors of the Company are detailed in the Remuneration Committee Report on page 69.

4. Investments

	2021 £m	2020 £m
At 1 April	101.1	100.9
Share-based payment charge	0.2	0.2
At 31 March	101.3	101.1

At 31 March 2021 the Company had the following 100% owned subsidiary companies all of whom are registered in England and Wales. Motorpoint Limited is the only direct subsidiary.

Subsidiary undertaking	Registered address	Principal activity	Registered number
Motorpoint Limited	Chartwell Drive, West Meadows Industrial Estate, Derby, England, DE21 6BZ	Motor vehicle retail	03482801
Chartwell Leasing Limited[1]	80 Mount Street, Nottingham, England, NG1 6HH	Dormant	04100916
Auction 4 Cars Limited[1]	Chartwell Drive, West Meadows Industrial Estate, Derby, England, DE21 6BZ	Dormant	09603690
Motorpoint Group Plc Employee Benefit Trust[2]	12 Castle Street, Jersey, JE2 3RT	Employee benefit scheme	Not applicable

1 These subsidiary undertakings are entitled to exemptions under sections 476 and 480 of the Companies Act 2006 relating to dormant companies. Dormant company accounts have been filed for both of these entities.

2 The EBT is consolidated in the financial statements of the Group on the basis that the Company has control as detailed in note 2 to the consolidated financial statements.

5. Creditors: amounts falling due within 1 year

	2021 £m	2020 £m
Bank loans and overdrafts	–	10.0
Amounts owed to Group undertakings	46.4	36.3
	46.4	46.3

Amounts due to Group undertakings are repayable on demand, unsecured and non-interest bearing. See note 10 for further details on borrowings.

6. Financial instruments

Financial instruments utilised by the Company during the year ended 31 March 2021 may be analysed as follows:

	2021 £m	2020 £m
Financial liabilities measured at amortised cost	46.4	46.3
	46.4	46.3

Financial instruments included within current assets and liabilities (excluding cash) are generally short term in nature and accordingly their fair values approximate to their book values.

The Company's financial liabilities are repayable on demand and therefore their fair value is equal to their book value.

7. Called up share capital

	2021		2020	
	Number '000	Amount £m	Number '000	Amount £m
Allotted, called up and fully paid Ordinary Shares of 1p each				
Balance at the beginning of the year	90,190	0.9	96,166	1.0
Bought back and held as treasury shares during the year[1]	–	–	(5)	–
Released from treasury to satisfy employee share plan obligations	–	–	5	–
Bought back and cancelled during the year[1]	–	–	(5,976)	(0.1)
	90,190	0.9	90,190	0.9

1 During FY20 the Company purchased 5,981,000 Ordinary Shares on-market for £13.1m in order to reduce the share capital of the Company and return funds to shareholders who sell their shares. There has been no share buyback during FY21.

Since the commencement of the current share buyback programme in 2019 as at 31 March 2021, 615,000 shares have been bought back and cancelled representing 0.7% of the issued Ordinary Shares, at a cost of £1.8m.

There are currently no shares held in treasury for use to satisfy employee share plan obligations.

The Company does not have a limited amount of authorised capital.

8. Capital redemption reserve

The capital redemption reserve represents the purchase by the Company of its own shares and comprises the amount by which distributable profits were reduced on these transactions in accordance with s733 of the Companies Act 2006. £Nil (FY20: £0.1m) was transferred into the capital redemption reserve during the year in respect of shares purchased by the Company and subsequently cancelled.

9. Dividends

During the year no dividends were paid:

	2021 £m	2020 £m
Final dividend for the year ended 31 March 2019	–	4.7
Interim dividend for the year ended 31 March 2020	–	2.3
Total dividends	–	7.0

The Board has not proposed a final dividend (FY20: Nil) for the year ended 31 March 2021.

10. Borrowings

The Company's available borrowings consist of an unsecured loan facility provided by Santander UK PLC, split between £6.0m available as an overdraft and £14.0m available as a revolving credit facility. A further temporary 12 month £15.0m overdraft facility was agreed with Santander UK PLC in May 2020 to help support short term cash impacts, should it have been required during the pandemic. This additional facility was not used. The existing £20.0m facility expires in May 2024. As at the reporting date £Nil (FY20: £10.0m) was drawn down.

The finance charge for utilising the facility is dependent on the Group's borrowing ratios as well as the base rate of interest in effect. During the year ended 31 March 2021 interest was charged at 1.4% (FY20: 1.4%) per annum. The interest charged for the year of £0.1m (FY20: £0.2m) has been expensed as a finance cost.

11. Commitments and contingencies

Capital commitments

The Company had nil capital commitments at 31 March 2021 (FY20: £Nil).

Contingencies

There are no disputes with any third parties that would result in a material liability for the Company.

The Company acts as guarantor over the Group's £80.0m (FY20: £75.0m) stocking finance facility with Black Horse Limited.

12. Related parties

During the year, a management charge of £0.8m (FY20: £0.8m) was received from Motorpoint Limited in respect of services rendered.

In addition, a £10.0m repayment of the revolving credit facility was repaid by Motorpoint Limited on behalf of the Company.

During the year Motorpoint Limited paid interest of £0.2m (2020: £0.2m) on behalf of the Company.

On behalf of Motorpoint Group PLC, Motorpoint Limited paid Directors' salaries and fees of £0.9m (FY20: £1.0m) during the year and has recharged this to Motorpoint Group Plc.

At the year end the balance outstanding due to Motorpoint Limited totalled £46.4m (FY20: £36.3m).

The Company grants share awards to employees of Motorpoint Limited as detailed in note 31 to the consolidated financial statements. As a result, a share based-payment charge of £0.2m (2020: £0.9m) as disclosed in the Company's Statement of Equity with a corresponding increase in Investments.

Introduction

We assess the performance of the Group using a variety of alternative performance measures that are not defined under IFRS and are therefore termed non-GAAP measures. The non-GAAP measures we use are: adjusted operating profit; adjusted PBT; adjusted EBITDA, adjusted EPS; GP/adjusted overheads ratio; operating cash conversion; and EBITDA. The rationale for using these measures, along with a reconciliation from the nearest measures prepared in accordance with IFRS, is presented below.

The APMs we use may not be directly comparable with similarly titled measures used by other companies.

Adjusted operating profit, adjusted PBT and adjusted EBITDA

In addition to measuring financial performance of the Group based on operating profit, we also measure performance based on adjusted operating profit, adjusted PBT and adjusted EBITDA. We consider adjusted PBT, adjusted Operating Profit and adjusted EBITDA to be useful measures of our operating performance because they approximate the underlying profitability by eliminating exceptional items and so reflect a better understanding of the ongoing profitability.

In the current and prior year there were no exceptional items.

Adjusted EPS

We also measure financial performance based on adjusted EPS. This measure excludes exceptional items from the GAAP EPS calculations.

In the current and prior year there were no exceptional items.

GP/adjusted overheads ratio

We also measure financial performance based on our gross profit/adjusted overheads ratio. The calculation of this measure is as follows:

Year ended 31 March	2021 £m	2020 £m
Gross profit	62.5	78.9
Adjusted overheads	(49.9)	(56.6)
Gross profit / adjusted overheads	125.3%	139.4%

In the current and prior year adjusted overheads is equal to operating expenses as a result of there being no exceptional items.

Operating cash conversion

We also measure financial performance based on operating cash conversion. The calculation of this measure is as follows:

Year ended 31 March	2021 £m	2020 £m
Cash generated from operations	12.4	33.2
Operating profit	12.6	22.3
Cash generated from operations / operating profit	98.4%	148.9%

EBITDA

Year ended 31 March	2021 £m	2020 £m
Profit before tax	9.7	18.8
Finance expense	2.9	3.5
Depreciation	5.7	5.0
Amortisation	-	-
EBITDA	18.3	27.3

GLOSSARY

Term	Meaning
Adjusted basic Earnings per Share	Earnings attributable to equity shareholders adjusted for Exceptional Items/weighted average number of ordinary shares during the year
Adjusted EBITDA	Earnings Before Finance Expense, Tax, Depreciation and Amortisation adjusted for Exceptional Items
Adjusted diluted Earnings per Share	Earnings attributable to equity shareholders adjusted for Exceptionals/weighted average number of ordinary shares during the year adjusted for dilutive share options
Adjusted Operating Costs	Operating Expenses before Exceptionals
Adjusted Operating Profit	Operating Profit before Exceptionals
Adjusted Overheads	Operating Expenses before Exceptionals
Adjusted PBT	Profit Before Tax before Exceptionals
AGM	Annual General Meeting
APM	Alternative Performance Measure
CAGR	Compound Annual Growth Rate
Capital Employed	Average of the opening and closing position of the year for Net Assets adjusted for related party balances and legacy EBT liability
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CJRS	Coronavirus Job Retention Scheme
DEFRA	Department for Environment, Food and Rural Affairs
DTR	Disclosure Guidance and Transparency Rules
EBITDA	Earnings Before Finance Expense, Tax, Depreciation and Amortisation
EBT	Employee Benefit Trust
EPS	Earnings per Share
ESG	Environmental, Social and Governance
FCA	Financial Conduct Authority
FRC	Financial Reporting Council
FTE	Full Time Equivalent
GAAP	Generally Accepted Accounting Practice
GP	Gross Profit
GP/Adjusted Overheads	Gross Profit/Operating Costs before Exceptionals
HMRC	HM Revenue and Customs
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
INED	Independent Non executive Director
IPO	Initial Public Offering
LIBOR	London Interbank Offered Rate
LTIP	Long Term Incentive Plan
NBS	New Bridge Street
NED	Non executive Director
NI	National Insurance
NPS	Net Promoter Score
OEM	Original Equipment Manufacturer
Operating Cash Conversion	Cash generated from operations/operating profit
PBT	Profit Before Tax
PCI	Payment Card Industry
PCP	Personal Contract Purchase
PSP	Performance Share Plan
PwC	PricewaterhouseCoopers LLP
ROCE	Return On Capital Employed, being Operating Profit/Capital Employed
SAYE	Save As You Earn
SECR	Streamlined Energy and Carbon Reporting
SID	Senior Independent Non executive Director
SIP	Share Incentive Plan
Structural Debt	Debt excluding stock finance facilities
VED	Vehicle Excise Duty

Registered office
Motorpoint
Chartwell Drive
West Meadows Industrial Estate
Derby DE21 6BZ
United Kingdom

Company number
10119755

Company secretary
Chris Morgan

Joint stock brokers
Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London EC4M 7LT

Shore Capital Stockbrokers Limited
Bond Street House
14 Clifford Street
London W1S 4JU

Share listing
MOTR.L 1 pence Ordinary Shares are listed on the London Stock Exchange and are the only class of shares in issue

Independent Auditor
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Pegasus Business Park
Herald Way
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Legal advisers
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Registrar
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Financial PR
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Tel: +44 20 3727 1000

Bankers
Santander UK Plc
2 Clumber Street
Nottingham NG1 3GA

Financial calendar

27 July 2021	Annual General Meeting
Early October 2021	Half Year Trading Update
25 November 2021	Interim Results Announcement

Financial PR
Chris Morgan
Motorpoint
Chartwell Drive
West Meadows Industrial Estate
Derby DE21 6BZ

Shareholder enquiries

Our registrars will be pleased to deal with any questions regarding your shareholdings on 0371 664 0300 (calls are charged at the standard geographic rate and will vary by provider) or email enquiries@linkgroup.co.uk. Alternatively, you can access www.signalshares.com where you can view and manage all aspects of your shareholding securely including electronic communications, account enquiries or address amendments.

Investor relations website

The investor relations section of our website, www.motorpointplc.com, provides further information for anyone interested in Motorpoint. In addition to the Annual Report and Accounts and share price, Company announcements including the full year results announcements are also published there.

Cautionary note regarding forward-looking statements

Certain statements made in this Report are forward-looking statements. Such statements are based on current expectations and assumptions and are subject to a number of risks and uncertainties that could cause actual events or results to differ materially from any expected future events or results expressed or implied in these forward-looking statements. They appear in a number of places throughout this Report and include statements regarding the intentions, beliefs or current expectations of the Directors concerning, amongst other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the business. Persons receiving this Report should not place undue reliance on forward-looking statements. Unless otherwise required by applicable laws, regulations or accounting standards, Motorpoint Group Plc does not undertake to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

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