Motorpoint Group Plc
Annual Report and Accounts 2020

MOTORPOINT

Choice. Value. Service.

‘Car buying made easy’

As the UK’s largest independent vehicle retailer we’re here to make car buying easy and hassle-free. We’re a warm and welcoming brand, that has always strived to be the Car Buyers’ Champion – we offer unrivalled Choice, Value and Service across our retail sites and online.

Motorpoint sells nearly-new vehicles, most of which are up to two years old and have covered fewer than 15,000 miles. We sell vehicles from all of the biggest brands, with our bestsellers including models from Ford, Vauxhall, Volkswagen, Nissan, Hyundai, Audi, BMW and Mercedes-Benz.

We operate from **13 retail sites** across Great Britain, supported by a central contact centre which deals with digital and telephone enquiries. We offer nationwide Home Delivery, in branch sales and online Reserve & Collect, with contactless collections.

Our **Auction4Cars.com**, a business to business digital auction platform, allows an efficient and quick route for sale of part-exchange vehicles which do not fall into our nearly-new retail criteria.

Strategic Report

Governance

Financial Statements

FY20 Highlights

Cash generated from operations

2020	£33.2m
2019 (restated)	£28.7m

Operating cash conversion[1]

2020	148.9%
2019	112.5%

Basic Earnings per Share

2020	16.4p
2019 (restated)	18.1p

Total dividend per share
(2.6p interim plus no recommended final dividend)

2020	2.6p
2019	7.5p

Profit before taxation

2020	£18.8m
2019 (restated)	£22.2m

1. The Group uses a variety of APMs that are not defined under IFRS to assess its performance. We have included rational for this alongside a reconciliation to the nearest measure prepared in accordance with IFRS.
See page 114 for more information

Operational/strategic highlights

- Dedicated 10-acre South Preparation Centre opened in Peterborough and fully operational.
- Successful launch of our 13th retail site, in Swansea, our first sales-only site launch.
- Net Promoter Score ("NPS") for the year of 81%, up from 78% in FY19.
- Record rate of repeat customers, increasing to 30.4% of total customers, up from 30.2% in FY19.
- Obtained Platinum Trusted Service rating from Feefo for FY20, having been Gold rated for the three prior years.
- Awarded 'Sunday Times Top 100 Best Companies To Work For', our sixth consecutive year in the top 100.
- £20.1m returned to shareholders through a combination of share buyback and dividend.

'The UK's largest independent vehicle retailer'

‘The Car Buyers’ Champion’

Our vision is to be the Car Buyers’ Champion by offering unrivalled Choice, Value and Service.

13

We trade from 13 UK retail sites

Nationwide

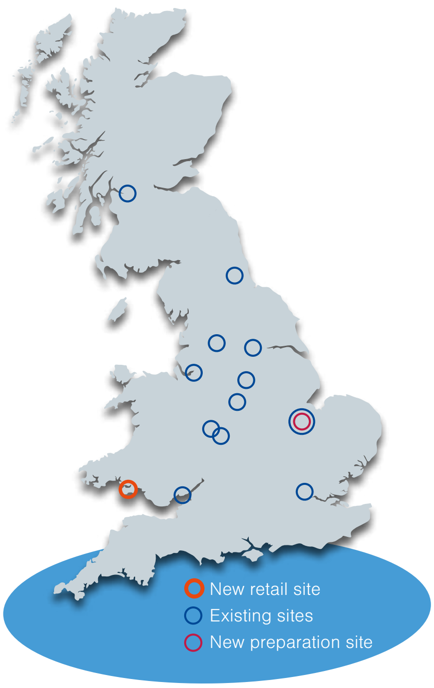
Home Delivery available across the UK

Nearly new

We’re a nearly new car specialist with the majority of our cars under two years old and covering fewer than 15,000 miles

Preparation

Dedicated South Preparation Centre in Peterborough



Car Buyers’ Champion

We achieve this through our focus on our breadth of stock, data driven approach to ensuring our pricing is keen and continued focus on innovation and delivering outstanding customer service. 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.

Our retail overview

Our aim today is exactly the same as when we opened our doors in 1998, which is to provide customers with the lowest prices on a huge selection of low mileage nearly new cars. We constantly innovate to deliver outstanding customer service; the foundation for our record levels of repeat customers. We operate from 13 retail sites across Great Britain, supported by a central contact centre which deals with digital and telephone enquiries.

Our retail website

We constantly innovate to deliver outstanding service online also and we have now launched nationwide Home Delivery with free collection returns within 7 days, if customers are not happy with a purchase for any reason. Our website allows us to maintain a convenient and reliable user experience as customer preferences evolve. We have also launched ‘Reserve & Collect’ for customers who would like to reserve a vehicle online and then come in person for a contactless collection at one of our branches.

Our business to business overview

Our Auction4Cars.com, a business-to-business digital auction platform, allows an efficient and quick route for sale of part-exchange vehicles which do not fall into our nearly new retail criteria, with over 9,000 registered trade users.

Introducing Home Delivery

Towards the end of FY20 we successfully piloted our Home Delivery offering and were pleased with how this was received by customers. The rollout was temporarily delayed by COVID-19 lockdown restrictions, but following revisions to Government guidance we were able to fully launch Home Delivery nationwide after the year end. This new service allows us to reach our customers who may not have previously considered Motorpoint due to the distance from their nearest branch, or customers who simply prefer to complete the whole buying process from the comfort of their home and have the vehicle delivered directly to them.

Contactless collections

Our vehicle handover process has been adapted to adhere to social distancing guidelines and reduce contact between customers and our team. Our newly developed online order management portal allows customers to complete all documentation requirements online, eliminating any need for face-to-face contact.

“Over 2,000 Home Deliveries made.”

30.4%

of FY20 Sales from repeat customers

‘What does this mean?’

Our loyal and engaged team deliver ever-increasing rates of customer satisfaction and retention with award-winning service.

What this means for our customers

Choice

A broad range of vehicles always available, from all volume manufacturers and across a spectrum of price points. Customers can choose to reserve online, buy at any one of our 13 sites (which includes contactless purchase) or opt for nationwide Home Delivery.

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 site 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 sites. Convenience-led initiatives, such as Same Day Driveaway, Home Delivery, Contactless Collections and a range of financing and ancillary products available. Part-exchanges are competitively priced and managed through Auction4Cars.com.

What this means for our people

- For the sixth year running we were named in the ‘Sunday Times 100 Best Companies To Work For’
- Motorpoint Minimum Wage commitment means all of our team members earn at least the Real Living Wage
- Staff discount on car purchases and Sharesave schemes are available
- Our values driven culture ensures industry leading staff retention rates

What this means for our investors

Gross profit (£m)

Gross profit reduced year on year primarily as a result of the impact of Coronavirus in the final month of the year.

Dividends per share (p)

No 2020 final dividend proposed, in light of the current environment and uncertainty.

Basic EPS (p)

Basic EPS fell to 16.4p (FY19 restated: 18.1p).

+60%

of management recruited from within Motorpoint

“Drive away happy”

Get award-winning service before and after you buy

'Taking positive action'

Motorpoint has delivered a resilient trading performance for the year, against a backdrop of challenging customer confidence, ongoing political uncertainty and more latterly the COVID-19 outbreak.

Mark Carpenter
Chief Executive Officer

"We continued our site expansion programme and started trading from our new location in Swansea, West Wales."

Overview

These unprecedented times had a marked impact on the profit for the year, which ended with all locations closed until further notice in response to Government advice.

In this consumer environment of caution and insecurity, we have welcomed back more repeat customers than ever before, achieved new record levels of customer satisfaction, and continued the development of our outstanding team.

The year has been one of shaping the business for the long-term with several key appointments to the senior team in Operations, IT and Marketing to provide agility in our strategic execution. The preparation of vehicles has been one area where great progress has been made with better processes and operational rhythm joining to see significant reductions in the time taken to prepare a vehicle.

We continued our expansion programme and started trading from our new location in Swansea, West Wales and also secured two further sites in Glasgow and in Stockton-on-Tees. Swansea is our first location which does not prepare its own vehicles and this model has been replicated in several existing sites to create a 'hub and spoke' preparation model.

Our operating model begins with our team

Our operating model of how our key stakeholders interact is well understood by our team and is covered in detail with every new starter when they attend our induction programme. 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 team have an opportunity to ask open questions and understand key decisions in their interaction with our Senior Leadership Team, who each host Team Forums at each site, 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 team, customer or operational challenges.

The learning and development of our team are vital to the future success of our business. During the year our new Learning and Development platform was launched to the entire Company and allows individual learning journeys to be created, logged and reviewed. This allows each team member the opportunity to learn at their own pace and also reduced the need to travel for learning.

We believe the happiness of our team is directly correlated to our customer satisfaction and the team's engagement can be enhanced by giving something back to the team. Our 'One Big Dream' initiative has been a huge success with our team using two paid hours per month for their fulfilment. We have had some fantastic examples of our team using this time to follow their dreams, whether it be to attend a class or watch a school production. I'm proud of the breadth of team engagement enterprises that Motorpoint patrons.

Since 2017 we have ensured a minimum pay rate that is in line with the Real Living Wage and we launched our fourth SAYE scheme offering the opportunity to become a Motorpoint shareholder to our entire team. I'm delighted to see the rewards of this scheme 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 Companies To Work For is something that provides an opportunity for our team to provide valuable feedback on their engagement levels and where we can heighten these further. This year was no exception and great insight was provided by the team and I'm honoured that we again achieved the Top 100 status. This is the sixth consecutive year we have placed in the Top 100 and is testament to the hard work of our management team in listening and acting on our team's feedback.

Customers

Our highly engaged team continued to deliver our leading proposition of Choice, Value and Service to our loyal customers during the year. We have an unerring focus on customer satisfaction and that leads to strong repeat and referral business with over 60% of customers purchasing from us because they have bought from us before or have been recommended to do so by a friend or family member. 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 and Service:

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 a car supermarket, predicated on working to a high volume and keeping our cost base modest. This allows us to pass on the savings to 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 rate across all cars from December 2018. Our Value proposition may be come increasingly appealing in the event of continued downturn in economic circumstances.

Service – service is what will ultimately set us apart in the market. We measure ourselves primarily using Net Promotor Score ("NPS") – on this measure we have improved again, finishing the year on an extraordinary 81%, up from 78% last year. 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 has become one of a select number of businesses to be included in the brand new Platinum category in recognition for achieving three consecutive years of Feefo Gold Trusted Service status. We're absolutely delighted to have become one of the first companies in the UK to achieve the new Platinum Service Status from Feefo. It is all the more satisfying as this award recognises and rewards the hard work put in by every member of the team at Motorpoint to deliver a truly industry-leading customer experience.

The right culture to succeed

Our Vision

To be the Car Buyers' Champion by offering unrivalled Choice, Value and Service.

Our Core Values

- Proud
- Supportive
- Happy
- Honest

See page 28 for more information

"I am confident our flexible, low cost business model will prevail in such times and our focus is on continuing to offer our award-winning blend of Choice, Value and Service."

Financial strength

Despite a challenging end to the year we have closed with a positive cash position and headroom within both stocking facilities and the revolving credit facility. Operating cash conversion for the year was 148.9%[1]. The period of site closure in the final month of the year resulted in FY20 ending with a reduced cash position of £10.8m offset by £10.0m short-term debt.

Despite the downwards movement in the closing position we achieved a strong operational cash conversion, funding a substantial cash return to shareholders (£7.0m ordinary dividends plus £13.1m of share buyback) and significant capital investment in the newly opened Swansea site, two new sites acquired and due for development during FY21, as well as continued investment in our existing sites (total capital spend of £12.3m).

The improved gross margin of 7.8% was driven mainly by results in the second half of the year and reflects the particular focus on car preparation cost disciplines in the year and improved finance penetration, positioning us well for future growth and profitability. Operating expenses only increased modestly against the prior year reflecting increased investment in the Group IT infrastructure as well as the costs associated with setting up and launching the Swansea site and Peterborough preparation centre.

Over the period of temporary site closure, specific cost-reduction and cash management steps were taken, including a voluntary pay reduction by the Directors of at least 50%.

In July 2020, our Board of Directors recommended that no full year dividend be paid meaning the total dividend for the year was 2.60 pence per share declared after the first half. The dividend cover for the interim dividend was consistent with the prior years. The decision not to pay a final dividend reflects the Board's commitment to investing in the longevity of the Group, supporting its team members and ensuring that all stakeholders take a roll during this challenging time.

Current trading and outlook

The year ended in the midst of the COVID-19 lockdown and given this unprecedented event our outlook is coloured by this. Since the year end we have successfully rolled out additional sales routes for our customers, in line with the progression of Government advice, including Home Delivery, Reserve & Collect and most recently through sites re-opening. All of our channels support a fully contactless sales and collection experience and have been received very positively by customers.

We are pleased to report that trading volumes since our sites reopened in June have been better than anticipated and higher than the equivalent period last year with margins at least in line with seasonal norms. Despite this encouraging performance, we remain cautious about drawing any conclusions from our full year prospects given our sites have been open for a short period of time and significant uncertainty in relation to the impact of COVID-19 remains.

Notwithstanding the period of closure and reduced levels of trade, the Group balance sheet has improved since the year end with net cash levels increasing significantly.

Motorpoint is a business that has always adapted to economic events and whilst this is a health-induced economic event it will present both opportunities and challenges to our business. I am confident our flexible, low cost business model, backed by an outstanding team, will prevail in such times and our focus is on continuing to offer our award-winning blend of Choice, Value and Service.

Mark Carpenter
Chief Executive Officer
14 July 2020

1. APM See page 114 for more information

Market overview

‘We are well positioned to take market share’

The UK nearly new car market was significantly down in FY20, heavily impacted by COVID-19’s effects in March.

Car market

Motorpoint’s core proposition is the sale of nearly new cars, most of which are up to two years old and have covered fewer than 15,000 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. In FY20 we increased sales volumes of 0-2 year old cars and therefore gained share of a falling market.

Consumer confidence

For most of the year we note that consumer confidence metrics remained subdued, despite the economy enjoying very modest unemployment and inflationary pressures. We predicate our business model on being relevant in a breadth of economic conditions, and expect that our revenue decrease over FY20 is a short-term implication of the pandemic only. Whilst we are unable to predict the timeframes or extent of consumer’s recovery from the outbreak, we continue to believe that an environment where consumer confidence is unsettled will put increasing pressure on the weaker players in the market, but allow us to win market share through our focus on Choice, Value and Service.

‘Proudly independent’

We can open sites where we see opportunity, buy the stock that our customers are demanding and take pride in developing our people to deliver the Motorpoint values.

What makes us different

New sites 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 and can be moved to a customer’s local site for £99.

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 or controls. 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.

Customer channels

Retail sites
The retail sites contain showrooms, light vehicle preparation, storage and valet services, as well as administrative functions as appropriate. All sites offer café facilities. Locations are generally positioned for ease of access and are optimally located within a 30 minute drive of an appropriate population demographic. We have also enabled contactless purchasing, giving customers the option to complete their vehicle purchase online, come to site to ensure they’re satisfied with its condition, and drive away without having to shake hands with one of our friendly sales team members.

Retail website
We constantly innovate to deliver outstanding service online and we have now launched nationwide Home Delivery with returns collected for free within 7 days if customers are not happy with a purchase for any reason. Our website allows us to maintain a convenient and reliable user experience as customer preferences evolve. We have also launched ‘Reserve & Collect’ for customers who would like to choose and reserve a vehicle online and come in person to one of our branches to view or test before purchasing.

motorpoint.co.uk

Our Online Order Management Portal allows customers to complete all documentation requirements online, eliminating the need for face-to-face contact, enabling Home Delivery and speedy collections in branch.

Home delivery
Our customers can now 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 FY20, which went live on 1 May.

Part-exchanges
For part-exchanges falling outside of the Group’s nearly new criteria, Motorpoint operates Auction4Cars.com, a business-to-business online auction platform.

Operational support

Digital support

The website is supported by a dedicated national contact centre which handles email, phone and web chat enquiries. The contact centre will reserve vehicles for collection at a convenient retail site, arrange for transportation if required, value any part-exchange vehicle and offer finance and other related products.

Management support

We are focused on generating efficient returns for the business and the diligent and efficient employment of capital resources. Through a cost-effective opening and operating programme and a relentless drive on stock turn, management has been able to generate strong, recurring levels of return on capital employed.

Supported by our people and values

Our operating model is focused on putting the employee 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.

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 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 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 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.

'Strong trading and operational progress'

The Group's strong trading and operational progress over FY20 was overshadowed by the unprecedented impact of COVID-19 in the last few weeks of the financial year.

Mark Morris
Chairman

"I have been proud of and humbled by the team and the way that they have truly lived out the Motorpoint values."

Introduction

No part of the team has been spared from the impact, with the vast majority of the team being placed on furlough due to the temporary closure of our sites under Government guidance.

Throughout this crisis I have been proud of and humbled by the team and the way that they have truly lived out the Motorpoint values. It is testament to our team culture that so many individuals have pulled together and put family, friends and colleagues ahead of their own needs; whilst a streamlined team have been readying the business for re-opening.

Understandably, with Coronavirus adversely affecting trading ahead of the lockdown and then requiring closure of our sites partway through our biggest trading month, there has been a material adverse impact on our reported financial performance. However, I am very confident that with our robust financing structure and the attitude of our team the Group will bounce back with strength; and that we will be back on track with our strategy and performance, and will take any opportunities that present themselves.

The period of closure was used optimally to develop ways of working and systems that can support a safe return to working, and enable customers to continue to trade safely with us.

Performance

Over the first 11 months of the year the Group was tracking a performance ahead of FY19 and in line with management expectations. The Board's view was that the 5 months ended 29th February in particular had significant positive momentum and so expected to deliver a full year performance at, or slightly above, the top end of market profit expectations.

Against a turbulent political and consumer backdrop this was an outstanding performance, and reflects the raft of operational improvements delivered by the executive and leadership teams. In particular the business was back on course with the speed of stock turn, with the preparation processes streamlined and revised back-of-house team structures.

Market share statistics for the year, even including the significant disruption in March, saw the Group grow volume in its core 0-2 year market against a declining total market, thereby taking share.

Also of note was the launch of the Group's 13th site, in Swansea, which was Motorpoint's most successful new site launch. This opening has cemented a launch plan that will be the blueprint for future additional sites as we continue our path towards 20 UK sites.

Closing position

The year finished with the Group holding a net cash balance of £0.8m, despite eight days of site closure, and total cash returned to investors over the preceding 12 months of £20.1m. The speed with which cash was preserved in the second half of March again demonstrates the strength of the business not having forward purchasing commitments and a well controlled and adaptable cost base.

Capital expenditure for our freehold Swansea and South Preparation Centre sites remain on the balance sheet for now; though will be reviewed over the coming months to assess whether the market is appropriate to complete a sale & leaseback, consistent with the rest of the Group's property estate.

Dividend and buyback
At this time of disruption and uncertainty the Directors are not recommending a final dividend for FY20.

The Group's buyback programme, having now repurchased and cancelled a cumulative total of 10,004,138 shares, representing 10.0% of the share capital at the point of IPO, has been temporarily paused. This decision will be kept under regular review by the Board as the ongoing return of cash to shareholders remains the Board's expectation.

The year ahead
All of the Group's retail estate is now re-open and supported by the host of system and process improvements delivered over the year and in recent weeks. The strength of our e-commerce offering appears to be capitalising in the secular shift in customer preference to remote shopping with our Home Delivery fast approaching its 2000th customer in just over two months. The Group's cash position and available liquidity has been well managed, with the net cash position increasing materially as a result of trading levels after the balance sheet date. This leaves Motorpoint in an enviable position to either weather further short-term market disruption or to take advantage of tactical trading opportunities that emerge in the coming months.

I remain cautious of the external and macroeconomic environment, but believe that with our unique operating model and excellent and expanded Senior Leadership Team, Motorpoint is well placed to continue its market share growth and out performance of the competition.

Mark Morris
Chairman
14 July 2020

‘Operational choice’

We are not a franchise operation, so are free from the influence that the franchised dealers may feel from their manufacturer partners. This allows us to take market opportunities where available and operate without brand restriction.

Strategic pillar	How we performed this year	Our medium-term goals
Grow in our local markets	Despite the material impact of Coronavirus on the final month of the year, as well the impact of Brexit uncertainty on consumer confidence throughout the period, revenue fell by just (3.8)% against a record year in FY19 with most sites increasing volume year on year to February. Our most recent site opening was Swansea in January 2020, which now forms one of our ‘Developing’ cohort of sites opened within the last five years. Our sites have benefited from a deeper stock range, more competitive finance pricing, and increased investment in operational systems.	Our ‘Established’ sites continue to demonstrate the ability to take market share. Our ‘Developing’ sites have significant opportunity to grow to achieve the same success, and are still on a progression of building a repeat customer base. The opening of our new South Preparation Centre in August 2019, has released retail site space for further growth at the most physically space-constrained sites.
Grow online sales	Against a challenging trading backdrop and Coronavirus disruption, our online sales reduced against the prior year. In the period post year end we have seen a rebound in customer demand and online sales.	Launch of new customer initiatives throughout FY20 to support increased customer digital functionality, and ultimately to achieve customer self-service of all critical components of the car buying journey.
Open new sites	Swansea became our 13th site opening in January 2020. It has been our most successful new site launch to date, the learnings from which will be used to open sites 14 and 15 which were also acquired in the year.	Open an average of one new site per year, to a medium-term target of 20 sites.

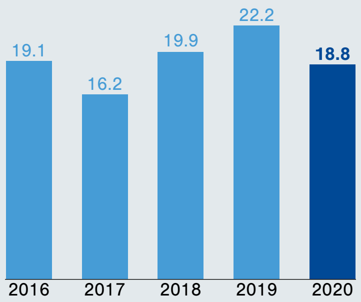
Key benefits of buying your next car from Motorpoint:

- Motorpoint Price Pledge
- Extensive Choice
- Great Value
- Award-Winning Service
- Same Day Driveaway
- Competitive Part-Exchange Prices
- Flexible Finance Options
- Reserve Online and Collect at Site
- Test Drives Readily Available
- Open Every Day (& until late weekdays)
- Home Delivery
- Contactless Collections
- Quality Standard

Financial KPIs

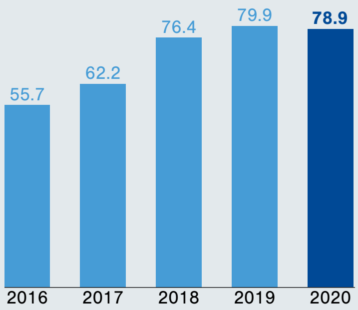
Adjusted PBT (Restated) (£m)[1]

Adjusted PBT dipped to £18.8m, falling by 15.3% against the restated FY19 result, as a result of Coronavirus.



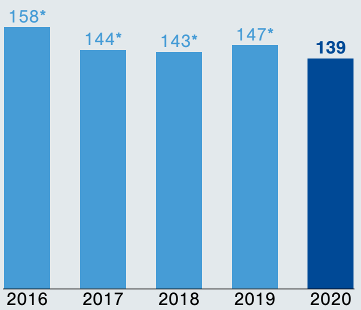
Gross profit (£m)

Gross Profit fell by 1.3% against revenue reductions of 3.8% with support from improved gross margins, up 0.3% to 7.8%, driven by strengthened disciplines in car preparation cost control and improved finance penetration.



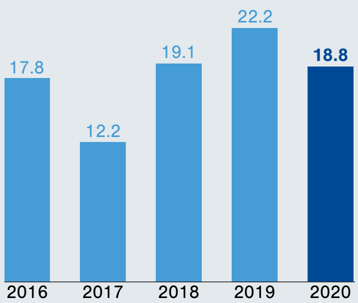
GP/Adjusted overheads (Restated) (%)[1]

We have opened 5 new sites in the last 5 years, with the improving contribution from these Developing sites supporting another improvement in GP/Adjusted Overheads (Restated).



PBT (Restated) (£m)

PBT moved consistently with adjusted PBT in the absence of any exceptional items.

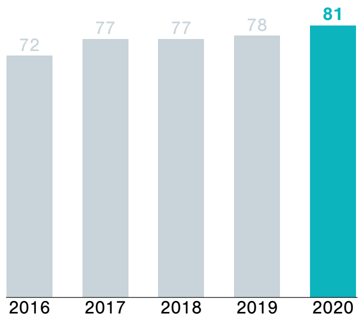


1. APM See page 114 for more information

Non-financial KPIs

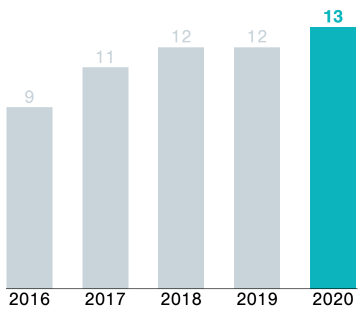
Net Promoter Score (%)

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



Number of sites as at 31 March

The Group opened its 13th retail site in Swansea in January 2020. Site 14 has been acquired and plans for its development are underway.



‘Growing our estate’

With the opening of our latest site in Swansea in January 2020, we continue to deliver on our medium-term ambition of 20 UK sites.

Expanding UK coverage

Our latest opening in Swansea is the first that we have opened as a retail-only operation, with all of its cars being prepared in our nearby Newport site. With the success of this launch we now have a template for the future opening of further retail-only sites.

In Peterborough we are now operating our dedicated 10-acre South Preparation Centre, currently serving our Peterborough and Chingford sites, but with capacity to further supply the South market.

See page 8 for more information

‘Developing Home Delivery’

We deliver our customer’s new car to their door.

Developing nationwide Home Delivery

Our Home Delivery service provides our customers with the opportunity to buy a new car and have it delivered safely to their home, at the lift of a finger.

We have been monitoring the Government’s guidelines regarding the delivery of vehicles during this period of social distancing, and have adapted our service accordingly to ensure the safety of both the delivery drivers and our customers.

“Not only was the whole process quick and easy but having your new car brought to your home is so convenient and at times like these, making such a difference in terms of helping to keep us all safe.”

Our 1,000th Home Delivery customer

‘Our stakeholders at the heart of our model’

Motorpoint has always recognised three priority stakeholders as demonstrated in our virtuous circle held at the heart of our culture: our Employees, our Customers and our Shareholders.

The Directors have looked at our stakeholder groups and in particular those key relationships which best promote our strategy and in turn the success of the Company. As such each of these stakeholder groups cohabit the Board’s focus and are considered in its decision-making.

The Board considers the following matters when issues are brought to it for debate and decision:

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

In order to understand the views of the stakeholders the Board has had direct engagement, reporting from senior managers and updates and Board papers prepared highlighting the relevant stakeholders’ interests to aid Board discussions.

Directors’ duties

Each member of the Board, individually and collectively as a Board, believes it is acting in good faith and seeking to make decisions which are most likely to promote the long term success of the Company for the benefit of its members as a whole, and has had regard to the matters set out in section 172(1)(a to f) of the Companies Act 2006.

Stakeholder	How we engage	Principal decisions
TEAM	Employees are the beating heart of Motorpoint. We conduct regular employee engagement surveys. Monthly team forums are held at each site which are regularly attended by the executive leadership team. Details of our employee engagement are on **pages 28 to 31**	The Board is happy with its team engagement and in its journey of continued improvement; we also appointed Mary McNamara as the workforce's designated NED. Mary has attended two site forums noting that feedback on team communications was good and there was a great buzz about Motorpoint's increasing appearance on TV.
COMMUNITY	Our employees care deeply about our communities and sites carry out local supporting activities. Each site enjoys embracing its local community and this is demonstrated by both charitable and community-based projects carried out at local branch level. Snippets of our community work are included on **pages 31 and 32**	Responsibility for considering the impact of new site openings sits with the Board. The successful launch of Motorpoint Swansea, site 13, demonstrates the Board's understanding of the business' operations on the community and environment.
CUSTOMERS	Our Choice, Value and Service proposition is reliant on having the right supplier partnerships to enable us to deliver to our customers. The way we interact with our customers leads to strong repeat and referral business with over 60% of customers purchasing from us as repeat customers because they have bought from us before or have been recommended to do so by a friend or family member. We seek direct feedback on a regular basis from our customers via NPS (81%), Feefo (Platinum rate) and Google reviews. Our Customer Care team are also on hand to listen and help on the telephone and by email.	The Board recognised the business' commitment to making car buying easy and was fully supportive of Motorpoint's Price Promise, testament to our confidence in the Value in buying a Motorpoint car.
PARTNERS	Strong partnerships and collaboration are key to Motorpoint's sustainability. All of our key suppliers, including lenders, are regularly consulted with and are on board with Motorpoint's journey. The board was regularly briefed on discussions with a key supplier for our vehicle transport and how with greater collaboration we continue to improve our vehicle preparation process. The CFO and Commercial Director manage the partnerships with our key lenders; our transparent relationship has allowed flexibility in lending terms showing valuable support from our lenders during the Coronavirus pandemic.	The Board annually reviews and approves Motorpoint's Anti-Slavery Policy to ensure safe-guarding against modern slavery. Our Anti-Slavery Statement is available online. Details of our Anti-Slavery Policy are on **page 34**
SHAREHOLDERS	This Annual Report and our AGM is our main form of engagement with our Shareholders. The Executives maintain regular dialogue with key institutional investors and after interim and year end results participate in roadshows. The Board is keen for Shareholders to engage at this year's AGM which is behind closed doors, by offering the ability to listen in to follow the progress of the meeting and raise any questions for the Directors, in advance of the meeting.	This year our Directors' Remuneration Policy is up for a binding shareholder vote at our next AGM. We have undertaken a detailed consultation with our major shareholders to canvass their views in order to propose a new policy which we are confident they will be supportive of. **See page 51** for our Remuneration Policy
REGULATORS	As a regulated credit broker our FCA permissions are integral to our business and therefore continued development of our practices in line with guidelines and best practice is essential. Motorpoint has various FCA permissions to carry on a range of regulated insurance and consumer credit activities. We regularly review FCA guidance and reviews to ensure our practices are in line with FCA requirements.	The Board continues to consider its position in the general insurance distribution chain and has been closely monitoring the appropriateness of its commission levels. **See page 26** for our FCA considerations

'Gross margins strengthened'

Strong operational improvements, particularly around vehicle preparation processes, contributed to an improved gross margin. This was delivered against a volatile backdrop of the ongoing EU referendum disruption and Coronavirus stalling consumer confidence.

James Gilmour
Chief Financial Officer

"Despite the unprecedented impact of COVID-19 late in the year, the balance sheet remains strong, and the flexibility of our cash flow controls have delivered a resilient liquidity position."

Full year revenue dropped by 3.8%, impacted heavily by the period of temporary closure late in the year. Gross profit quantum fell just 1.3%, partly sheltered from the revenue movement by improvements in both vehicle preparation cost control and improved vehicle margin in the second half.

Our key Gross Profit / Overheads metric reduced to 139.4% (FY19 restated: 146.9%) as an expected result of increased expenditure on both the new Swansea site and increased IT spend to add future trading functionality.

Operating Cash Conversion of 148.9% allowed £20.1m to be returned to shareholders through a combination of dividends and the share buyback programme.

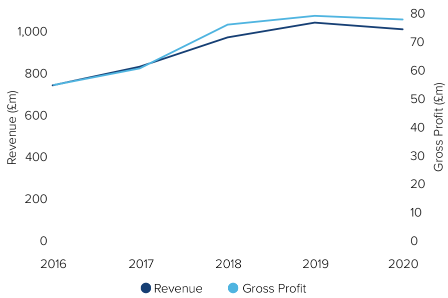
Revenue and gross profit

Revenue for the year dropped by 3.8% to £1,018.0m (FY19: £1,058.7m), delivered at the Group's retail site estate and via the dedicated online sales team. The retail site estate constitutes 12 locations that have been opened for more than one year, and the Swansea site which opened at the end of January 2020. The decrease in revenue is primarily due to the impact of Coronavirus on trade in the final month of the year.

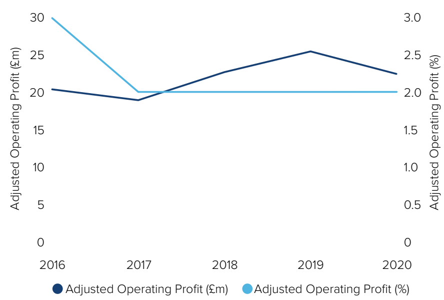
Gross margins for FY20 strengthened, to 7.8% (FY19: 7.5%), due mainly to improvements in operational processes associated with the pace of car preparation, as well as improved margins on trade car sales, which were both realised in the second half of the year. Finance penetration was also higher than in the prior year. Improved gross margins partially mitigated the impact of lower revenues resulting in gross profit quantum falling by just 1.3% to £78.9m (FY19: £79.9m).

The historic trends over the last five years for revenue, gross profit and operating profit are shown in the graphs right.

Revenue and gross profit over past 5 years



Adjusted operating profit over past 5 years[1]



1. APM **See page 114** for more information

Operating profit

Operating Profit for the year decreased by 12.5% to £22.3m (FY19 restated: £25.5m) significantly impacted by the period of temporary site closure towards the end of the year.

Operating Expenses remained tightly controlled, increasing by only 4.0% to £56.6m (FY19: £54.4m) despite the launch of the retail site in Swansea and the South Preparation Centre. The most significant cost elements were:

- **Team costs**
  Total team costs were flat year on year, with the strengthened leadership structure and increased team numbers from Swansea site opening being offset by process efficiencies across the business, particularly in the second half, as well as a reduction in costs relating to share based payments. March team costs were also lower than FY19 due to the period of temporary site closure and of the short period of furlough grant received.

- **Site costs**
  Prior year rates costs were lower as a result of business rates refunds through negotiating rates assessments for a number of sites. The non-recurrence of this item together with the rates and depreciation costs associated with the new Swansea site results in an increase in the overall site costs of £0.7m.

  Site costs in FY20 and comparative reflect the impact of IFRS16 and therefore include a depreciation charge against the right-of-use assets, rather than rental costs which were included before the adoption of this standard.

- **Other costs**
  Other Operating Expenses increased by £1.8m as a result of further resource applied to the IT platform to enable ongoing business growth, costs associated with setting up the new Swansea site and legal and professional costs.

The reconciliation from Operating Profit to Profit After Tax is shown below, no exceptional costs having been incurred in the current year or prior year.

Operating profit reconciliation

	FY20 £m	FY19 Restated £m
Operating Profit	**22.3**	25.5
Net Finance Cost	**(3.5)**	(3.3)
Profit Before Tax	**18.8**	22.2
Taxation	**(3.6)**	(4.5)
Profit After Tax	**15.2**	17.7

The net finance cost of £3.5m is the Group's interest costs, inclusive of implied interest on lease obligations included as a result of IFRS16, net of interest income.

During the year the Group increased the stocking facility with Lombard North Central PLC by £6m, taking the total Lombard North Central PLC facility to £26m, in addition to the existing £75m stocking facility with Black Horse Limited.

Total stocking finance facilities available therefore total £101.0m, of which £86.1m was drawn at 31 March 2020. £1.7m of interest cost was incurred during the year under these facilities, a year on year increase of £0.1m. The existing £20m facility with Santander UK PLC is split between £6m available as an overdraft and £14m available as a revolving credit facility. At 31 March 2020, £10m was drawn on this facility, to ensure operational liquidity over the year end period of disruption. The facility has been utilised at various points during the year with an interest cost in the year of £0.2m. The facility was extended during 2019 and is now available until May 2024.

After the balance sheet date, a further £15m overdraft facility was agreed with Santander UK PLC to help support working capital and potential short-term cash impacts from any market disruption in the coming months. This facility is repayable on demand.

Exceptional items

There have been no exceptional items in the period.

Taxation

The tax charge in the period is for the amounts 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 is consistent with the charge which would result from the standard rate of corporation tax in the UK of 19%.

Financial position

The financial position of the Group remains positive with net assets of £20.2m, down by £5.8m as a result of returns to shareholders during the period.

Financial position

	FY20 £m	FY19 Restated £m
ASSETS		
Non-current assets		
Property, plant and equipment	**18.9**	8.3
Right-of-use assets	**41.6**	42.6
Deferred tax assets	**1.3**	1.5
Total non-current assets	**61.8**	52.4
Current assets		
Inventories	**111.8**	116.2
Trade receivables	**3.0**	8.6
Other receivables	**1.0**	0.5
Prepayments	**0.3**	1.4
Accrued income	**0.1**	2.5
Current tax receivable	**0.9**	–
Cash and cash equivalents	**10.8**	13.8
Total current assets	**127.9**	143.0
Total Assets	**189.7**	195.4
LIABILITIES		
Current liabilities		
Borrowings	**(10.0)**	–
Trade creditors	**(10.6)**	(15.3)
Stocking finance facilities	**(86.1)**	(82.2)
Other taxes and social security	**(0.8)**	(0.8)
VAT payable	**(1.4)**	(0.9)
Accruals and deferred income	**(12.7)**	(18.2)
Lease liabilities	**(2.3)**	(1.2)
Deferred extended guarantee income	**(0.2)**	(1.4)
Provisions	**(0.2)**	(0.3)
Current tax liabilities	**–**	(2.1)
Current liabilities	**(124.3)**	(122.4)
Lease liabilities	**(43.1)**	(45.0)
Deferred extended guarantee over one year	**–**	(0.2)
Provisions	**(2.1)**	(1.8)
Total non-current liabilities	**(45.2)**	(47.0)
Total Liabilities	**(169.9)**	(169.4)
NET ASSETS	**20.2**	26.0

Capital expenditure in the year relates primarily to the acquisition of the Swansea site as well as two other sites which are planned for development over the coming years.

Stock levels have decreased by (3.8)% to £111.8m (FY19: £116.2m). Reductions are primarily the result of a temporary pause on all new car purchases circa three weeks before the year end which while aligned with the temporary closure of sites, means that deliveries after that point were not subsequently offset by further purchases. Stock provisions, calculated on a basis consistent with the prior year, are £1.2m (FY19: £1.4m). Post year end sales, and pricing indicators from the market, continue to support the current stock valuations.

Stocking finance facilities drawn at 31 March 2020 total £86.1m (FY19: £82.2m), there was unutilised headroom within these facilities of £14.9m (FY19: £12.8m).

The Group's banking facilities include a £20m facility provided by Santander UK PLC against which £10m was drawn as at the reporting date (FY19: £nil).

Trade receivables are amounts due in the short term from Motorpoint partner vehicle finance providers, the majority of these are paid on a next working day basis. The balance has decreased to £3.0m (FY19 restated: £8.6m) which is due to site closures in the two weeks before year end.

Prepayments are predominantly rent and rates for the retail sites. The prepayment has decreased by £1.1m to £0.3m (FY19: £1.4m) as a result of not making advanced rates payments due to taking advantage of the rates holiday granted by the UK Government for FY21.

Accrued income is rebates and commissions from vehicle suppliers and finance houses.

Trade and other payables include amounts owed to suppliers for vehicles and goods and services, amounts drawn under the stocking finance facility, as well as any amounts owed to employees for commissions and bonuses.

Deferred extended guarantees, both less than and over one year, are the extended guarantee products which were sold prior to Motorpoint receiving FCA regulated status in December 2016. These revenues are recognised over the period to which the guarantee relates, together with any associated direct costs, with such costs being prepaid. From 1 December 2016, Motorpoint ceased sale of the extended guarantee product as principal, replaced by the sale of a new extended warranty product which is fully underwritten with a third party insurer, with Motorpoint now acting as sales agent. As such any product net income is commission and so recognised at the point of sale. The recognition of the deferred revenue relating to the historical guarantee product, sold up to 30 November 2016, has been substantially released by the end of FY20.

Cash and cash equivalents of £10.8m (FY19: £13.8m) are solely amounts held on deposit account.

Borrowings of £10.0m (FY19: £nil) are drawings made under the revolving credit facility with Santander UK PLC.

Provisions relate to future dilapidation costs on all leased properties where properties have been adapted for use but will need to be returned to their original condition if leases are terminated. They also include obligations under onerous leases where there is a clear indication that a property will no longer be used for its intended operation.

Lease liabilities relate to the present value of lease payments on all rented properties. The total balance, including long and short-term elements, has decreased to £45.4m (FY19: £46.2m). The lease liabilities unwind each year unless extensions are negotiated.

Cash flow and working capital

The Group continues to be highly cash generative and achieved a positive working capital movement for the year, mainly due to improvements in stock processes. Cash and cash equivalents at the start of the year was £13.8m which reduced to £10.8m. In addition, the Group drew £10.0m of funds from the revolving credit facility. This £13m outflow is driven most noticeably by capital expenditure (£12.3m), share buyback (£13.1m) and dividends (£7.0m).

Cash flow

	FY20 £m	FY19 Restated £m
Cash flow from operations before movements in working capital	**27.2**	30.0
Net working capital movement	**6.0**	(1.3)
Cash flow from operations	**33.2**	28.7
Interest paid	**(3.5)**	(3.3)
Income tax paid	**(6.4)**	(4.5)
Net cash generated from operating activities	**23.3**	20.9
Cash flows from investing activities		
Purchases of property, plant and equipment	**(12.3)**	(4.2)
Net cash used in investing activities	**(12.3)**	(4.2)
Cash flows from financing activities		
Dividends	**(7.0)**	(6.9)
Payments to acquire own shares	**(13.1)**	(8.8)
Payments in respect of share-based payments	**(0.9)**	–
Repayment of leases	**(3.0)**	(2.8)
Proceeds from borrowings	**29.0**	–
Repayment of borrowings	**(19.0)**	–
Net cash used in financing activities	**(14.0)**	(18.5)
Net (decrease) / increase in cash and cash equivalents	**(3.0)**	(1.8)

Cash flow from operations is the cash generated from operations and adjusting for non-cash transactions. The increase in the year is predominantly driven by working capital control since the site closures in March 2020. Debtors have been reduced significantly during the closed period, with stock also reducing during this time offset by a fall in drawings under the stocking facilities.

Capital expenditure primarily includes the purchase and fit out of the Swansea site as well as the acquisition of two further plots planned for development in the coming years.

Liquidity

As at 31 March 2020 the Company had drawn £10.0m from the revolving credit facility, and had £10.8m held as cash on deposit accounts. The total borrowing facility available to the Group at 31 March 2020 was £20.0m meaning the Group had headroom of £20.8m.

The Group furloughed all site-based employees during March 2020 as well as the majority of head office staff, as well as ceasing expenditure on new car purchases, preparation and most marketing activity to reduce cash outflows into the early part of FY21.

The Group has also taken advantage of rates holidays offered by local councils as well as claiming through the Coronavirus Job Retention Scheme.

The Group has complied with all banking covenants throughout the period.

In order to add additional liquidity an additional overdraft facility was entered in May 2020 with Santander UK PLC for £15m. This facility not only provides additional short-term liquidity, it also allows the Group to adopt a strong reopening strategy if required and will allow the Group to get back to its ambitious growth plans as quickly as possible, and potentially help cope with any further extended, mandated closures.

In an extended closure period scenario, the additional liquidity allows the Group to continue to ensure the welfare of its employees and suppliers during a challenging time.

Dividend

In July 2020 the Board proposed not to pay a final dividend in respect of FY20 in light of the economic uncertainty.

Share buyback

Our latest share buyback programme was announced in November 2019, for which we announced our intention to buyback up to a further £10m worth of our shares in the following 12 months.

Whilst the programme was temporarily paused during the COVID-19 outbreak, its purpose continues to be to reduce the share capital of the Company and returning funds to shareholders. We will review the recommencements of the programme when it is prudent to do so.

Earnings per share

Earnings per Share for the period are shown below.

The dilutive impact of shares issued is shown in note 12 to the consolidated financial statements.

The reduction in share capital is due to the impact of the share buyback programmes.

Earnings per share

	FY20	FY19 Restated
Profit attributable to Ordinary Shareholders (£m)	**15.2**	17.7
Weighted average number of shares in issue ('000)	**92,521**	97,924
Basic Earnings Per Share (Pence)	**16.4**	18.1

James Gilmour
Chief Financial Officer
14 July 2020

‘Continuous identification and review’

Many of our principal risks have escalated in the year due to the impact of COVID-19. This has in particular exacerbated economic risks, consistency of supply, and raised liquidity stress and is relevant when considering new and emerging risks. As the implications of COVID-19 have permeated all of our business operations the impact is set out within each of these narratives rather than artificially referencing it as a separate risk in itself.

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 is 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 most material risks (based on likelihood and impact as illustrated overleaf) from our Group Risk Profile, which 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 ongoing status of action plans against key risks quarterly.

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.

From time to time the Group has made changes to historical business and commercial practices where such activities did not meet, or may not have met, applicable laws or regulations (whether civil, criminal, regulatory or other) or the commercial and ethical values of the Group. Notwithstanding their discontinuation, certain aspects of these historical business and commercial practices could result in administrative, criminal, financial, regulatory or other action or proceedings and such actions or proceedings could have an adverse effect on the Group's reputation, business, financial condition and operating results.

Risk management framework

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 Senior Leadership Team oversight.

2nd line
Risk and compliance monitoring

- Audit and Compliance Committees.
- Compliance and Data Protection Officers.
- Thoroughly-socialised risk management framework.
- External specialists engaged to monitor and report on compliance operations.

3rd line
Independent and external review

- External advisers engaged to review 1st and 2nd lines.
- Open culture of challenge to existing processes and whistle-blower hotline.
- Non-Executive Director oversight.
- Internal operational audit.

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 NEDs 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.

The Board's review of risk and controls

During the year, the Board considered all strategic matters, received key performance information on operating, financial, governance and compliance matters and reviewed the results of corresponding controls and risk management. We received from the Audit Committee, Internal Operational Auditor and from the Compliance Committee 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 Committee, Internal Operational Auditor and the Compliance Committee, 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, taking into account any adaptations made 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 instead a period to the end of FY23 which takes into account the Group's current position and the potential impact of the principal risks and uncertainties as set out on pages 25 to 27.

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.

As a result of Coronavirus a stressed budget position has been considered, which models significantly reduced sales volumes in the short-term, followed by an extended period of recovery through FY21. The actions which management have already taken to control costs have been factored into this scenario, including the utilisation of certain Government support initiatives. Whilst this stressed scenario places additional pressures on both cash flow and profitability, the Group ultimately expects to return to normal levels of volume in the medium-term.

The selection of the assumptions for the stressed budget is inherently subjective, and whilst the Board considered these assumptions to reflect a substantially downside, albeit plausible, scenario, the full impact of the Coronavirus pandemic is still unknown. The Board therefore acknowledge that there are potential future direct and indirect implications of the pandemic that could plausibly have a more extreme impact on the Group, including on its liquidity and adherence to financial covenants but these are highly unlikely.

Scenario modelling has been considered by management to formulate response options against moderate or severe downturns in sales volumes, potential margin pressures and possible cost challenges. In light of the immediate impacts, including the period of temporary site closure, the Group has already taken 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 has made use of the Government's Coronavirus Job Retention Scheme and continues to work closely with its banking partners, notably in securing an additional uncommitted £15m overdraft facility with Santander UK PLC.

Risk management
continued

In the eventuality of a further period of prolonged closure of all or most of the Group's sites, 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 has identified 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 site trading expenses, team costs most notably sales commissions, pausing new stock commitments and extending the period for which expansionary capital spend and share buybacks are suspended.

The Directors have 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 sites 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 2023.

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. The strategic planning period has been shortened compared to previous years to provide more focus on the immediate goals of the Group. 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.

Principal risks and uncertainties

Risk and impact	Mitigating controls	Change
Competition 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. Customer preferences are also increasingly focused on sustainability and environmental factors, and longer-term towards lower levels of personal car ownership. Failing to stay ahead of the market or failing to adapt to changing customer behaviours faster than the competition could undermine our ability to meet our objectives.	We compete via our business model's consistent focus on Choice, Value and Service; 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 and/or commissions across the business. We identify potential gaps in our proposition using both internal and external sources, for example by commissioning market research studies or mystery shopping best in class retailers. Home Delivery is now available nationwide and our systems have been updated to offer contactless collections as well as Reserve & Collect.	Increased risk The last 12 months has seen increased innovation from competitors, including a move towards Home Delivery and new competitors entering the market.
Brand and reputation As a function of being independent of manufacturer support, Motorpoint attracts new and repeat customers substantially through building a compelling proposition of the Company's brand and reputation. 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.	We have continued to expand awareness and relevance of our brand to both new and existing customers, through investment in our website 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.	No change
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.	The risk is spread by way of customer finance being offered through a panel of key relationship partners. We constantly monitor the market and emerging trends, working in conjunction with our partners to keep our consumer credit offer relevant, competitive and viable. Where possible we reinvest in the quality of the customer offer, preferring to build its appeal rather than maximise our commission rates.	Increased risk The wider economic impacts of the Coronavirus are not yet known, but may lead to a change in customer affordability and a change in bank risk appetite.

Key

Increased risk No change Decreased risk

Risk and impact	Mitigating controls	Change
Availability of supply Given the absence of forward-purchase contracts with manufacturers or any other key suppliers, there is a risk that future vehicle supply is insufficient to satisfy customer demand as the Company continues to grow The recent closure of many OEM factories for the period of the Coronavirus outbreak could create increased pressure on the supply of nearly new cars in the medium-term, particularly where these depend on cross-border logistics. The ongoing risk of Brexit-related disruption on the supply chain 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 the foreign exchange, friction within the transport or customs process etc could manifest within pricing pressures and volume allocation to the UK.	We use a broad spread of supply channels, within each of which are long-standing relationships. As we grow, we will continue to diversify this supply base to minimise reliance on any one source. We employ an experienced buying team which is responsible for maintaining an efficient and effective supply chain. We are able to flex our buying criteria within the scope of our retail proposition (age and mileage of vehicles) to access more supply if any one segment contracts.	Increased risk Due to the recent impacts of Coronavirus and the ongoing potential impact of the EU Referendum.
Regulation The Company 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. The Company notes the FCA's Thematic Review TR19/2 released in April 2019, specifically focused on consumer insurance products. The introduction of this review, as per any other review, requires careful consideration and potential changes to business processes. In addition, whilst the Directors believe that the Company conducts its business in accordance with all applicable regulations and will endeavour to continue to do so, there remains a risk that the regulator will find that the business has not complied fully with such regulations. In such circumstances, the impact to the business of any regulatory fines and other costs, reputational damage and/or loss of FCA authorisation could be material.	We carry out comprehensive and ongoing training for our team members, with regular experience checks, which includes compliance and exception monitoring and reporting. We have a number of policies and codes across the business outlining the mandatory requirements within the business. These are communicated to all staff via an employee handbook. We have a Compliance Committee which conducts regular reviews of the key regulatory risk areas, allocating control environment improvement objectives to relevant owners, reporting to the Board on any changes proposed in processes and policies. We also operate a whistle-blowing hotline which allows colleagues or suppliers to confidentially report any concerns or inappropriate behaviour within the business.	No change
Economic conditions The Company operates entirely in Great Britain and therefore its business is affected by overall economic conditions and the level of customer confidence and spending in the country, including changes in factors such as unemployment, exchange rates, inflation or deflation and the cost of motoring. The immediate and ongoing impact of the Coronavirus outbreak may materially impact broad economic conditions, in particular around consumer confidence and disposable income levels. The continuing volatile political environment and consumer uncertainty as a result of Brexit increases the risk of a downward shock to broad economic conditions and may have tertiary impact on availability of labour.	We offer what we believe to be a compelling customer proposition, including a core element of Value. This allows customers to trade up (from older or higher mileage cars) or down (from new cars) as economic conditions fluctuate. We maintain a low cost business model that allows us to maintain our selling prices as low as possible, and we always aim to be cheaper than the competition. We have an extensive forecasting process that enables actions to be taken in the medium-term in response to evolving economic conditions which we continue to monitor.	Increased risk Due to the impact of the recent Coronavirus outbreak.

Key

Increased risk · No change · Decreased risk

Risk and impact	Mitigating controls	Change
Credit, liquidity and financing The Company uses a selection of finance facilities to fund its operations, including a stock financing facility, which is secured against its retail vehicle stocks. A change in the pricing or a reduction in funding parameters and facility limits could significantly constrain the Group's ability to trade or the Group could be required to dispose of assets at below their market value or at a substantial discount. Whilst bank relationships have been very supportive since the outbreak of Coronavirus, the Group's liquidity headroom could be quickly eroded by any further outbreak, such that ongoing bank relationships and support are required. As stated in the Viability Statement on page 23, in the eventuality of a period of prolonged future closure of all or most of our sites it is possible that the Group would need to negotiate changes to its current banking covenants but this is something which has only been considered in the more extreme scenarios modelled.	A treasury policy and set of processes are in place to govern and control cash flow activities, including the investment of surplus cash. Forward-looking cash flow forecasts and covenant tests are prepared to ensure that sufficient liquidity and covenant headroom exists. We maintain a close relationship with the stock finance facility provider, with a minimum period of commitment in place to manage the risk of a diminution of lending appetite. An additional £15m overdraft facility which is repayable on demand has been secured increasing the Group's liquidity headroom.	Due to the increased liquidity stress from Coronavirus and risk of a further outbreak.
Continuity of the IT systems The Group is reliant on key IT systems, and disruption to these would adversely impact business operations. Data protection failure may lead to a potential prosecution and reputational damage to the brand.	All critical business systems have either third party maintenance contracts in place or dedicated internal resource. We utilise the services of an expert third party IT company to ensure that any investments made in technology are fit for purpose. We have a disaster recovery strategy including an approved Business Continuity Plan and an ongoing Payment Card Industry compliance strategy. With the appointment of a new Chief Technology Officer who is also qualified as a Data Protection Officer during the year, we have good controls in place, introduced new testing and increased governance around our IT systems.	Due to increasing reliance on IT
Key management reliance The Group is reliant on the high quality and ethos of the executive team as well as strong management and operational teams. The loss of one or more of these leaders could predicate poor implementation of the strategy or loss of operational oversight. The direct impact and ongoing distancing requirements across the Motorpoint Team of COVID-19 raises the risk to key management, and their effectiveness in collaborative working. This risk also encompasses the risk of management override of controls.	The key Senior and Operational Management are appropriately incentivised through bonus and share arrangements such that talent is retained. The composition and succession of the Executive Team is kept under constant review to ensure that it is appropriate to delivery of the Group's plans. Significant decisions for the business are made by the PLC Board, or via approved delegation to the Executive Board, with segregation of duties enforced on key business processes, such as the payables process.	Due to increased personal and effectiveness risk from Coronavirus and its operational implications.

‘Winning culture’

Our Culture is what drives our success. We are focused on DRIVING DREAMS® for our three priority stakeholders; Our Employees, Our Customers and Our Shareholders.

This people-centric culture is underpinned by our values and is the driver to our success. We start with our employees and ensure they receive everything in our power to increase their levels of satisfaction and engagement and are inspired daily to deliver an exceptional experience to our customers.

Living our values

Our values remain at the core of everything we do. Our coaching culture is still strong and our focused approach on one-to-ones and continuous personal development is now truly embedded.

With our continued strategy for new openings and growth we have seen the need to recruit even more talent into the business and this year we designed and implemented a recruitment and selection toolkit for all our manager’s to use. The kit not only involved values based recruitment exercises but also ‘Hero Specs’. These replaced the traditional job description and as well as the clear purpose, responsibilities and KPIs they also showcase the behaviours we expect to see in our team.

This kit has seen us recruit and retain exceptional talent, truly aligned to our values.

Our improved recruitment skills and external reputation has seen our time to recruit drop once again and consistently sits below 25 days for the whole year.

Champion House

We opened a new support centre in Derby in May 2019; this space allows us to offer agile working in an environment that showcases our values and culture. Our staff engagement and productivity levels have improved significantly since the workspace was introduced.

Good to GREAT

Our vision is clearly communicated and understood at every level of the business. Our CEO greets all new starters within their first two weeks of employment to talk them through it. He and the HR Director also provide monthly communications which are delivered to all team members through their ‘All Hands’ monthly team meetings.

Total alignment in our vision, through regular communication and strong leadership has allowed us to accelerate our performance against our quarterly business objectives; our Good to GREAT Goals. We have made significant progress against each of the goals set and every person in our team knows, and can articulate, exactly where they are adding value to our performance.

Recognising Greatness - #PROUD

We are incredibly proud of our team members and regularly say thank you with annual awards ceremonies, celebration days and quarterly team nights.

We have launched a new “Thank You” card this year to be given to employees to recognise their great work, outstanding behaviours or positive impact on the business. Our team selected their ‘Top 10 Treats’ which are hidden behind the scratch panel of the cards.

Loyalty
We have given out 63 Long Service awards this year, demonstrating how truly committed and loyal our team are. Recognising this and saying thank you is a simple yet powerful way to keep our team members happy.

Award-winning
We have launched some new annual employee awards this year, with new categories to ensure real examples of excellence from our team members can bee seen and acknowledged publicly. Our new categories include Coach of the Year, Team of the Year and the special CEO Award for Innovation.

Best Company to Work For in the UK
We continue to win recognition from our team as once again we were recognised in 'The Sunday Times Top 100 Best Companies To Work For'. This is the 6th year in a row that we have achieved this status.

3%
Team Turnover Reduced

6th
consecutive year, voted in The Sunday Times Top 100 Best Companies To Work For

4.6
Glassdoor rating

17
promotions into management across the Group

"A people-centric culture is underpinned by our values and is the driver to our success."

Sustainability overview

The Board recognises that the management of safety, wellbeing, environmental, social and ethical matters forms a key element of effective corporate governance, which in turn supports the strategy, long-term performance and sustainability of the business.

Our Team

Male		Female
4	**PLC Board**	2
19	**Senior Manager** (Director, GM & Head of)	4
43	**Line Manager**	30
523	**Team Member**	129
589	**Total 754**	**165**

'Real Living Wage'
We are proud to be able to say, for the third year running we have tracked the Motorpoint Minimum Wage at the Real Living Wage rate and ensure nobody earns lower than this, in any position.

Reducing the gap
Our Gender Pay Gap is not at target and remains a challenging area for our sector. I am pleased to report that when we remove the inclusion of bonuses we see our employees are relatively flat at contractual pay rates.

Whilst attracting female talent into our core sales and General Manager positions remains challenging, I am delighted to confirm we have appointed two more female Directors. Adele Cooper joined us as a NED on the Board and Tara Walker joined us as Chief Technology Officer as part of the Senior Leadership Team.

We have also engaged in a partnership with #YesSheCan to gain greater insight and support into internal unconscious bias, mentoring and female talent acquisition.

Additionally our Remuneration Committee is also now attended by our female HR Director and sees two of our female senior leaders involved in the final review of all remuneration activity.

Male		Female
£12.68	**Contractual Pay** -2.99%	£13.06
£6.03	**Bonus Pay** +74.36%	£1.55
£18.71	**Total Pay** +21.92%	£14.61

Highest levels of team engagement
Turning up the volume of the employee voice
We have clearly defined measures of success to show us that our virtuous circle is truly turning and delivering happiness and satisfaction for our employees. We monitor team engagement formally through the annually B-Heard external survey, which is part of the Sunday Times Top 100 Best Companies To Work For judging process and also through our own internal surveys. This year we launched our 'pulse' survey which goes out every other month and monitors the top 20 questions aligned to employee engagement.

THE PULSE SURVEY

On top of the surveys, all of our Senior Leadership Team attend a different site each month and host a team forum. This means every employee gets the opportunity to talk directly with the Senior Leadership Team if they have an idea, question or concern.

We have also introduced 'The Scoop', a new communication channel to reduce the flow of administration and emails to our site management teams. This helps keep messaging focused and consistent and allows our managers to spend more time with their team and customers.

"Our teams tell us they feel valued and inspired having the opportunity to discuss their ideas."

Investing in our people

Career development & skills enhancement

We offer career and personal development to every employee from the moment they join us. We pride ourselves in having exceptional technical training in our sites. We have completed a full review of the induction and developed local support tools to ensure even greater impact.

Team development

We have revised our employee personal development workshops this year and added some new courses to support the areas that they feel matter most. A focus on change management and building resilience is an example of where we are adding more diversity to our portfolio of courses. In a growth environment these are skills which will have a hugely positive impact on individuals and teams as a whole.

Management development

59% of our management vacancies were filled with internal talent. We continue to focus on talent management and robust succession planning to ensure we continue to build our future leaders internally. The strength of our talent pipeline is demonstrated perfectly in our new opening recruitment, with all managers coming from our internal teams. We have increased the places available on our core management training MAPP and Leadership in Action and designed a new Leadership Development Programme for FY21.

Mentoring

Coaching is a core part of our culture but we are now adding to this with a mentoring programme for our managers who are identified as high performers, with high potential. All of our Senior Leadership Team have been assigned a mentee and will be supporting them on their accelerated development journey.

Skills for life

We recognise that understanding your own personal journey, goals and strengths is key to personal and professional success and so we ensure this self-reflection and skills for life training is a core part of our career offer. We deliver Navigator for men and Springboard for women via a specialist training partner and have seen increased engagement, retention and confidence from all delegates that have been through these programmes.

Cornerstone employer – supporting the next generation

This year has seen us become 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. Regular, meaningful encounters with employers are an absolutely vital part of preparing and inspiring young people for the world of work. We know that this kind of support means young people are less likely to not be in education, employment or training when they leave school. Becoming a Cornerstone Employer means we are committing to working together with our networks, the wider business community and schools.

As part of the scheme we will be running an open doors programme, work experience scheme and additional mentoring and advisory service to allocated schools.

disability confident

Diversity & inclusion

We are passionate about having a diverse workforce and being a fully inclusive employer. We have kept our partnership with Peterborough College and maintained our Disability Confident status. This year has seen a further four placements take place at Motorpoint Peterborough as well as a national roll-out plan. We are thrilled to say we have also been nominated for an Impact Award from the College.

Investing in our communities

Becoming an integral part of the communities in which we sit matters to us. We ensure we add real value and are able to offer experiences to residents and their families that ordinarily they may not be able to access. Popular events have included family fun days, ice skating, a visit with Santa and even a drive-in cinema returning with even greater levels of engagement. These events also allow us to raise funds for our partner charities as well as provide a service and experience for the community. We are proud to say we have raised over £75,000 in FY20!

Supporting great causes

Each site has its own charity partner that the local team decide on and they complete activities and events all year round to generate funds.

Site	Charitable Partner	Sponsorship
Birtley	Sir Bobby Robson Foundation	Birtley Town Football Club Chester-le-Street Amazons FC Chester-le-Street Cricket Club
Burnley	Lancashire Mind	Burnley Golf Club
Castleford	The Prince of Wales Hospice: Motorpoint Castleford branch hosted a two-day charity ice rink which raised over £2,500 The branch also got involved in the charity's 30th year celebrations, donating a Fiat 500 which raised over £32,000	Castleford Tigers: We teamed up with the Tigers for a second season and they became the most featured Superleague club on Sky Sports
Chingford	Teens Unite	Chingford Summer Fayre
Derby	Royal School for the Deaf: Motorpoint Derby raised over £1,500 to help transform the gardens at the Royal School for the Deaf	Motorpoint Arena Nottingham Derby 10k & 3k
Derby – Head Office	Derby County Community Trust: Our Champion House office organised a 12-hour trampoline-athon	
Glasgow	Guide Dogs of Scotland	Clyde FC
Newport	Newport MIND	Motorpoint Arena Cardiff
Oldbury & Birmingham	Sandwell Parents for Disabled Children	
Peterborough	Sue Ryder Thorpe Hall Hospice	Peterborough United
Sheffield	Cash For Kids: Motorpoint Sheffield branch hosted a drive-in cinema which raised over £9,500 The branch also teamed up with the radio station Hallam FM to support their charity football match and raised a further £5,000	Wentworth Festival
Swansea		Ospreys Rugby Club
Widnes	James Bulger Memorial Trust	Widnes Vikings

Outside of our corporate charity partners our employees also wanted to be able to do their bit for their own personal charities. This year we saw employees give over £9000 of their earnings to their chosen charity via salary sacrifice. As a business we cover the administration costs meaning there is 100% benefit to the charities selected.

Our payroll giving partnership was nominated for best launch/employee engagement at the payroll awards.

THE PAYROLL GIVING TEAM

£5.8k raised by team members for Derby County Community Trust as part of a volunteering trip to Nakuru in Kenya to help with schools and community building.

SPDC sandwell parents for disabled children

mind for better mental health | Lancashire

Sue Ryder Thorpe Hall Hospice

DERBY COUNTY Community Trust

Supporting our environment

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. SECR reporting was introduced as an amend to the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 and replaces previous guidance for mandatory greenhouse gas reporting required pursuant to the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

FY20

Total energy use covering electricity, gas and transport	10,310,413	kWh
Total emissions generated through combustion of gas	832.89	tCO_2e
Total emissions generated through use of purchased electricity	1,095.57	tCO_2e
Total emissions generated through use of other fuels	174.89	tCO_2e
Total emissions generated through business travel	218.90	tCO_2e
Total gross emissions	2322.25	tCO_2e
Intensity ratio (total gross emissions)	3.55	$kgCO_2e$ per sqft

Energy efficiency actions

We are committed to responsible energy management and will practise energy efficiency throughout Motorpoint, wherever it is cost effective. We recognise that climate change is one of the most serious environmental challenges currently threatening the global community and we understand that we have a role to play in reducing greenhouse gas emissions. Reducing our carbon footprint will become a corporate goal for FY21. We will establish an environmental driving force team and agree desired targets to improve our energy performance.

We have implemented the policies below for the purpose of increasing the businesses energy efficiency in FY20:

- initiated process of replacing existing lighting with LED lighting in all sites (recommended from our 2018 ESOS audit). Installed auto switch off bulbs in offices and customer areas. Estimated saving of 110,000 kWh in lighting per year (ESOS calculation); and
- completed training and awareness sessions with all employees, covering energy and material usage, waste and recycling. Estimated saving of 100,000 kWh in energy per year (ESOS calculation).

The following energy efficiency measures are under consideration for implementation during FY21:

- introduction of an energy management programme to better plan energy saving initiatives and report on their effectiveness;
- continual review of energy tariffs and consider the use of green energy providers;
- continued roll out of LED lighting on all sites;
- review feasibility of adding electric vehicles to the fleet;
- providing onsite electric car plug in facilities;
- provision of on site visibility of performance via a dashboard; and
- feasibility analysis into installation of solar panels.

Methodology used in the calculation of disclosures

ESOS methodology (as specified in Complying with the Energy Savings Opportunity Scheme version 6, published by the Environment Agency 28 October 2019) was used in conjunction with Government GHG reporting conversion factors.

Going green

We have a new partnership in place with Go Green which has allowed us to enhance our waste management and recycling, meaning we can now recycle in every retail location, workshop and office. This will have a significant impact on our waste to landfill as we hope to demonstrate successful landfill diversion performance.

Close to 70%

of our waste removed by Go Green has been recycled.

Our team are also offered Cycle to Work incentives and 25 more employees have taken part this year.

Due to the improvements we have seen in our technology and operational efficiencies we will now be extending the measures we will target our improvements against. This year we will not only be tracking carbon emissions but also our performance against:

- reduction in use of paper; and
- waste to landfill

Supporting employee wellbeing

Employee wellbeing and mindfulness is of great importance and continues to be a core part of our people strategy. We are committed to a career at Motorpoint being a mechanic to add real value to an individual's life. We have maintained our most popular and high impact benefits and seen the engagement in them thrive as well as introduce further wellbeing resources. When we talk about employee wellbeing we consider mental, physical emotional and financial wellbeing.

Mental health first aiders (MHFA)

We trained over 30 of our team members in how to be a MHFA. Every Motorpoint location now has two trained MHFAs on site to support the teams locally. All of our HR Business Partners are also formally qualified.

Partnerships

We have produced some mental health and anxiety support tools with Mind which are available to all employees via an internal weblink. We have also maintained our partnership 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.

+6500

hours of paid leave was given to employees to support wellbeing & happiness through the 'One Big Dream' scheme

55

people utilised our new home holiday and all employees were given their birthday off to be with friends and family

Emotional wellbeing - special leave

We have seen our One Big Dream and life event leave prove to be incredibly successful.

One Big Dream gives the gift of time and flexibility and allows an individual to take time out, once a month, fully paid and do something that matters to them. We only ask that employees do something that will genuinely drive their happiness. This benefit has received immense 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

My MoT, our employee discount portal has delivered £13,397 savings to our employees on their everyday purchases.

Period poverty

We rolled out free sanitary products in all of our retail and office locations. This is accessible to staff and customers and supports our mission to help remove period poverty in the UK.

Health & Safety

Health & Safety is a key business priority. The newly appointed Group Compliance Manager reports directly to the Chief Operating Officer and is responsible for ensuring that our people have the appropriate tooling, skills and training to perform their duties safely. Furthermore, we complete regular (monthly) internal audits to ensure our premises and customer environments are safe and compliant as well as engaging a third party independent auditor who inspects each of our sites on four separate occasions annually.

The PLC Board and Compliance Committee are provided with a monthly update on Accident and 'Near-Miss' reporting performance including RIDDOR reportable occurrences and audit outcomes.

Incidents	RIDDOR	Lost Time Incidents	Hours Lost
47	1	3	48

Modern slavery

We continue to address the risks of modern slavery and human trafficking in response to the Modern Slavery Act 2015, including by debating and adopting our annual 'Anti-Slavery Statement' reviewing our Modern Slavery policy and raising awareness of the risks across the business, and working with suppliers to protect workers from abuse or exploitation.

Our Modern Slavery statement is included on our website at www.motorpoint.co.uk/anti-slavery-statement.

Whistle-blower hotline, anti-corruption & anti-bribery

We operate a confidential whistle-blower 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.

We also have an Anti-Corruption and Anti-Bribery policy in place which is reviewed and recommunicated annually and to all new starters. This policy explains the law set out in the Bribery Act 2010 and how it applies to Motorpoint. Team members are required to disclose offers of gifts, hospitality or other incentives with a value of more than £200.

Treating customers fairly (TCF)

The Directors are committed to ensuring that the FCA principle of TCF is applied in all areas of our day-to-day business activities. TCF is a core foundation of delivering our retail proposition of Choice, Value and Service, 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. The Board is committed to delivering the best possible service to our customers, with objectives across Motorpoint 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 post 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.

Non-financial information statement

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 & environment	page 16
• Streamlined Energy and Carbon Reporting	page 33
• Energy efficiency actions	page 33
• Going green	page 33

As part of this year's SECR, the Company has set reducing our carbon footprint as a corporate goal for FY21. An environmental driving force team will be established and as part of this it is proposed that an environmental policy will be pursued.

Company's employees

• At a glance: what this means for our people	page 3
• Our operating model begins with our team	page 4
• Our values	pages 9 & 28
• Stakeholder engagement: team	page 16
• Winning Culture	page 28
• Sustainability overview	page 30
• Supporting employee wellbeing	page 34

The Company has various employee-centric policies and guidance including: Staff Handbook; HR Policies including equal opportunities; anti-bullying & harassment; whistle-blowing; enhanced maternity leave; paternity leave; health, safety & welfare; data protection; and privacy.
Related principal risk: key management reliance, continuity of IT systems see page 27.

Social matters

• Investing in our communities	page 31
• Supporting great causes	page 32
• Treating customers fairly	page 35

Related principal risk: brand & reputation, economic conditions, regulation see pages 25 & 26.

Respect for human rights

• Real living wage	page 30
• Modern slavery	page 34
• Treating customers fairly	page 35

Related principal risk: regulation see page 26.

Anti-corruption & anti-bribery matters

• Whistle-blower hotline, anti-corruption and anti-bribery	page 34

Related principal risk: regulation, key management reliance see pages 26 & 27.

• Our business model	page 8
• Non-financial KPIs	page 13

Strategic report sign off

This Strategic Report is set out on pages 1 to 37 and is approved by the Board of Directors and signed on its behalf.

Mark Carpenter
Chief Executive Officer
14 July 2020

James Gilmour
Chief Financial Officer
14 July 2020

‘Our team’

The PLC Board has seen significant change in its membership of Non-Executive Directors since we last reported.

Executive Directors

1 Mark Carpenter
Chief Executive Officer

Date of appointment
April 2016

Committee memberships
Compliance, Nomination

Background and career
Mark was appointed CEO of Motorpoint Limited in May 2013 following two years as CFO. He has 18 years' experience in motor retail and 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.

Areas of expertise
Motor retail & finance

Significant external roles
None

2 James Gilmour
Chief Financial Officer

Date of appointment
April 2016

Committee memberships
Compliance

Background and career
James has been CFO of Motorpoint Limited since August 2015. He has 12 years' experience in retail, having previously held a number of finance positions at Tesco, including two years as finance director of Tesco Slovakia. Prior to Tesco, James held positions with Volvo Financial Services and with Deloitte, where he qualified as a Chartered Accountant.

Areas of expertise
Motor retail, general retail & finance

Significant external roles
None

3 Manjit Virk
Company Secretary

Date of appointment
May 2016

Committee memberships
Compliance. Secretary to Audit, Remuneration, Nomination

Background and career
Manjit was a senior associate corporate/commercial lawyer at Freeths LLP, having had a 14 year career as a solicitor.

Areas of expertise
Legal – corporate & commercial

Significant external roles
None

Non-Executive Directors

4 Mark Morris
Non-Executive Chairman

Date of appointment
April 2016

Committee memberships
Nomination (Chair)

Background and career
Mark has been Chairman of Motorpoint Limited since January 2013 and prior to that Chairman/consultant since December 2010. He has 22 years' experience in motor 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 Price Waterhouse where he qualified as a Chartered Accountant.

Areas of expertise
Motor retail & finance

Significant external roles
None

5 Keith Mansfield
Independent Non-Executive Director and Chair of the Audit Committee

Date of appointment
May 2020

Committee memberships
Audit (Chair), Remuneration, Nomination

Background and career
Keith is a Chartered Accountant by background, he 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 led relationships with many public and private companies across a range of industry sectors.

Areas of expertise
Finance

Significant external roles
Tritax Eurobox Plc – senior independent director and audit committee chair

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

Date of appointment
May 2016 (SID October 2016)

Committee memberships
Remuneration (Chair), Audit, Nomination

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.

Areas of expertise
Financial Services

Significant external roles
One Savings Bank Plc – chair of remuneration committee

Dignity Plc until December 2019

7 Adele Cooper
Independent Non-Executive Director

Date of appointment
March 2020

Committee memberships
Audit, Remuneration, Nomination

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 global marketing leadership roles and various lead regional and global sales and operational roles.

Areas of expertise
Retail & digital

Significant external roles
None

Chairman's introduction

The Board recognises the importance of, and is committed to, high standards of corporate governance and all Directors are fully aware of their duties and responsibilities under the UK Corporate Governance Code 2018, the Disclosure and Transparency Rules and the Listing Rules.

I am pleased to confirm that Motorpoint is compliant with the UK Corporate Governance Code 2018 ("the Code"), and within the Corporate Governance Report is an explanation of our temporary departure from Provision 11 following the resignation of Steve Weller, one of our independent NEDs. The Nomination Committee Statement also includes an explanation of our departure from Provision 23. The Code is available on the Financial Reporting Council's website (www.frc.org.uk).

Governance framework

The Directors are satisfied that Motorpoint has established procedures in place which provide a reasonable basis for the Board to make proper judgements on an ongoing basis as to the financial position and prospects of the Group. This Corporate Governance Report discusses the robust framework for controlling and managing the Group in further detail.

Last year we had already begun considering the implications of the new Code and what changes we might need to make to our governance arrangements. Information that we had included on a voluntary basis and has now become mandatory is still included in order to comply with the requirements of Code. The Board have had a number of sessions to moot how best to fulfil the Code requirements and these include:

- **Directors' remuneration:** Motorpoint's Remuneration Policy is to be put forward for a binding shareholder vote, and proposals to introduce a post-employment shareholding guideline in line with best practice and the requirements of the Code are included. Further details are set out in the Remuneration Committee Report and Policy on pages 47 to 71.
- **Workforce engagement:** the Board is happy with the way in which Motorpoint's workforce is engaged. With employees being at the heart of our virtuous circle, new and improved ways are always being considered to give our employees a voice; Mary McNamara has become our employee representative NED. We talk more about our highest levels of team engagement on page 31.
- **Culture:** the Board receives regular reports on team culture and reviews proposals on creating a more involved and engaged organisation. The alignment of our purpose, values and strategy is at the key of all decision-making. Details of some of the initiatives taken which demonstrate this are shown with our winning culture on pages 28 and 29, investing in our people on page 31 and supporting employee wellbeing at page 34.
- **Key stakeholder considerations:** we have always recognised that employees, customers and shareholders are keystones for engendering the right culture to succeed, as part of our virtuous circle shown at page 5. The Board has also been considering other key stakeholders in its discussions and decision-making, and more information on this as part of its s172 Statement is on page 16.

Directors & succession planning

We have had our first year of change on the Motorpoint Board since its flotation in 2016 giving our Nomination Committee a clear focus. My thanks go to Steve Weller, David Shelton and Gordon Hurst who have all left the Board and we are sad to see go. I am delighted to introduce Adele Cooper and Keith Mansfield as our new independent NEDs. We explain the timings around these changes in Composition of the Board on pages 42 and 43.

See pages 38 and 39 for details of our Directors' along with their biographies

See page 43 for the balance of independence of our Board

Annual general meeting

This Annual Report remains the principal means of reporting to our shareholders on the Board's governance policies and therefore we welcome this opportunity to set out how the main and supporting principles of good corporate governance, as set out in the Code, the FRC Listing Rules and the Disclosure and Transparency Rules, have been applied in practice.

Given current Government guidelines in response to the Coronavirus, we encourage our shareholders to submit proxy votes electronically in order to vote on the resolutions to be proposed at this year's AGM, which will be held on Monday 24th August 2020 at 10.00 am behind closed doors in accordance with the Corporate Insolvency and Governance Act 2020. The notice of the AGM will be sent separately to shareholders along with this Report with details on how shareholders can still raise questions to the Board in advance and follow the proceedings of the AGM.

Mark Morris
Chairman

Corporate governance report

Leadership

The role of the Board

Mark Morris chairs the meetings and promotes a culture of openness and debate, including inviting the Executive Directors and the NEDs to debate and challenge Motorpoint's strategic matters which the NEDs have a greater understanding of. Mark sets the agendas for meetings in conjunction with the CEO, CFO and Company Secretary and ensures that Board papers are accurate, informative and distributed in good time for meetings.

The Board has a written statement of matters which are reserved for its decision, which includes:

- Strategy and management
- Structure and capital
- Financial reporting controls
- Internal controls
- Material contracts
- Communication
- Board membership and other appointments
- Remuneration
- Delegation of authority
- Corporate governance matters
- Policies

The Board regularly considers Motorpoint's need for a ready supply of strong General Managers to support its strategy for growth and opening new sites, headed by a strong Senior Leadership Team. The Senior Leadership Team have breathed new enthusiasm into our current management teams on sites, keeping them motivated and incentivised.

The NEDs have constructively challenged and helped develop proposal strategies when considering locations for new site openings and decisions surrounding the General Managers, among other matters.

Board and Committee attendance FY20

The Board has regular scheduled meetings most months throughout the year. The table below sets out the Directors' attendance at meetings of the Board and Committees for FY20.

Director	Scheduled Board (10)	Audit Committee (3)	Remuneration Committee (4)	Nomination Committee (1)
Mark Carpenter	10	–	–	1
Mark Morris	10	–	–	1
James Gilmour	10	–	–	–
Gordon Hurst	10	3	4	1
Mary McNamara	10	3	4	1
David Shelton[1]	7	–	–	–
Steve Weller[2]	5	2	3	–
Adele Cooper[3]	1	–	–	–

1. David Shelton retired from the Board on 31 December 2019.
2. Steve Weller retired from the Board on 10 October 2019.
3. Adele Cooper was appointed to the Board on 6 March 2020.

The Chairman's primary role is to lead the Board and to ensure that it is effective in all aspects of its role. The CEO's primary role is to provide the overall management and leadership of the Company and to formulate/propose the Company's strategy to the Board. It is the responsibility of both to uphold and promote high standards of integrity and probity within the Group.

In order to ensure the success of the Company, it is essential that the Chairman and CEO have a close relationship, based upon trust, with the Chairman providing support and advice while respecting the importance of the CEO's executive responsibilities. It is particularly important that both promote effective relationships and open communication, both inside and outside the Boardroom, between Non-Executive and Executive Directors.

The roles of Chairman and CEO are clearly defined with the division of responsibility having been set out in writing and approved by the Board.

Roles and responsibilities

The Chairman's role

- Chair the Board, the AGM and other shareholder meetings of the Company.
- Set the Board's agenda (primarily focused on strategy, performance, value creation and accountability) and ensure that adequate time is available for discussion of all agenda items, in particular strategic and complex/ contentious issues.
- Ensure that clear strategic objectives of the Company are agreed by the Board and that these are monitored and regularly reviewed, and ensure that the Board determines the nature and extent of the significant risks that the Company is willing to embrace in implementing its strategy.
- Ensure that the Board has effective decision-making processes and applies sufficient challenge to major proposals.
- Ensure that an appropriate balance is maintained between the interests of shareholders and other stakeholders (employees, customers, suppliers and the community).

- Ensure that the Board, Audit, Remuneration and Nomination Committees are properly structured with appropriate terms of reference.
- Encourage all Board members to engage in Board and Committee meetings by drawing on their skills, experience, knowledge and, where appropriate, independence.
- Develop productive working relationships with all Executive Directors and the CEO.
- Consult the SID on Board matters in accordance with the Code.
- Demonstrate ethical leadership and promote the highest standards of integrity, probity and corporate governance throughout the Company and particularly at Board level.
- Ensure that the Board receives accurate, timely and clear information from the Company, including the CEO, the CFO, the Company Secretary and the wider management team, in particular regarding its performance, delivery of key strategies and key performance indicators, to enable the Board to make sound decisions.
- Maintain an effective and complementary Board, initiating change and succession in Board appointments, subject to Board and shareholder approval. This includes the identification and regular review of training/development needs of individual Directors as well as addressing the development needs of the business as a whole, with a view to enhancing overall effectiveness.
- Hold meetings with the NEDs, without the Executive Directors present.
- Together with the SID, ensure effective communication with shareholders and other stakeholders and that the Board is made aware of the views of those who provide the Company's capital.
- Promote a culture of mutual respect, openness and debate by facilitating the effective contribution of NEDs in particular and ensuring constructive relations between Executive Directors and NEDs.
- Be primarily responsible for the response from the Company to any takeover approach received by the Company.
- Build a close relationship of trust with the CEO and CFO, providing support and advice while respecting executive responsibility.
- Ensure that the performance of the Board, its Committees and individual Directors (including the CEO) is evaluated at least once a year and act on the results of such evaluation.

The CEO's role

- Formulate and propose the strategic direction of the Company and incorporate this into a business plan for regular discussion and agreement by the Board.
- Ensure that Board decisions are effectively implemented and progress reported back to the Board.
- Propose, and then ensure the implementation of, Company policies as agreed by the Board.
- Have overall responsibility for the operational and financial performance of the Company.
- Manage the Company's affairs and resources on behalf of the Board, except for those reserved for decision by the Board.
- Provide clear leadership, and inspire and support the Company's employees in all areas of the Company's business, including the development of ideas, products and operations. Ensure that employees have all relevant up to date information, including relevant information from the Board.
- Draw up succession plans for key Senior Management positions and specialist roles within the Company, ensure that these plans are discussed with the Board as appropriate and, where appropriate, make proposals to the Nomination Committee for the appointment of new Executive Directors. This includes the identification, development and promotion of succession candidates to prepare them for appointment into appropriate positions of leadership.
- Ensure that key relationships with customers and suppliers are fostered.
- Be the main day-to-day contact with existing and potential investors, providing the appropriate level of information about the Company's business, its results and strategic direction.
- Act as a liaison between the Company and the public, with responsibility for ensuring the profile of the Company.
- Ensure that there are appropriate processes in place to identify and manage risk in line with the Board's overarching risk principles.
- Agree and review the annual performance objectives for the other Executive Directors and members of the Senior Management Team.

Senior Independent Director's role

- Provide a sounding board for the Chairman.
- Serve as an intermediary for the other Directors when necessary.
- Be available to shareholders if they have concerns which the normal channels through the Chairman, CEO or other Directors have failed to resolve.
- Meet with the other NEDs without Executive Directors present.
- Lead the annual evaluation of the Chairman's performance.

The role of the Independent Non-Executive Directors

- Scrutinise and monitor the performance of management.
- Constructively challenge the Executive Directors.
- Monitor the integrity of financial information, financial controls and systems of risk management.

The Company Secretary's role

- Ensure that good information flows within the Board and its Committees, between Senior Management and NEDs.
- Facilitate induction and assist with professional development and training.
- Advise the Board through the Chairman on all governance matters.
- Act as secretary to the Board and all Committees.
- Assist in arranging independent professional advice for the Directors when required.
- Ensure that Board procedures are complied with.

Effectiveness

Composition of the Board

As at 31 March 2020 the Board comprised four NEDs and two Executive Directors, which is considered to be an adequate size to meet the requirements of the business.

Departures and appointments since 31 March 2019

NED departures in the year:

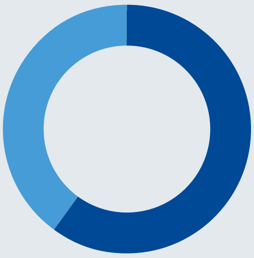
Steve Weller – NED – resigned on 10 October 2019

David Shelton - Co-founder NED – resigned on 31 December 2019

NED appointments in the year:

Adele Cooper – NED – appointed on 6 March 2020

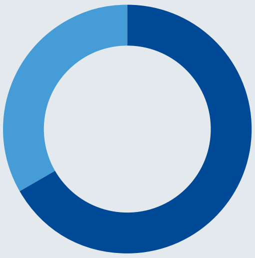
Composition of the Board



INED/Executive split*

INED	3
Executive	2

(*excluding the Chairman)



Male/Female split

Male	4
Female	2

NED changes after year end:

Gordon Hurst – NED and Audit Committee Chair – resigned on 20 May 2020
Keith Mansfield – NED and Audit Committee Chair – appointed on 20 May 2020

The Board considers that the additions of Adele and Keith as members helps with its balance in terms of executive, non-executive and independent directors, skills, experience and knowledge, gender balance and diversity.

Independence: More than half of the Board comprises Non-Executive Directors, three of whom are considered by the Board to be independent, being Mary McNamara, Gordon Hurst and Adele Cooper. Post year end Mr Hurst was succeeded by Keith Mansfield who is also independent and so the independence requirement is still adequately met.

Provision 11 of the Code was not complied with from 10 October 2019 to 31 December 2019, following the retirement of Steve Weller. At this time there were two independent NEDs versus two executive directors and a NED not considered to be independent (David Shelton). From 1 January 2020 to 5 March half of the Board comprised independent NEDs (Mary and Gordon) and from 6 March and to date, more than half of the Board members were considered to be independent NEDs. The Chairman is excluded from the independence balance measures.

Details of the NEDs' letters of appointment are set out on page 59 in the Remuneration Policy. The full terms and conditions are available for inspection on request from the Company Secretary and are available for inspection at the Company's registered office.

Evaluation

During the year, the Chairman with the assistance of the Company Secretary led a formal evaluation of the Board's performance by way of a questionnaire aligned closely to the Code, individual meetings and group meetings. The Board members are continually encouraged to provide feedback. The SID supports this process by leading the evaluation of the Chairman. The questionnaire was conducted during the period after Steve's resignation and prior to Adele's appointment. The Board recognised that this meant the NED : Executive ratio was not in line with the Code, but were confident on the NED vacancy being filled and happy with the strengthening of the Senior Leadership Team.

As the Company is outside the FTSE350, no external evaluation is required, however the internal evaluation raised an interest in seeking other stakeholder views on the Board's effectiveness and it was agreed that an external evaluation should be carried out in FY21.

The skill set and diversity on the Board is still considered appropriate and was taken into account in the appointment of Adele. The evaluation drew out the continued need for greater focus and visibility on succession planning for the coming year. More detail on this is included in the Nomination Committee Report.

All of the existing Directors whose biographies are included at page 39 will be up for re-election at Motorpoint's next AGM.

Accountability

Financial and business reporting

The Board is responsible for preparing the Annual Report and Accounts and considers that, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders in compliance with the Code.

See page 23 for the Company's Viability Statement in the Strategic Report

See page 44 for the Audit Committee Report

The Directors confirm they have carried out a robust assessment of the principal risks facing the Company.

See pages 25 to 27 for more detail on how key risks are set out and considered

Relations with shareholders

The Board maintains a dialogue with its shareholders via monthly reporting from the CEO and CFO who meet regularly with investors and analysts to discuss the Company's performance. All shareholders have access to the Chairman and SID as well as the Company Secretary, who are available to discuss any questions which they may have in relation to the running of the Company.

This year the Board is encouraging shareholders to vote by proxy electronically rather than attend its AGM on 24 August 2020, details of which are in a notice of AGM to be sent to shareholders with this report, and is always willing to answer questions proposed to it in advance of the meeting.

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.

Audit Committee Chair's statement

The Audit Committee plays a crucial role in assisting the Board by monitoring, reviewing and challenging the effectiveness of the Group's systems of control and process.

Keith Mansfield
Audit Committee Chair

"As the new Chair of the Audit Committee, I'm pleased to present this year's report showing the Committee's continued key role within the Governance Framework."

The Board has overall responsibility for managing the risks facing the business to protect as far as possible the long-term success of Motorpoint. The Audit Committee plays a crucial role in assisting the Board to discharge that duty by monitoring, reviewing and challenging the effectiveness of the Group's systems of control and processes concerning financial reporting; risk management and business continuity; and business assurance around areas such as fraud, bribery and corruption detection, and whistle-blowing. The Committee also monitors and reviews the appointment of the Company's external auditors, including with regard to their independence and effectiveness, audit fees and the provision of non-audit services.

Audit Committee composition

The Committee comprises three independent NEDs: Keith Mansfield (Committee Chair), Mary McNamara and Adele Cooper. Throughout FY20 the Committee was chaired by Gordon Hurst who was succeed by Mr Mansfield in May 2020, with Steve Weller a member until October 2019 and Ms Cooper joining in March 2020. The table on page 41 sets out each member's attendance record at Committee meetings during the financial year.

Although not members of the Committee, the Chairman, the CEO, the CFO and the Company Secretary are also invited to attend meetings (unless they have a conflict of interest), as are the external auditors.

The Committee Chair has regular dialogue with the external auditors, without the Executive Directors present.

The Board is satisfied that the Chair of the Committee, Keith Mansfield, has recent and relevant financial experience gained in his previous role as a partner at PwC, London which he left in December 2018. He is a Chartered Accountant and has also served as Chair of the Audit Committee of Tarsus Group Plc until the sale of the company in August 2019. The Committee's other members have all played an active role in Committee meetings held throughout the year.

The Committee has engaged the following external advisers to assist it in meeting its responsibilities: PricewaterhouseCoopers LLP (PwC) act as external auditors. The Company also receives advice as required from Deloitte and Pinsent Masons LLP on tax and legal issues relating to corporate matters.

Audit Committee responsibilities

The Committee's principal responsibilities are:

- monitoring the integrity of the Company's financial statements in relation to the Company's financial performance;
- reviewing the effectiveness of the external audit process;
- assessing the potential requirement to build an internal audit function;
- setting the priorities and reviewing the findings of the internal operational audit function; and
- reviewing the effectiveness of the Group's financial and internal controls, including the process for the evaluation, assessment and management of risk.

The Committee met three times for scheduled meetings during the year and twice since the year end. Its activities included:

- reviewing and approving the Annual Report and Accounts to 31 March 2020 and half year results to 30 September 2019;
- considering reports from the external auditors and identifying any accounting or judgemental issues requiring its attention;
- overseeing the appointment of and relationship with the external auditors, including an assessment of their independence, key audit partner rotation, approval of fees and a review of the policy for use of external auditors to provide non-audit services;
- reviewing and considering the requirement to build an internal audit function and remaining satisfied that this is not yet required;
- setting the initial priorities and reviewing reports from the newly-formed internal operational audit function;
- considering accounting treatments for one-off transactions encountered in the year;
- reviewing and approving the Group's treasury policy;

- reviewing the Company's Risk Register and the risk mitigation actions undertaken during the year;
- reviewing the priorities and recommendations of the Compliance Committee;
- considering reports on the Company's Anti-Bribery and Anti-Money Laundering policies; and
- agreeing an appropriate period for a Viability Statement.

Financial reporting

The Board has discussed areas of risk and significant reporting issues with the external auditors and agree for the following areas of heightened risk to be reviewed and assessed in the audit of the Company's performance in the financial year to 31 March 2020:

- 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, a stressed budget has been considered, along with a range of further stressed scenarios, including the further reduction of volumes and reduced margins. In the most extreme models considered, the Group would need to consider negotiations to 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.
- New accounting standards: the adoption of new accounting standards has required a review and evaluation of expected impacts. In particular IFRS 16 as set out in the Financial Review highlights a material change in the presentation of the Company's balance sheet and trading performance. IFRS 16 also requires significant estimation, particularly around the incremental rate of borrowing, and judgments around lease terms.
- 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 have 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.

During the year the Committee reviewed these judgements, which are described further in the relevant accounting policies and detailed notes to the financial statements. The external auditors reported to the Committee any misstatements that they had found in the course of their work and no material adjustments were required.

After reviewing the presentations and reports from management and consulting where necessary with the external auditors, the Committee was satisfied that the financial statements appropriately addressed the critical judgements and key estimates in respect of both the amounts reported and disclosures.

Fair, balanced and understandable

Since the year end, we have reviewed the Company's Annual Report and Accounts 2020, together with the processes used to prepare and verify it. We have reported to the Board that, taken as a whole, we consider the Annual Report to be fair, balanced and understandable. We further believe the Annual Report provides the necessary information for shareholders to adequately assess the Company's position and performance, business model and strategy.

In making this assessment, we considered:

- the description of the business is consistent with the Committee's own understanding;
- risks reflect the issues considered by the Compliance Committee and concern the Audit Committee;
- appropriate weight has been given to ensure a balanced report, with both good and bad news;
- the discussions of performance reflect the story of the year in an understandable manner;
- that there is a clear and well articulated link between all areas of disclosure; and
- all reviews performed (including the Board, the Executives and PwC) ensured that all feedback was appropriately reflected.

External audit

The Committee oversees the Group's relationship with the external auditors. In line with its Terms of Reference, the Committee undertakes a thorough assessment of the quality, effectiveness, value and independence of the audit provided by PwC each year, seeking the views of the Board, together with those of relevant members of the Executive Board.

The Board is satisfied that the Company has adequate policies and safeguards in place to ensure that PwC maintain their objectivity and independence. In line with the normal rotation period, the key audit partner within PwC changed at the beginning of the financial period. The external auditors report to the Committee annually on their independence from the Company.

To fulfil its responsibilities in respect of the independence and effectiveness of the external auditors, the Committee reviewed:

- the terms, areas of responsibility, duties and scope of work of the external auditors as set out in the engagement letter;
- the audit work plan for the Group;
- the detailed findings of the audit, including a discussion of any major issues that arose during the audit;
- confirmation from PwC of their independence and objectivity and key audit partner rotation; and
- the audit fee and the extent of non-audit services provided during the year.

The external auditors are appointed by shareholders to provide an opinion on the financial statements and certain other disclosures prepared by the Directors. PwC acted as the external auditors to Motorpoint throughout the year.

The Board has a formal policy on the Company's relationship with PwC in respect of non-audit work. Proposals for all non-audit services above £50,000 must be approved by the Committee before any such work is carried out, and PwC may only provide such services if their advice does not conflict with their statutory responsibilities and ethical guidance.

Following the most recent review, the Committee recommended the reappointment of PwC as auditors of the Company, and PwC expressed their willingness to continue in office. A resolution to reappoint PwC and a resolution to enable the Directors to determine their remuneration will be proposed at the 2020 AGM.

Review of anti-bribery controls and whistle-blowing

The Committee reviewed the Company's anti-bribery processes and controls and evaluated and approved these and the Company's bribery risk assessment. On its recommendation, the Board readopted the Company's anti-bribery policy statements and associated controls.

The Committee considered reports on known instances of alleged wrongdoing and matters reported on the Company's confidential reporting line and their investigation, reviewed the adequacy of whistle-blowing procedures and commissioned follow-up action and improvements in risk related controls.

Keith Mansfield
Audit Committee Chair
14 July 2020

Nomination Committee Chair's statement

Motorpoint's Senior Leadership Team has been bolstered with a new Chief Operating Officer, Marketing Director and Chief Technology Officer. The Board also has two new NEDs, including Audit Committee Chair.

Mark Morris
Nomination Committee Chair

"The Committee is happy with the diversity, including gender, race and professional diversity of the Board."

The Nomination Committee is responsible for considering and making recommendations to the Board in respect of appointments to the Board, the Board Committees and the chairmanship of the Board Committees. It is also responsible for keeping the structure, size and composition of the Board under regular review, and for making recommendations to the Board with regard to any changes necessary, taking into account the diversity, skills and expertise that will be needed on the Board in the future.

All of the independent NEDs and the Chairman will be subject to re-election at the Company's upcoming AGM.

Committee composition

The Committee comprises five members: the CEO, Mark Carpenter; three independent NEDs, Mary McNamara, Adele Cooper and Keith Mansfield; and the Non-Executive Chairman, Mark Morris. Gordon Hurst served throughout FY20 and was succeeded by Mr Mansfield in May. Steve Weller was a member until October 2019 and Adele was appointed in March 2020.

The Committee is chaired by Mark Morris.

Committee responsibilities

The Committee leads the process for Board appointments and makes recommendations to the Board, and evaluates the balance of skills, experience, independence and knowledge on the Board. The Committee's full terms of reference can be found on the Company's website (Motorpointplc.com).

The Committee has considered the Board's diversity, including gender, race and professional diversity and still considers it to be appropriate and in line with the Code. Having had no movement to the Board's membership since its inception and IPO in 2016 until this year, the Committee was comfortable in reaching its conclusions on having appropriate diversity of the Board which is reviewed each year as part of the formal Board Evaluation process.

During the year the Committee did not meet the requirements of Provision 23 of the Code with regard to having a written policy on diversity and inclusion. It is now focusing on formalising its policy surrounding diversity and inclusion as an objective for FY21. However, the Committee had briefed the Company's consultants (who adhere to the Standard Voluntary Code of Conduct for Executive Search Firms and having its own Equality and Diversity Policy) to fully consider these matters on the recent Board member searches.

The Committee notes that the Company has fewer females in higher earning management and sales roles; and is disappointed to see a small increase in the Gender Pay Gap, although understands that this is mainly as a result of (male) PLC Executives earning bonuses not paid in the previous years. The Company's ability to attract and retain senior female talent, along with other diversity areas, will be an area of focus for the new Inclusion Committee to ensure we are doing everything we can to remove any unconscious bias.

Main activities of the committee during the year

The Committee met once for a scheduled meeting during the year and its activities included:

- Leading the appointment of our new independent NED, Adele Cooper. Drax Executive Limited were engaged to conduct an external search for Adele. As well as addressing the gender balance on the Board, Adele's retail and digital experience complements our model, particularly as the business grows its online and Home Delivery offering. Drax is the consultancy firm that was used to recruit Motorpoint's NEDs on flotation and the Company engages generally for Board appointments.
- Bolstering the Senior Leadership Team to focus on succession planning: FY20 saw the addition of a new Chief Operating Officer, Chief Technology Officer and Marketing Director.
- Evaluation of the Board and Executive Directors' performance and making the decision to take the evaluation externally next year.

See page 41 for details of the Committee attendance

Our priorities for the year ahead

FY21 will see an independent external evaluation of Board and committee effectiveness and performance. The Committee will also formalise its diversity and inclusion policy.

Mark Morris
Nomination Committee Chair
14 July 2020

Remuneration Committee Chair's statement

With strong support from our major investors, we have improved the long-term alignment of interests between Executive Directors and shareholders by introducing Restricted Shares to the new Remuneration Policy.

Mary McNamara
Remuneration Committee Chair

"A strong year of trading and operation performance, only impacted in the final weeks by COVID-19, delivered broadly on target bonuses for Executives."

I am pleased to present the Company's Directors' Remuneration Report for the financial year ended 31 March 2020. This report is split into two sections:

- the Directors' Remuneration Policy, which describes the new remuneration policy for the next three years and which will be subject to a binding shareholder vote at the 2020 AGM; and
- the Annual Report on Remuneration, which sets out in detail how the remuneration policy has been applied in the year to 31 March 2020, as well as how the new policy will be applied in the forthcoming year. This section of the report, as well as this introductory letter, will be subject to an advisory shareholder vote at the 2020 AGM.

Remuneration and how it supports our business strategy

The Remuneration Committee is responsible for setting and applying a remuneration policy which serves to provide appropriate levels of remuneration to the Senior Management Team. The goals of the policy are to provide appropriate reward for strong performance and quality leadership, to ensure the retention of key employees and to allow the Company to attract high quality candidates where required. It is in this context the Committee reviewed the policy that has applied since Admission in 2016 to ensure the policy would still promote these goals during the next three year policy period.

The Committee believes it is important that a sizeable portion of each Executive Director's total package should be performance based, with performance measures linked to our key strategic objectives of delivering profitable earnings growth, together with high levels of customer satisfaction and employee engagement. Furthermore, the award of share based long-term incentives with long vesting and holding periods, in tandem with the share ownership guidelines, serves to directly align the interests of our Directors with those of our shareholders. The remuneration policy proposed by the Committee builds on these principles.

Remuneration policy review

Since our IPO in May 2016, the Committee has applied the policy with restraint, with Executive Directors' total remuneration being positioned significantly below prevailing market rates. Furthermore, primarily due to ambitious incentive plan target setting, reflective of the expectation that Motorpoint should exceed the 'normal' motor retail market performance, there has been little to no pay-out under the incentive plans (and the next two PSP awards look unlikely to vest either). This is despite being a strong performer in the motor retail market, with above-market top and bottom line growth, increased market share and record levels of customer and employee satisfaction.

See page 18 for further details

The Committee has reviewed the policy and concluded that, whilst it remains committed to aligning Directors' pay to the long-term interests of our shareholders, there should be a change of approach in relation to our policy for long-term incentive pay. After very careful consideration and a detailed engagement with our major shareholders we have concluded that a new incentive plan, based on 'Restricted Shares' should replace Performance Shares. Restricted Shares differ from Performance Shares in that the grant level is scaled back significantly, but the vesting of the shares is not subject to specific future performance conditions (other than a performance underpin). Instead, the vesting timeframe is extended beyond three years and there is a stronger emphasis on long-term share ownership. The Committee had considered this in detail as part of the policy review and had, in fact, already determined that below Board level, Restricted Shares should replace Performance Shares.

The Committee and Board consider that Restricted Shares have the following attractions for Motorpoint:

- As a recently IPO'd business there is a strong equity culture and Restricted Shares are closer to 'actual' shares than Performance Shares (a promise to receive shares in three years' time if certain conditions are met). Having now had the benefit of experiencing both direct share ownership pre IPO and Performance Shares since IPO, the Committee considers that Restricted Shares, effectively with direct share ownership from the outset and therefore a longer-term focus on share price and dividend, provide a much stronger reward mechanism and better alignment of interest with shareholders.
- With Restricted Shares, unlike Performance Shares there will be no requirement to set 3-year performance targets. In this regard Restricted Shares are less time-specific and recipients are able to take a longer-term view on performance and strategy, with the cash bonus providing a sharper annual incentive for shorter-term profitability and operational excellence.
- The grant level will be half the level of the maximum Performance Shares and there is, therefore, lower maximum remuneration.
- With a meaningful performance condition underpin, together with broader Committee discretion to scale back awards on grant or at any point up to vesting, there are sufficient safeguards against reward for failure. If performance is poor, we will scale back awards, potentially to zero.
- At Motorpoint, the first two awards of Performance Shares since IPO have not met the stretching performance targets and lapsed in full (despite good performance in an often challenging environment). Perhaps understandably, the Performance Shares are not viewed internally as an effective reward mechanism. Therefore, a change to a different approach, ie a fresh start, will be motivational.
- It will be simpler and more transparent for the policy for the entire Senior Leadership Team to be based on Restricted Shares, rather than having the two Executive Directors on a different plan to the rest of the management team. This will create a stronger and more cohesive approach across the organisation.
- There was a strong preference for Restricted Shares from some of our major investors.

The Committee has determined that the policy for Restricted Shares in relation to the Executive Directors should be as follows:

- As part of the consultation with our major shareholders we had originally proposed to retain performance shares and increase the award level, from 125% to 150% of base salary. Now that the policy will be based on Restricted Shares the award level for the Executive Directors will normally be 75% of salary each year (being half of the original proposal for Performance Shares). Salaries are significantly below mid-market levels and the Committee considers that the overall packages will still be significantly below mid-market levels.
- At each grant the Committee will review the level of the award in relation to the share price, and other factors, at the date of grant and there will also be discretion to reduce the value of the shares on vesting.
- In relation to the first award for FY21 specifically (planned to be granted after the AGM) if the Committee considers that there has been a windfall caused by a sharp recovery in the share price as normal business activity resumes following COVID-19, awards may be scaled back on vesting.
- Each award would vest proportionately 50%, 25% and 25% at three, four and five years after grant. Each award 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.
- Dividend equivalent provisions in relation to dividends that would have been paid over the vesting period, would be payable on vesting.

Our response to the COVID-19 pandemic

Immediately prior to the deadline for publishing this report the Committee carefully reviewed the work to date in light of the COVID-19 pandemic and the very significant impact on trading and the pay and conditions of the workforce. In relation to the three-year policy the Committee determined that it should continue with the policy proposals unchanged, which, amongst other things, include the change to Restricted Shares instead of Performance Shares. However, in terms of the application of the new policy, we had contemplated increases to the base salaries for the CEO and CFO. These have been put on hold until the current crisis stabilises and we would consult again before implementing any salary increases within the new policy. Further more, from 1 April 2020 we temporarily reduced the Executive Directors' salary and NED fees, in line with the very tough decisions we have taken in relation to workforce pay and conditions more generally. The CEO received a salary equivalent to the National Living Wage and the CFO's salary was reduced by 50% for the period that the sites were closed down.

New remuneration policy at a glance

Element	Description	Opportunity
Fixed salary	Set at a level to reflect the experience, skills and responsibilities of the individual as well as the scope and scale of their role.	Effective 1 April 2020: CEO: Temporary reduction from the FY20 level of £274,125 to the National Living Wage £17,062.50. CFO: Temporary 50% reduction from the FY20 level of £215,000 to £107,500. Pay reverted to the FY20 base salary levels from 1 June when the majority of the retail sites reopened.
Benefits	Family private medical insurance, company car, fuel allowance and participation in the Company's all employee SAYE Scheme.	Market competitive.
Pension	Contributions paid to nominated personal pension funds for each Director.	10% of salary for the duration of this policy period, before reducing to the workforce rate. Pension for new joiners will be at the workforce rate.
Annual bonus	Performance is measured with reference to an appropriate mix of financial and non-financial measures, determined annually by the Committee and in alignment with the Company's strategic objectives at that time. For FY21 bonuses are based on Adjusted PBT, retail volume growth, customer satisfaction and employee engagement metrics.	Up to 100% of salary.
Restricted shares	Annual awards of Restricted Shares, vesting 50%, 25% 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. In addition, at least 50% of any vested awards must be retained (net of any taxes due) until the shareholding guidelines have been met.	Up to 75% of salary.
Share ownership requirements	200% of salary, including retention for two years after cessation of employment (or the actual shareholding, if lower).	

Remuneration in FY20

The remuneration policy remained unchanged in FY20.

The annual bonus for FY20 was based on Adjusted PBT, retail volume growth, customer satisfaction (NPS) and employee engagement. In relation to retail volume and employee engagement our performance was below the minimum threshold for the stretching targets that were set and so zero bonus was payable under these elements. In relation to customer satisfaction we are pleased that the service we delivered enabled us to exceed the maximum performance threshold and so the full 10% will be payable. The Committee has considered the PBT performance element carefully and noted that the PBT performance was ahead of budget and the prior year for 11 months of the year, before falling sharply in March due exclusively to the impact of COVID-19, and in particular the Government imposed temporary closure of the business on 23 March 2020. Overall, the final published PBT number for the year is below the minimum threshold for bonus payment. However, based on the Board's estimations, had performance continued normally to the financial year end the PBT performance would have delivered a bonus number that was ahead of the target value.

In order to recognise that management performed strongly for virtually the whole year, the Committee has used its discretion to determine that the target level of bonus under this element should be payable, equivalent to 29% of base salary (out of 45%), bringing the total bonus to 39% of salary.

In arriving at this use of discretion it is noted that:

- This approach is being applied to the rest of the workforce for FY20 bonuses.
- While we have used Government support to furlough most of our employees following the Government mandated temporary closure of the business, we see this as a matter to consider in relation to the FY21 salary, bonus and pay more generally.
- We will delay the actual payment of these bonuses (and including those for the rest of the Senior Management Team) until the Board determines that it is financially prudent for the business to do so.
- The 2017 PSP award failed to achieve the challenging EPS performance targets (18% to 35% CAGR over three years) and so will lapse.
- Overall pay levels are significantly below mid-market levels.

The table below provides a summary of total remuneration for the Executive Directors for FY20.

£'000	Salary	Benefits	Pension	Bonus	LTIP	Total
Mark Carpenter	£274	£2	£27	£107	£0	£410
James Gilmour	£215	£1	£22	£84	£0	£322

Application of the policy for FY21

On 24 March 2020 we announced that the Executive Directors and NED will take a significant reduction to their base salaries and fees which took effect from 1 April and this continued until the business re-opened the majority of its sites on 1 June. We will review the level of salary payable for the remainder of the year but it will not be higher than the rate payable for FY20.

Annual bonus targets will be set very carefully and discretion is likely to need to be used at the end of the year to determine what level of bonus, if any, should be payable for the year.

Similarly, Restricted Shares will be granted later in the year and after our AGM subject to shareholder approval.

Closing remarks

Following a significant review of the policy we consider that it is in the long-term interests of our shareholders to proceed with the new remuneration policy for the next three year period, including the significant change in approach to Restricted Shares. As described above, we have acted fast with the agreement of management to change the way that the policy will be applied this year and we continue to operate the policy with flexibility taking into account at all times the long term interests of our shareholders, employees and other stakeholders.

I would like to extend a huge thank you to Steve Weller and Gordon Hurst who have given significant support to me in their years on the Committee, and wish them well. I am also very pleased to welcome Adele Cooper and Keith Mansfield on to the Committee and look forward to working with them in the future.

I look forward to the AGM and your support on the resolutions to approve the new Directors' Remuneration Policy and the Annual Report on Remuneration.

Mary McNamara
Remuneration Committee Chair
14 July 2020

Remuneration policy

This section of the report sets out the remuneration policy for the Directors of Motorpoint Group Plc. The policy set out below will, subject to shareholder approval at the 2020 AGM, become effective following the conclusion of the AGM. The policy is then intended to apply for a period of three years.

Setting the Remuneration Policy

The Committee sets the remuneration policy for Executive Directors and other Senior Management Team taking into account the Company's strategic objectives, shareholder expectations and the principles of the Code. The aim of the remuneration policy is to provide an appropriate pay structure for the Executive Directors and Senior Management, to ensure their retention and to continue to focus them on delivering strong financial performance. The Company and the Committee are confident that the formal policy set out in this report is effective at driving continued superior performance from the Executive Directors without overpaying and is therefore appropriate for the Company.

The Committee addressed the following factors when determining the remuneration policy and practices, as recommend by the Code:

Principle	Committee approach
Clarity – remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.	• The metrics used in our annual bonus have a direct link to our Company KPIs to ensure performance related remuneration supports and drives our strategy. • Restricted Shares ensure Senior Management are focussed on the long-term sustainability and interests of the Company and all of its stakeholders. • The Committee consults with shareholders to explain and clearly set out any proposed changes to the policy and are committed to having an open and constructive dialogue with shareholders.
Simplicity – remuneration structures should avoid complexity and their rationale and operation should be easy to understand.	• Our remuneration structure has been simplified with Restricted Shares replacing Performance Shares. • The bonus is payable entirely in cash and the Restricted Shares are the sole share based plan aside from the all employee share plans.
Risk – remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.	• The Committee has ensured that risks are identified and mitigated by: – Introducing discretion to override the formulaic outturn of incentives – Enhancing clawback and malus provisions. • Restricted Shares ensure Executives are not encouraged to make short term decisions but to deliver sustainable shareholder returns over the long-term. • Executives are encouraged to build significant shareholdings.
Predictability – the range of possible values of rewards to individual Directors and any other limits or discretions should be identified and explained at the time of approving the policy.	• The scenario chart on page 58 sets out the potential rewards available to the Executive Directors under three different performance scenarios, and in the case of a 50% share price increase in relation to the LTIP. • The move to Restricted Shares will increase the predictability of remuneration.
Proportionality – the link between individual awards, the delivery of strategy and the long-term performance of the Company should be clear. Outcomes should not reward poor performance.	• Variable pay comprises the majority of the Executive Directors' packages, with the individual limits and pay-out for different levels of performance set out in the policy and the scenario chart on page 58. The performance conditions are aligned to strategy and the targets are set to be stretching to reward for delivering above market returns in line with strategy. • The Committee retains discretion to override the formulaic outturns of incentives if the pay-out does not reflect broader Company performance and other factors.
Alignment to culture – incentive schemes should drive behaviours consistent with Company purpose, values and strategy.	• The alignment of metrics to the medium and long-term strategy ensures behaviours consistent with the Company's purpose and values are being encouraged. • The presence of clawback and malus provisions discourages behaviours that are not consistent with the Company's purpose, values and strategy. • The Committee reviews the wider workforce pay and policies to ensure there is alignment with the Executive Director policy and that remuneration is designed to support the Company's people-centric culture.

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 will, going forwards, participate in a Restricted Shares plan, with shares awarded linked to performance and service, which must be held for the long term.

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 new remuneration policy and significant changes were made to incorporate shareholders' feedback.

Remuneration Policy for Executive Directors

The table overleaf sets out, for each element of pay, a summary of how remuneration is structured and how it supports the Company's strategy.

The changes to the previous policy are as follows:

Pension:

- For new appointments, pension contribution will be aligned to the contribution available to the majority of the workforce. 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.

Annual bonus:

- The Committee has discretion to override the formula-driven outturn of the performance conditions for the annual bonus to ensure that the payments reflect broader performance considerations and other factors.

Restricted Shares instead of Performance Shares

- To replace Performance Shares with specific three-year performance targets, with awards of Restricted Shares with a lower value at grant, a longer vesting period and a post-vest holding period.

Clawback and malus:

- In line with the Code, provisions have been updated to enable the Company to recover incentive payments in a broader range of events, such as reputational damage, corporate failure and failure of risk management and we will ensure that they will be appropriately enforceable should they be needed.

Shareholding requirement:

- The current shareholding requirement of 200% of salary for the Executive Directors will be retained. The requirement will be amended to require 50% of any vested shares to be retained under the bonus and Restricted Shares until the shareholding guideline is met. The current requirement requires 100% of vested shares to be retained. The Committee is satisfied a 50% retention level is appropriate and notes the current Executive Directors have both already achieved the 200% of salary shareholding requirement.
- A requirement will be introduced for Executive Directors to retain shares for a period of two years following cessation of employment. The required holding would be the level of shareholding requirement prior to departure or, if lower, the actual shareholding on departure. This requirement will not apply to future purchases of shares by the Executive Directors with their own funds.

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. However, since base salaries at Admission were set significantly below competitive market levels, the Committee reserves the right to award increases above the level set out above to ensure that the salaries appropriately reflect the role, responsibilities, performance and experience of the Directors. For details of the current base salary levels for the Executive Directors see page 50.
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, company car and fuel allowance. 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.

Remuneration policy

continued

Purpose and link to strategy	Operation	Performance measurement	Maximum opportunity
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 incumbent Directors. 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.
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 Executive 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% 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 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.	Normally 75% of salary.
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.

Purpose and link to strategy	Operation	Performance measurement	Maximum opportunity
Shareholding guidelines			
To align the interests of Executive 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. 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, 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 NEDs.

Purpose and link to strategy	Operation	Performance measurement	Maximum opportunity
Fees			
To ensure a fair reward 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 their duties to the Company and has the benefit of indemnity insurance maintained by the Group on their behalf indemnifying them against liabilities they may potentially incur to third parties as a result of their 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 the 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.

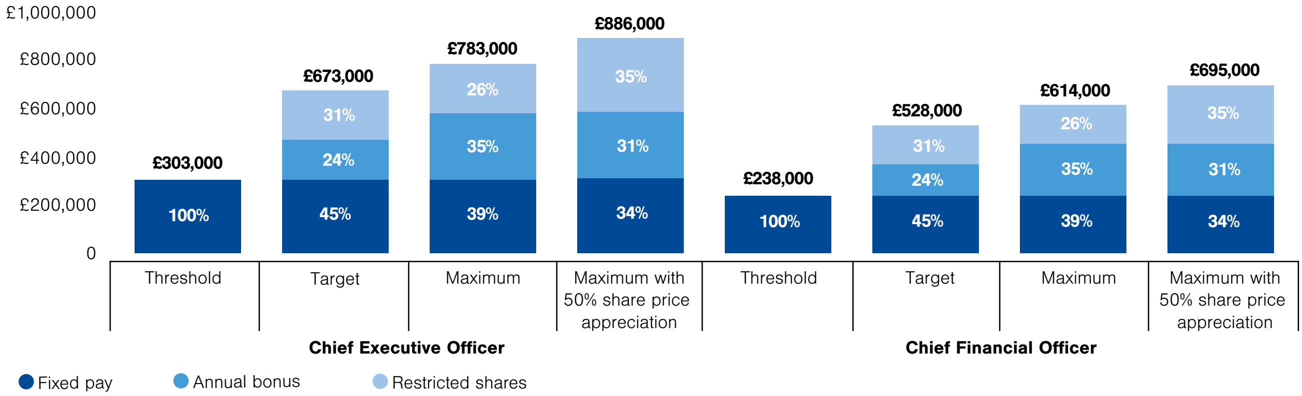
Reward scenarios

The bar chart below details how the composition of the Executive Directors' remuneration package varies at different levels of performance. The chart is shown at the full FY21 levels of remuneration and as such, do not reflect the temporary reduction in salary in response to the COVID-19 situation.

- Threshold includes fixed pay only (ie 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, and full vesting of Restricted Shares.
- Maximum scenarios plus the impact of 50% share price growth on Restricted Shares.

Salary levels are effective as at 1 April 2020, and the value for benefits is the cost of providing those benefits in FY20.

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 Remuneration 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.

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
James Gilmour	12 May 2016	N/A	9 months
NEDs			
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.

Provision	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, ie 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 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 works 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 the all employee share plans will vest in accordance with the terms of the plans 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.

Annual report on remuneration

This part of the report has been prepared in accordance with Part 3 of the revised Schedule 8 set out in The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, 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.

Membership of the remuneration committee

During FY20 the Committee comprised the three independent NEDs: Gordon Hurst; Mary McNamara and Adele Cooper (from 6 March 2020). Steve Weller was a member of the Committee until 10 October 2019. The Committee is chaired by Mary McNamara. From 20 May 2020, Keith Mansfield succeeded Mr Hurst.

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

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 during the year, Korn Ferry was appointed as adviser to the Committee. Korn Ferry is a signatory to the Remuneration Consultants' Code of Conduct and have 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 £10,000 plus VAT and to Aon plc, the Committee's previous advisers, were £13,479 plus VAT. The Committee is satisfied that the advice it received from both advisers is objective and independent. Korn Ferry did not provide any other services to the Company during the year.

Remuneration in FY20

Directors' single figure of remuneration (audited)

The table below shows the aggregate emoluments earned by the Directors of the Company during FY20 and the comparative information for FY19.

£'000		Salary/fees	Benefits[1]	Pension	Bonus[2]	LTIP[3]	Total
Mark Carpenter	FY20	274	2	27	107	–	410
	FY19	254	8	25	–	–	287
James Gilmour	FY20	215	1	22	84	–	322
	FY19	195	7	20	–	–	222
David Shelton[4]	FY20	30	N/A				30
	FY19	40					40
Mark Morris	FY20	100	N/A				100
	FY19	100					100
Mary McNamara	FY20	53	N/A				53
	FY19	53					53
Gordon Hurst	FY20	48	N/A				48
	FY19	48					48
Steve Weller[5]	FY20	27	N/A				27
	FY19	40					40
Adele Cooper[6]	FY20	3	N/A				3
	FY19	–					–

1. Relates to provision of family private medical insurance and participation in the all employee SAYE Scheme (valued as the discount given on the date of grant).
2. Payment of annual bonus earned in FY20 is delayed until the Board determines that it is financially prudent for the business to do so.
3. The PSP awards granted in July 2017 will lapse as the minimum performance threshold was not achieved.
4. Until his resignation on 31 December 2019.
5. Until his resignation on 10 October 2019.
6. From her appointment on 6 March 2020.

Details of variable pay earned in the year

Annual bonus

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

In relation to retail volume and employee engagement, our performance was below the minimum threshold for the stretching targets that were set and so zero bonus was payable under these elements. In relation to customer satisfaction, we are pleased that the service we delivered enabled us to exceed the maximum performance threshold and so the full 10% will be payable. The Committee has considered the PBT performance element carefully and noted that the PBT performance was ahead of budget and the prior year for 11 months of the year, before falling sharply in March due exclusively to the impact of COVID-19, and in particular the Government imposed temporary closure of the business on 23 March 2020. Overall, the final published PBT number for the year is below the minimum threshold for bonus payment. However, based on the Board's estimations, had performance continued normally to the financial year end, the PBT performance would have delivered a bonus number that was ahead of the target value.

In order to recognise that management performed strongly for virtually the whole year, the Committee has used discretion to determine that the target level of bonus under this element should be payable, equivalent to 29% of base salary (out of 45%), bringing the total bonus to 39% of salary.

(Audited)

	Performance required[1]			% salary payable at				
Performance measure	Threshold	Target	Stretch	Threshold	Target	Stretch	FY20 outcome	Total payable (% of salary)
Adjusted PBT	£22.0m	£22.7m	£23.6m	15%	29%	45%	£18.8	29%[2]
Retail Volume Growth	4.0%	4.8%	6.0%	10%	19%	35%	-4.7%	–
NPS	76	78	80	5%	6%	10%	81%	10%
Employee Engagement[3]	–	2*	3*	–	6%	10%	1*	–
Total Achievement				30%	60%	100%		39%

1. Payable on a sliding scale between target levels.
2. Committee discretion applied, see commentary above.
3. Employer Star rating in The Sunday Times Top 100 Companies To Work For.

Outstanding share awards, including details of awards granted during the year and awards vesting based on performance to 31 March 2020

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

(Audited)

Name	Year of grant	Scheme	At 1 April 2019	Awards granted during the period	Awards vesting during the period	Awards due to lapse in relation to the period	At 31 March 2020	Date from which exercisable	Exercise price
Mark Carpenter	2017[1]	PSP	180,505	–	–	180,505	180,505	21 July 2020	–
	2018[2]	PSP	106,339	–	–	–	106,339	20 July 2021	–
	2019[3]	PSP	–	155,470	–	–	155,470	22 July 2022	–
	2016[4]	SAYE	3,203	–	3,203[1]	–	3,203	1 Feb 2020	112.39p
	2017[5]	SAYE	2,030	–	–	–	2,030	1 Feb 2021	177.30p
	2018[6]	SAYE	1,904	–	–	–	1,904	1 Feb 2022	189.00p
	2019[7]	SAYE	–	1,565			1,565	1 Feb 2023	230.00p
James Gilmour	2017[1]	PSP	129,964	–	–	129,964	129,964	21 July 2020	–
	2018[2]	PSP	83,403	–	–	–	83,403	20 July 2021	–
	2019[3]	PSP	–	121,937			121,937	22 July 2022	–
	2016[4]	SAYE	3,203		3,203[1]	–	–	1 Feb 2020	112.39p
	2017[5]	SAYE	2,030	–	–	–	2,030	1 Feb 2021	177.30p
	2018[6]	SAYE	1,904	–	–	–	1,904	1 Feb 2022	189.00p
	2019[7]	SAYE	–	1,565			1,565	1 Feb 2023	230.00p

1. Following maturity, on 3 February 2020 the share price was 307 pence against an option exercise price of 112 pence.

Performance share plan

Awards were made under the Company's PSP to the value of 100% of base salary for PSPs 2017 and 2018, and 125% of base salary for PSP 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 above 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 2017

PSP awards were made in July 2017 based on the closing share price on the day before grant of 138.5 pence. The face values of the awards at date of grant were: Mark Carpenter £250,000; James Gilmour £180,000 and David Shelton £126,000. The EPS growth targets measured over the three financial years from 1 April 2017 to 31 March 2020 are as follows:

	EPS growth (CAGR)	Vesting
Threshold	18%	25%
Maximum	35%	100%

EPS growth was below threshold over the three-year period and therefore the awards will lapse on 21 July 2020.

2. PSP 2018

PSP awards were made in July 2018 based on the average of the closing middle-market quotations of the share price during the 5 dealing days before grant of 239.80 pence. The face values of the awards at date of grant were: Mark Carpenter £255,000 and James Gilmour £200,000. The EPS growth targets measured over the three financial years from 1 April 2018 to 31 March 2021 are as follows:

	EPS growth (CAGR)	Vesting
Threshold	10%	25%
Maximum	18%	100%

3. PSP 2019

PSP awards were made in July 2019 based on the average of the closing middle-market quotations of the share price during the 5 dealing days before grant of 220.4 pence. The face values of the awards at date of grant were: Mark Carpenter £342,656 and James Gilmour £268,750. The awards are subject 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)	Market share growth (0–2 year)	Vesting
Threshold	7.5%	5.0%	12.5%
Maximum	12%	10.0%	50%

SAYE schemes

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). In each year Mark Carpenter and James Gilmour have participated at the maximum limit.

	Exercise price	No. of participants	Share price on grant
4. SAYE 2016	112.39 pence	335 out of 680	128.20 pence
5. SAYE 2017	177.30 pence	286 out of 785	222.25 pence
6. SAYE 2018	189.00 pence	204 out of 763	204.00 pence
7. SAYE 2019	230.00 pence	193 out of 745	256.00 pence

Dilution limits

The Performance Share Plan and SAYE Scheme were put in place on Admission. Awards under the Performance Share Plan are subject to a dilution limit for newly-issued and treasury shares of 5% of the share capital in any 10 year period. Awards under all share plans operated by the Company (including the SAYE Scheme) are subject to an overall dilution limit for newly-issued and treasury shares of 10% of the share capital in any 10 year period.

Table of Directors' share interests (audited)

The share interests of each current Director as at 31 March 2020 (together with interests held by his or her connected persons) are set out in the table below.

Executive Directors are required by the Remuneration Policy to hold shares to the value of 200% of salary, and must retain 50% of any vesting PSP award (net of any taxes due), under the new policy until this guideline is met. Additionally, the NEDs 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.

As at 31 March 2020, save for Adele Cooper who had only been in office for a number of weeks, all Directors had met this requirement. Gordon Hurst had also met this requirement but is not included below as he is no longer a Director.

				At 31 March 2020	
Name	Beneficially owned shares	Unvested PSP awards	Unexercised SAYE options	Total	Percentage of salary / fees[1]
Executive Directors					
Mark Carpenter	8,874,556	442,314	8,702	9,325,572	9,069%
James Gilmour	175,317	335,304	5,499	516,120	228%
Non-Executive Directors					
Mark Morris	8,614,556	–	–	8,614,556	24,121%
Mary McNamara	65,500	–	–	65,500	346%
Adele Cooper	–	–	–	–	–

1. Calculated as the value of all fully-owned shares held at 31 March 2020, valued using the three month average share price over the period to 31 March 2020 (280p), divided by base salary as effective 31 March 2020.

During the period from 31 March 2020 to the publication of this report there have been no changes in the Directors' share interests, but please see pages 61 and 62 for details of PSP 2017 which is due to lapse on 21 July 2021.

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)

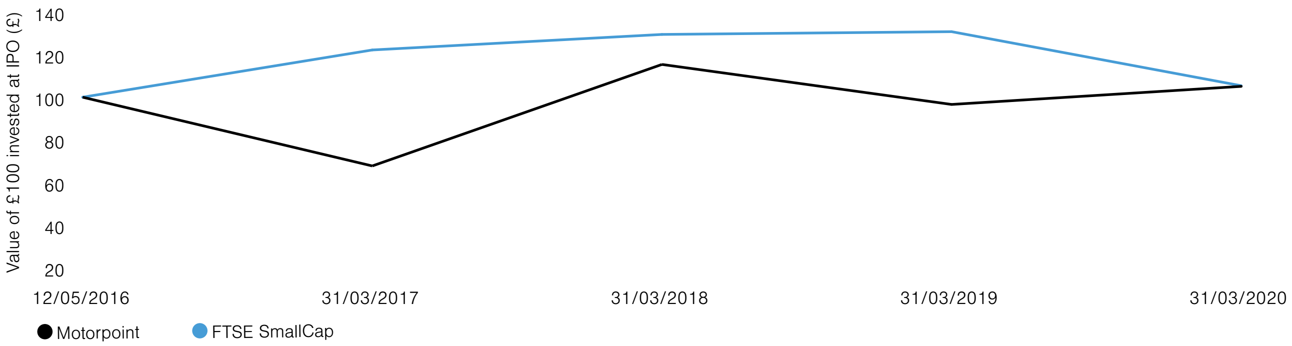
No payments were made to former Directors of the Company or in relation to loss of office during the year.

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 2020. 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
Total remuneration (£'000)	262	443	287	**410**
Annual bonus (% of maximum)	0%	61%	0%	**39%**
LTIP vesting (% of maximum)	N/A[1]	N/A[1]	0%	**0%**

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

Change in remuneration of the CEO

The table below shows the difference in remuneration payable to the CEO in FY19 and FY20, 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.

	CEO			Average employees		
	FY19 £'000	**FY20 £'000**	Percentage change	FY19 £'000	**FY20 £'000**	Percentage change[1]
Base annual salary	254	**274**	7.9%	23	**19**	(17.4)%
Taxable benefits	8	**2**	(75.0)%	1	**1**	0.0%
Bonus	–	**107**	N/A	10	**8**	(20.0)%

CEO to Employee Pay Ratio (The Companies (Miscellaneous Reporting) Regulations 2018) (2018 Reporting Regulations)

The table below discloses the ratio between the CEO's remuneration and Motorpoint's wider workforce in FY19 and FY20.

FY	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2020	Option A	20.5:1	18.0:1	10.25:1
2019	Option A	13.7:1	11.4:1	7.2:1

Disclosure of employee data used to calculate the ratio for FY20:

	25th percentile	Median	75th percentile
Total pay and benefits of employees	21	25	54
Basic salary of employees	20	23	40

The table above sets out the CEO pay ratio for FY20 and the comparative ratio for FY19. 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 2020.

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 FY20 performance.

At 18.0:1, the median CEO pay ratio has slightly increased for FY20 compared to FY19, this is primarily as a result of variable pay outcomes and the fact that the CEO's remuneration package is weighted more heavily towards variable pay than comparable employees. In FY19, there were no bonus or LTIP payments for the year, this year a bonus is payable to the CEO of 39% of salary and there is no LTIP payable. This has resulted in an increase to the ratios at all quartiles.

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, share buyback, dividends paid and profit before tax in FY20 compared to the prior year.

	FY19 (£m)	FY20 (£m)	Percentage change
Total employee remuneration	29.1	28.8	(1.0)%
Dividends paid	6.9	7.0	1.4%
Share buyback	8.8	13.1	48.9%
PBT	22.2	18.8	(15.3)%

Statement of shareholder voting

The Company's last AGM was held on 23 July 2019, at which the Annual Report on Remuneration was put forward for an advisory vote. The Committee is pleased to report that it received 99% votes in favour of the resolution. The Remuneration Policy was approved at the AGM held on 26 July 2017 and received unanimous support from shareholders.

	Binding vote on Remuneration Policy (2017 AGM)		Advisory vote on Annual Report on Remuneration (2019 AGM)	
Votes cast	Votes	Percentage	Votes	Percentage
For	73,446,640	100%	73,243,940	99.26%
Against	–	-	549,586	0.74%
Total	73,446,640	100%	73,793,526	100.00%
Withheld	–	-	2,290	–

Implementation of the policy in FY21

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

Base salaries

The Committee reviews the Executive Directors' base salaries on an annual basis, with any increases taking effect from 1 April each year. In light of the current market environment, no salary increases are proposed for FY21 and furthermore Executive Directors' salaries were temporarily reduced by 50% for the CFO and to the National Minimum Wage for the CEO during the period of retail sites' closure.

	1 April 2019	1 April 2020*	Percentage change
Mark Carpenter	£274,125	£274,125	0%
James Gilmour	£215,000	£215,000	0%

* Executive Directors' salaries were temporarily reduced from 1 April 2020 in light of the current market environment. Current salaries for FY21 were therefore £107,500 for James who took a 50% reduction and £17,062.50 for Mark who opted to reduce his salary to the National Living Wage, until 1 June 2020.

Benefits and pension

No changes are proposed to the provision of pension and benefits for FY21. Executive Directors will continue to receive family private medical insurance. Pension contributions will amount to 10% of salary in line with the Remuneration Policy, and are payable into their nominated personal pension plans.

Annual bonus

The annual bonus opportunity will be 100% of base salary. Considerations in relation to the performance conditions have been delayed until our half year, in September, so that we have a clearer picture in relation to business outlook and performance. Targets will be set at that time for the remainder of the year and the Committee will use discretion where appropriate to ensure that bonus payment is appropriate in the broader circumstances.

Long-term incentives

Executive Directors will receive an award of Restricted Shares subject to approval of the new Remuneration Policy at the 2020 AGM. It is currently intended that the awards will be worth 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.

Vesting will be 50%, 25% and 25% at years three, four and five, respectively. 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 NED fees

The fees payable to the NEDs of the Company remain unchanged for FY21 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 of Directors on 14 July 2020 and is signed on its behalf by:

Mary McNamara
Remuneration Committee Chair
14 July 2020

Directors' report

The Directors present their report, together with the audited financial statements of Group and the Company, for the year ended 31 March 2020.

This Directors' Report includes information which is included elsewhere in the Annual Report as indicated in the table below, and which is incorporated into this report by reference.

Information	Page reference	
AGM	40	
Audit information	70	Section 418 of the Companies Act 2006 statement.
Directors	41 & 42 39	Directors who served during FY20. Biographies of Directors up for re-election at the 2020 AGM.
Directors' interests	63 61 & 62	Table of Directors' share interests. Changes as a result of Share Plans maturing and lapsing.
Directors' service contracts	59	Details of unexpired term of Directors' service contract.
Dividends	1, 3, 11 & 21	No final dividend is recommended by the Board.
Employee engagement	30 & 31 62	Provision of information to employees. Details of our employee SAYE scheme.
Financial instruments	98	Note 24 financial instruments and risk management.
Future developments	2, 11, 12, 13 & 15	Launch of nationwide Home Delivery, Reserve & Collect and Contactless Collections.
Gender Pay Gap	30	
Important post year end event	2 43	Home Delivery and Contactless Collections have been fully launched. Change of Directors.
Management Report	1 to 37	Incorporation of Strategic Report for the purposes of DTR4.1.5R.
SECR	33	Streamlined Energy and Carbon Reporting.
Share capital	101	Note 26 to the consolidated financial statement Share Capital.
Stakeholder Engagement	16 & 17	Section 172 Statement.
The Code	40 & 43	We are compliant with the UK Corporate Governance Code 2018 and details of our temporary departure of Provision 11 are explained.

Indemnity Provisions

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.

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 6 weeks which impacted short term performance and liquidity. The Group took immediate actions to limit the impact of this closure and have secured additional finance facilities, including an uncommitted £15 overdraft, to support operational cash flows if required.

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

As described in the Viability Statement the board have considered a stressed budget position, which models significantly reduced sales volumes in the short term, followed by an extended period of recovery through FY21. The actions which management have already taken to control costs have been factored into this scenario, including the utilisation of certain Government support initiatives. Whilst this stressed scenario places additional pressures on both cash flow and profitability, the Group ultimately expects to return to normal levels of volume in the medium term.

The period considered for going concern purposes is a minimum of 12 months from the date of signing the accounts, which is more than covered by the 3 years modelled for viability purposes.

The board have 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 site trading expenses, team costs most notably sales commissions, pausing new stock commitments and extending the period for which expansionary capital spend and share buybacks are suspended. All of these actions could conceivably be performed within and throughout the going concern period.

The reverse stress test model demonstrated that a prolonged period of volume reduction in excess of 50% year on year was required before compromising the going concern status of the Group, which is considered highly unlikely.

In light of the immediate impacts, including the period of temporary site closure, the Group has already taken 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 nonessential spend. The Group has made use of the Government's Coronavirus Job Retention Scheme and continues to work closely with its banking partners, notably in securing an additional uncommitted £15m overdraft facility with Santander UK PLC. As this is an uncommitted facility all of our downside planning has excluded the ability to draw these funds.

The Directors have made use of the post year end trading performance to provide additional assurance around the continuing viability of the business, as well as the ability to return to significant levels of trading quickly. 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.

Political Donations
The Company has not made any political donations in FY20.

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 don't tolerate any form of discrimination activity 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.

The Company's policies and practices for its employees are consistent with the Company's values and support its long-term sustainable success. We value our employees' voice and regularly consult with them through annual and monthly engagement surveys, monthly All Hands meetings, monthly team forums and quarterly forums with the CEO. This ongoing open communication ensures our employees able to raise any matters of concern and also ensures their views are shared and at the heart of the Board's decision-making process.

Our employees are passionate about the Company's performance and in order to further encourage this we offer all staff the chance to take part in the Motorpoint SAYE scheme, giving our team members the opportunity to make savings and become shareholders of the Company at a discounted rate. We also offer a number of internal bonus and incentive schemes to drive customer experience and shareholder return.

Disclosable share interests

As at 31 March 2020, the Company had been notified of the following voting interests in the Ordinary Share capital of the Company in accordance with DTR5 of the FCA's Disclosure Guidance and Transparency Rules. Percentages are shown as notified, calculated with reference to the Company's disclosed share capital as at the date of the movement triggering the notification. It is noted that these holdings are likely to have changed since the Company was notified, but there is no requirement to notify until a relevant threshold has been crossed.

Shareholder and date of notification to the Company	No. of Ordinary Shares	% of issued shares at notification
Punch Card Management LP – 30 March 2020	2,771,972	3.07
Immersion Capital LLP – 13 March 2020	17,746,519	19.67
The Independent Investment Trust PLC – 13 March 2020	3,000,000	3.33
Forager Capital Management LLC – 15 January 2020	3,712,030	4.1
Lizard Investors LLC – 9 October 2019	2,663,974	2.93
Hunter Capital Limited Partnership – 12 September 2019	4,059,327	4.47
Shoby Investments Partnership – 6 September 2019	2,396,727	2.6

As at 13 July 2020 the Company had been notified of the following changes to voting interests in the Ordinary Share capital of the Company:

Shareholder and date of notification to the Company	No. of Ordinary Shares	% of issued shares at notification
The Independent Investment Trust PLC – 4 June 2020		Below 3%
Long Light Capital, LLC – 29 May 2020	4,461,9993	4.95
Aggregate of Standard Life Aberdeen – 22 May 2020	8,917,779	9.89

Shares

Voting rights

Each Ordinary Share entitles the holder to vote at general meetings of the Company. Voting on all the proposed resolutions will be conducted on a poll rather than a show of hands, in line with recommended best practice.

At any general meeting of the Company every member who is present in person (or by proxy) shall on a poll shall have one vote for each share of which he/she is the holder and on a show of hands have one vote and. The Articles of Association provide a deadline for submission of proxy forms of not less than 48 hours before the time appointed for holding the meeting or adjourned meeting. No member may vote at any general meeting either in person or by proxy, in respect of a share held by him/her, unless all amounts presently payable by him/her in respect of that share have been paid or the Board determines otherwise.

Pre-emption disapplication

During the year the Board has not allotted any Ordinary Shares.

Authority to allot shares

The Directors have authority to allot Ordinary Shares up to a maximum nominal amount of £634,133 (63,413,300 shares, representing approximately two thirds of the Company's existing share capital at 18 June 2019), of which 31,706,600 shares (representing approximately one third of the Company's issued ordinary share capital) can only be allotted pursuant to a rights issue by shareholder resolution. The Directors did not exercise this authority in FY20 but subject to shareholder approval at the 2020 AGM renewing this authority, the Directors may satisfy the FY18 share plans due to mature later in FY21 with an allotment of shares.

Authority to purchase own shares

The Directors gained authority by way of shareholder approval at the Company's last AGM under Section 701 of the Companies Act 2006 to make market purchases of up to 10% of the Company's issued Ordinary Share capital, being 9,511,989 Ordinary Shares.

During FY19 the Company launched its share buyback programme to purchase up to £5m of shares which ended on 7 May 2019 and a further share buyback programme of up to £10m on 7 May 2019 was announced. This has been temporarily paused in light of the impact of Coronavirus and is expected to end no later than the date of the Company's 2020 AGM.

The principal purpose of the programme is to reduce the share capital of the Company and return funds to shareholders who sell their shares; repurchased shares are typically cancelled, although the programme allows for shares to be held in treasury at the Company's discretion to help satisfy employee share plan obligations.

In FY20 the Company purchased 5,981,000 shares of which 5,975,674 were cancelled and 5,326 were held in treasury and then released to satisfy employee share plan obligations. We are making regular announcements of buyback activity in accordance with the Listing Rules, DTR and the Market Abuse Regulation.

As at 13 July 2020 the Company has not purchased any further shares under the buyback programme.

Articles of Association

Motorpoint's Articles of Association may only be amended by way of a special resolution at a general meeting of the shareholders. No amendments are being recommended at the 2020 AGM.

The Report of the Directors has been approved by and is signed on behalf of the Board of Directors.

Manjit Virk
Company Secretary
14 July 2020

Statement of directors' responsibilities
in respect of the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and 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). 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 IFRSs as adopted by 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 statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group 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 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

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

Each of the Directors, whose names and functions are listed on page 39 confirm that, to the best of their knowledge:

- the Company financial statements, which have been 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), give a true and fair view of the assets, liabilities, financial position and result of the Company;
- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Directors' 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 accordance with s418 of the Companies Act 2006 each Director confirms:

- 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.

Independent auditors' report to the members of Motorpoint Group PLC

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 2020 and of the group's profit and cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- 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 and, as regards the group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements, included within the Annual Report and Accounts 2020 (the "Annual Report"), which comprise: the Consolidated balance sheet and the Company balance sheet as at 31 March 2020; the Consolidated income statement, the Consolidated cash flow statement, the Consolidated statement of changes in equity and the 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.

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

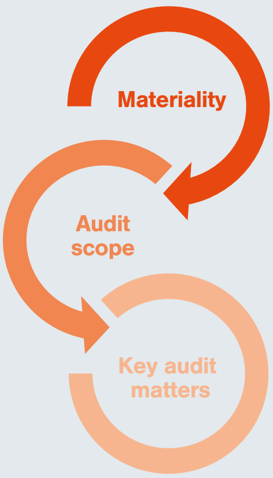
We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities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

Other than those disclosed in note 7 to the financial statements, we have provided no non-audit services to the group or the company in the period from 1 April 2019 to 31 March 2020.

Our audit approach

Overview



- Overall group materiality: £5.1 million (2019: £5.3 million), based on 0.5% of revenue.
- Overall company materiality: £1 million (2019: £1 million), based on 1% of total assets.

- 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.

- Going concern and impairment consideration relating to COVID-19.
- IFRS 16 transition.

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.

Capability of the audit in detecting irregularities, including fraud
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 and the Financial Conduct Authority, 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 preparation of 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 over the group and significant components 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 to going concern, impairments and IFRS 16 transition; 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 and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. 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.

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.

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 45 (Audit Committee report), page 44 (Directors' report), note 2 and note 4 of the consolidated financial statements and note 1 of company financial statements. The Directors have considered the potential impact of the global pandemic of COVID-19 on the current and future operations of the business. In doing so, the Directors had particular regard to the Company's and Group's ability to continue as a going concern and produced a number of cash flow models, including a revised budget model, various downside case models and a reverse stress test model where a covenant would be breached. The Directors have also considered the potential impairment of certain assets of the Group, specifically property, plant and equipment, right of use assets and inventory, due to the impact of the COVID-19 pandemic.	As part of our audit, we reviewed the Board approved budget for the year ended 31 March 2021 and forecasts for the year ended 31 March 2022, which included specific consideration of COVID-19, and in particular: • we obtained the Board approved paper detailing the Directors' considerations and conclusions with respect to the going concern basis of preparation; • we obtained the monthly trading results to June 2020, and weekly trading results thereafter for year to date, and compared to the budget and revised forecasts and considered the impact of these actual results on the future forecast period; • we challenged the key assumptions within the models, including sensitising assumptions to assess the impact on headroom; • where the models include cost mitigation, we confirmed that this mitigation is within the Directors' control and the amounts are appropriate; • we assessed the liquidity available under different scenarios and the associated impact on the forecast covenant tests; • we tested the calculations used in the cash flow models for the going concern assessment; and • we agreed the availability of the various stock finance facilities and bank facilities to signed agreements. Our reporting on going concern is set out below. In respect of the potential impairment of property, plant and equipment and right of use assets we obtained management's impairment calculations and tested the calculations within the model. We agreed the cash flows in the model to Board approved forecasts and then sensitised the key assumptions, in particular the forecast cash flows, and assessed the extent to which the assumptions would need to change to cause an impairment. We are satisfied that no impairment charge should be recognised and that the related disclosures are consistent with the evidence obtained. In respect of the inventory provision, we tested the integrity of the data and model used to value inventory at lower of cost and net realisable value. We considered sales after the year end and performed sample testing of these sales to determine if these items were sold below cost. We are satisfied that the inventory provision and related disclosures are consistent with the evidence obtained.

Key audit matter	How our audit addressed the key audit matter
IFRS 16 transition (Group) Refer to page 45 (Audit Committee Report) and note 2 and note 4 of the consolidated financial statements. The Group has applied IFRS 16 from 1 April 2019, using the fully retrospective basis so that prior year comparatives have been restated. The Group has applied judgements and estimates in their adoption of IFRS 16, including the assessment of lease term and incremental borrowing rate applied to the leases.	We have obtained management's IFRS 16 workings, tested a sample of the underlying data to lease agreements and re-performed the right of use asset and lease liability calculations. We have reviewed the methodology used to calculate the discount rate using an incremental borrowing rate specific to the Group and tested the inputs to the discount rate calculation. We have also tested other key assumptions applied by Motorpoint, for example initial direct lease costs and end of lease costs. We have audited the disclosures in the financial statements. We are satisfied that the accounting for, and disclosure of, IFRS 16 is consistent with the evidence obtained.

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 13 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:

	Group financial statements	Company financial statements
Overall materiality	£5.1 million (2019: £5.3 million).	£1 million (2019: £1 million).
How we determined it	0.5% of revenue.	1% of total assets.
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. Volume and revenue are the key drivers for the business performance and driving shareholder value. In addition, for the Group, we set a specific materiality of £0.9 million (2019: £1.1 million) for certain financial statement line items. This equates to 5% of profit before tax. In arriving at this judgement we considered the nature of the balances and potential impact on profit, given this is a further indicator of financial performance.	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 £1 million and £4.8 million.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £0.1 million (Group audit) (2019: £0.1 million) and £0.1 million (Company audit) (2019: £0.1 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Going concern
In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the group's and the company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.
We are required to report if the directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to 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 the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

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 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

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. (CA06)

The directors' assessment of the prospects of the group and of the principal risks that would threaten the solvency or liquidity of the group

We have nothing material to add or draw attention to regarding:

- The directors' confirmation on page 43 of the Annual Report that they have carried out a robust assessment of the principal risks facing the group, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The directors' explanation on page 23 of the Annual Report as to how they have assessed the prospects of the group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal risks facing the group and statement in relation to the longer-term viability of the group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the group and company and their environment obtained in the course of the audit. (Listing Rules)

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the directors, on page 71, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position and performance, business model and strategy is materially inconsistent with our knowledge of the group and company obtained in the course of performing our audit.
- The section of the Annual Report on pages 44 and 45 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- 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.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. (CA06)

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 in respect of the financial statements, 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.

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 received 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 Directors' Remuneration Report 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 6 years, covering the years ended 31 March 2015 to 31 March 2020.

Mark Skedgel (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
14 July 2020

Consolidated income statement

For the year ended 31 March 2020

		2020 £m	2019 Restated* £m
Revenue	5	**1,018.0**	1,058.7
Cost of sales	6	**(939.1)**	(978.8)
Gross profit		**78.9**	79.9
Operating expenses		**(56.6)**	(54.4)
Operating profit	6	**22.3**	25.5
Finance expense	10	**(3.5)**	(3.3)
Profit before taxation		**18.8**	22.2
Income tax expense	11	**(3.6)**	(4.5)
Profit and total comprehensive income for the year attributable to equity holders of the parent		**15.2**	17.7
Earnings per share attributable to equity holders of the parent			
Basic	12	**16.4p**	18.1p
Diluted	12	**16.4p**	18.0p

The Group's activities all derive from continuing operations.

The Group has no other comprehensive income. Total comprehensive income for the year is equal to the profit for the financial year. The notes on pages 82 to 107 are an integral part of these financial statements.

* See note 34 for details of restatements for changes in accounting policies.

Consolidated balance sheet
At 31 March 2020

	Note	2020 £m	2019 Restated* £m	2018 Restated* £m
Assets				
Non-current assets				
Property, plant and equipment	14	**18.9**	8.3	5.4
Right of use assets	15	**41.6**	42.6	45.8
Deferred tax assets	16	**1.3**	1.5	1.4
Total non-current assets		**61.8**	52.4	52.6
Current assets				
Inventories	17	**111.8**	116.2	104.0
Trade and other receivables	18	**4.4**	13.0	12.2
Current tax receivable		**0.9**	–	–
Cash and cash equivalents	19	**10.8**	13.8	15.6
Total current assets		**127.9**	143.0	131.8
Total assets		**189.7**	195.4	184.4
Liabilities				
Current liabilities				
Borrowings	20	**(10.0)**	–	–
Trade and other payables, excluding contract liabilities	21	**(111.6)**	(117.4)	(102.0)
Lease liabilities	15	**(2.3)**	(1.2)	(1.9)
Contract liabilities	21	**(0.2)**	(1.4)	(3.5)
Provisions	23	**(0.2)**	(0.3)	(0.1)
Current tax liabilities		**–**	(2.1)	(2.0)
Total current liabilities		**(124.3)**	(122.4)	(109.5)
Net current assets		**3.6**	20.6	22.3
Non-current liabilities				
Lease liabilities	15	**(43.1)**	(45.0)	(47.1)
Contract liabilities	22	**–**	(0.2)	(1.6)
Provisions	23	**(2.1)**	(1.8)	(2.2)
Total non-current liabilities		**(45.2)**	(47.0)	(50.9)
Total liabilities		**(169.5)**	(169.4)	(160.4)
Net assets		**20.2**	26.0	24.0
Equity				
Share capital	26	**0.9**	1.0	1.0
Capital redemption reserve	27	**0.1**	–	–
Capital reorganisation reserve	28	**(0.8)**	(0.8)	(0.8)
Retained earnings		**20.0**	25.8	23.8
Total equity		**20.2**	26.0	24.0

The consolidated financial statements on pages 78 to 107 were approved by the Board of Directors on 14 July 2020 and were signed on its behalf by:

M Carpenter
Chief Executive Officer

J Gilmour
Chief Financial Officer

Motorpoint Group Plc
Registered number: 10119755

* See note 34 for details of restatements for changes in accounting policies.

Consolidated statement of changes in equity

For the year ended 31 March 2020

	Note	Share capital £m	Capital redemption reserve £m	Capital reorganisation reserve £m	Retained earnings £m	Total equity £m
Balance at 1 April 2018 (restated*)		1.0	–	(0.8)	23.8	24.0
Profit and total comprehensive income for the year (restated*)		–	–	–	17.7	17.7
Share-based payments	31	–	–	–	–	–
Buyback and cancellation of shares		–	–	–	(8.8)	(8.8)
Final dividend for the year ended 31 March 2018	13	–	–	–	(4.5)	(4.5)
Interim dividend for the year ended 31 March 2019	13	–	–	–	(2.4)	(2.4)
Balance at 31 March 2019 (restated*)		1.0	–	(0.8)	25.8	26.0
Profit and total comprehensive income for the year		**–**	**–**	**–**	**15.2**	**15.2**
Share-based payments	31	**–**	**–**	**–**	**(0.9)**	**(0.9)**
Buyback and cancellation of shares		**(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)**
Balance at 31 March 2020		**0.9**	**0.1**	**(0.8)**	**20.0**	**20.2**

The notes on pages 82 to 107 are an integral part of these financial statements.

* See note 34 for details of restatements for changes in accounting policies.

Consolidated cash flow statement

For the year ended 31 March 2020

	Note	2020 £m	2019 Restated* £m
Cash flows from operating activities			
Cash generated from operations	30	**33.2**	28.7
Interest paid		**(3.5)**	(3.3)
Income tax paid		**(6.4)**	(4.5)
Net cash generated from operating activities		**23.3**	20.9
Cash flows from investing activities			
Purchases of property, plant and equipment	14	**(12.3)**	(4.2)
Net cash used in investing activities		**(12.3)**	(4.2)
Cash flows from financing activities			
Dividends paid	13	**(7.0)**	(6.9)
Payments to acquire own shares	26	**(13.1)**	(8.8)
Payments to satisfy employee share plan obligations		**(0.9)**	–
Repayment of leases		**(3.0)**	(2.8)
Proceeds from borrowings		**29.0**	–
Repayment of borrowings		**(19.0)**	–
Net cash used in financing activities		**(14.0)**	(18.5)
Net (decrease)/increase in cash and cash equivalents		**(3.0)**	(1.8)
Cash and cash equivalents at the beginning of the year		**13.8**	15.6
Cash and cash equivalents at end of year		**10.8**	13.8
Net cash and cash equivalents comprises: Cash at bank		**10.8**	13.8

* See note 34 for details of restatements for changes in accounting policies.

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 Company as at and for the year ended 31 March 2020 comprise the Company and all of its subsidiaries, 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 37.

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 have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union (adopted IFRS), and with those parts of the Companies Act 2006 applicable to companies reporting under adopted 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 6 weeks which impacted short term performance and liquidity. The Group took immediate actions to limit the impact of this closure and have secured additional finance facilities, including an uncommitted £15 overdraft, to support operational cash flows if required.

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

As described in the Viability Statement the board have considered a stressed budget position, which models significantly reduced sales volumes in the short term, followed by an extended period of recovery through FY21. The actions which management have already taken to control costs have been factored into this scenario, including the utilisation of certain Government support initiatives. Whilst this stressed scenario places additional pressures on both cash flow and profitability, the Group ultimately expects to return to normal levels of volume in the medium term.

The period considered for going concern purposes is a minimum of 12 months from the date of signing the accounts, which is more than covered by the 3 years modelled for viability purposes.

The board have 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 site trading expenses, team costs most notably sales commissions, pausing new stock commitments and extending the period for which expansionary capital spend and share buybacks are suspended. All of these actions could conceivably be performed within and throughout the going concern period.

The reverse stress test model demonstrated that a prolonged period of volume reduction in excess of 50% year on year was required before compromising the going concern status of the Group, which is considered highly unlikely.

In light of the immediate impacts, including the period of temporary site closure, the Group has already taken 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 nonessential spend. The Group has made use of the Government's Coronavirus Job Retention Scheme and continues to work closely with its banking partners, notably in securing an additional uncommitted £15m overdraft facility with Santander UK PLC. As this is an uncommitted facility all of our downside planning has excluded the ability to draw these funds.

The Directors have made use of the post year end trading performance to provide additional assurance around the continuing viability of the business, as well as the ability to return to significant levels of trading quickly. 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.

2. Summary of significant accounting policies continued

(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 2020 reporting periods. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.
- Definition of Material – Amendments to IAS 1 and IAS 8

In the current year the Group has adopted the following new standards and interpretations and these have had no impact on the Group's consolidated financial statements:
- Prepayment Features with Negative Compensation – Amendments to IFRS 9.
- Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28.
- Annual Improvements to IFRS Standards 2015 – 2017 Cycle.
- Plan Amendment, Curtailment or Settlement – Amendments to IAS 19.
- IFRIC 23 Uncertainty over Income Tax Treatments.

IFRS 16 Leasing

The Group applies, for the first time, IFRS 16 "Leases". The nature and effect of this change is disclosed below.

IFRS 16 is effective for all accounting periods beginning on or after 1 January 2019. The Group applied IFRS 16 retrospectively, restating prior year comparatives. Revised accounting policies for IFRS 16 are detailed below.

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.

2. Summary of significant accounting policies continued

(c) New standards, amendments and interpretations continued

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 site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. 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.

The adoption of IFRS 16 will have no impact on the Group's current banking covenants.

(d) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and entities controlled by the Group (its subsidiaries) made up to 31 March each year.

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. Accordingly 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 have 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.

(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 the customer. Payment of the transaction price is due immediately when the customer purchases the vehicle.

(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 income statement 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 to retail customers. Revenue is recognised at the point the vehicle is collected by the customer. The satisfaction of the performance obligation occurs on delivery or collection of the product. The Group sells vehicles acquired through retail customer trade-ins to trade customers through their 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 commision 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 income statement 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 remeasured. 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 income statement.

(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 as work in progress, and are transferred to the appropriate classification when complete and depreciated from the date they are bought into use.

2. Summary of significant accounting policies continued

(i) Property, plant & equipment continued

The assets' residual values and 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 will be written down to their recoverable amount if lower than the carrying value, and any impairment is charged to the income statement.

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

(j) Financial instruments

IFRS 9 requires an enity 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 at 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). An assessment of the ECL is calculated using a provision matrix model to estimate the loss rates to be applied to each trade receivable category.

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 income statement. 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 income statement. The Group currently has no hedge arrangements and no gain or loss is recognised in profit or loss in administrative expenses.

2. Summary of significant accounting policies continued

(j) Financial instruments continued

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.

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) 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.

(l) 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.

(m) 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.

(n) Current and deferred tax

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

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.

(o) 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 1 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.

(p) 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.

(q) Share capital

Ordinary Shares are classified as equity. Costs incurred in issuing equity are deducted from the equity instrument.

2. Summary of significant accounting policies continued

(r) 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.

(s) 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.

(t) 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 income statement 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 fair value 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 income statement such that the cumulative expenses reflects 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.

Equity-settled share-based compensation transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Cash-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. A liability is recognised at the current fair value determined at each balance sheet date and at settlement.

(u) Earnings per share (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.

(v) 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).

3. Underlying profit measures continued

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 (notes 15 and 34): 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 FY20 right-of-use asset, depreciation, finance cost and lease liability is presented below:

	£m
Right-of-use asset	**(1.6)**
Depreciation	**(0.1)**
Lease liability	**(2.7)**
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 sites during March 2020 and current reduction in sales volumes due to the Coronavirus pandemic, there is additional 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. Key assumptions used in the valuation of inventory include post year end sales, confirmed order take during the same period and historical trends. Post year end sales include the impact of Home Delivery, Reserve & Collect and site sales. Management have considered a range of metrics within post year end sales compared with the prior year including; overall sales performance, pricing adjustments made to inventory held at the year end and the mix of post year end sales across make and model, car type and price range.

Management have concluded overall that current sales levels through May and June 2020, and pricing indicators from the market, support the current stock valuations using the usual valuation techniques. Given that the indicators considered support the continuing use of the existing mechanism for calculating stock provisions, 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. Whilst management believe that the financial impact on Motorpoint of the Coronavirus pandemic is likely to be relatively short term, its direct impact in temporarily closing the Group's retail estate towards the end of FY20 is considered to meet the definition of an impairment trigger.

Management have therefore completed an impairment review of the Group's estate, using each Retail Site 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 sites. 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 5% higher than managements best estimate still does not result in the requirement for any impairment to be realised.

Significant judgements

IFRS 16 Lease term (notes 15 and 34): 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. 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.

	2020 £m	2019 £m
Revenue analysis		
Revenue from sale of motor vehicles	**965.5**	1,007.6
Revenue from motor related services and commissions	**45.8**	43.7
Revenue recognised that was included in deferred income at the beginning of the period – Sale of motor vehicles	**3.3**	1.9
Revenue recognised that was included in deferred income at the beginning of the period – Motor related services and commissions	**2.0**	2.0
Revenue recognised that was included in the contract liability balance at the beginning of the period – Extended guarantee income	**1.4**	3.5
Total revenue	**1,018.0**	1,058.7

The Group recognises the following contract liabilities:

	2020 £m	2019 £m
Contract liabilities		
Unearned proportion of extended guarantee income[1]	**0.2**	1.6
	0.2	1.6

1. Contract liabilities are 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 income statement 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.

The Group recognises the following accrued income balances:

	2020 £m	2019 £m
Accrued income		
Commissions[1]	**0.1**	2.5
	0.1	2.5

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:

	2020 £m	2019 £m
Deferred income		
Vehicles invoiced not collected[1]	**1.7**	3.3
Commissions received not earned[2]	**3.0**	2.0
Total deferred income	**4.7**	5.3

1. Included within accruals and deferred income is £1.7m (FY19: £3.3m) in relation to vehicles invoiced not collected at the reporting date.
2. Included within accruals and deferred income is £3.0m (FY19: £2.0m) in relation to commissions received in advance.

6. Operating profit

Analysed as:

Operating profit includes the effect of (crediting)/charging:	2020 £m	2019 Restated* £m
Inventory recognised as expense	**928.0**	968.7
Movement in provision against inventory	**(0.2)**	–
Employee benefit expense (note 8)	**28.8**	29.1
Depreciation of property, plant and equipment (note 14) and right-of-use assets (note 15)	**5.0**	4.5
Cost of sales	**939.1**	978.8
Operating expenses:		
– Selling and distribution expenses	**16.4**	16.4
– Administrative expenses	**40.2**	38.0
	995.7	1,033.2

* See note 34 for details of restatements for changes in accounting policies.

7. Auditors' remuneration

	2020 £'000	2019 £'000
Auditors' remuneration:		
Fees payable for the audit of the Parent Company and consolidated financial statements	**125**	87
Fees payable for the audit of the Company's subsidiaries	**–**	10
Fees payable to the Group's auditors' and its associates for other services: Audit-related assurance services	**22**	20
Total	**147**	117

8. Employees and Directors

The aggregate employee benefit expenses were as follows:

	2020 £m	2019 £m
Employee benefit expenses:		
Wages and salaries	**25.7**	26.3
Social security costs	**2.6**	2.4
Other pension costs	**0.6**	0.4
Share-based compensation credit (note 31)	**(0.1)**	–
	28.8	29.1

The average monthly number of employees (including Directors but excluding third-party contractors) employed by the Group was as follows:

	2020 No.	2019 No.
Average number of people employed:		
– Sales and operations	**508**	503
– Administration and support	**254**	280
	762	783

9. Directors' and key management remuneration

Key management have been identified as the Directors of Motorpoint Group Plc.

	2020 £m	2019 £m
Remuneration	**0.9**	0.7
Employer contributions paid to money purchase schemes	**0.1**	0.1
Benefits in kind	**–**	–
	1.0	0.8

During the year the number of key management who were receiving benefits was 2 (FY19: 2).

Further information on Directors' remuneration for the Directors of Motorpoint Group Plc is included in the Remuneration Committee Report on page 47.

In respect of the highest paid Director:

	2020 £m	2019 £m
Aggregate remuneration	**0.4**	0.3
Employer contributions paid to money purchase schemes	**–**	–
	0.4	0.3

10. Finance expense

	2020 £m	2019 Restated* £m
Interest on bank borrowings	**0.2**	0.1
Interest on stocking finance facilities	**1.7**	1.6
Other interest payable	**1.6**	1.6
Total finance expense	**3.5**	3.3

* See note 34 for details of restatements for changes in accounting policies.

11. Income tax expense

The tax charge in the income statement represents:

	2020 £m	2019 Restated* £m
Current tax:		
UK corporation tax	**3.5**	4.6
Adjustments in respect of prior periods	**(0.1)**	–
Total current tax	**3.4**	4.6
Deferred tax:		
Origination and reversal of temporary differences	**0.4**	(0.1)
Impact of UK corporation tax rate change	**(0.2)**	–
Total deferred tax	**0.2**	(0.1)
Total tax charge in the income statement	**3.6**	4.5

Reconciliation of the total tax charge

The tax charge in the income statement in the year is consistent with (FY19: differs from) the charge which would result from the standard rate of corporation tax in the UK of 19% (FY19: 19%).

	2020 £m	2019 Restated* £m
Profit before taxation	**18.8**	22.2
Profit before taxation at the standard rate of corporation tax of 19% (FY19: 19%)	**3.6**	4.2
Tax effect of:		
– Fixed asset differences	**0.2**	–
– Expenses not deductible for tax purposes	**0.1**	0.3
– Adjustments to tax charge in respect of prior periods	**(0.1)**	–
– Adjustment to opening deferred tax	**(0.2)**	–
Tax charge in the income statement	**3.6**	4.5

Factors affecting current and future tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. In the 11 March 2020 Budget it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from 1 April 2020. The deferred tax asset as at 31 March 2020 has been calculated at a rate of 19%.

* See note 34 for details of restatements for changes in accounting policies.

12. EPS

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.

	2020	2019 Restated*
Profit Attributable to Ordinary Shareholders (£m)	**15.2**	17.7
Weighted average number of Ordinary Shares in Issue (‘000)	**92,521**	97,924
Basic EPS (pence)	**16.4**	18.1
Diluted weighted average number of Shares in Issue (‘000)	**92,577**	98,116
Diluted EPS (pence)	**16.4**	18.0

The difference between the basic and diluted weighted average number of shares represents the dilutive effect of the FY18 and FY17 PSP schemes. This is shown in the reconciliation on the next page.

12. EPS continued

The shares for the SIP scheme were issued and held in an EBT ahead of vesting and the PSP schemes for 2019 and 2020 have performance criteria which have not been met so the options are not yet dilutive. There is a maximum of 594,000 additional options which have not been included in the dilutive calculation in relation to these schemes.

	2020	2019
Weighted average number of Ordinary Shares in Issue ('000)	92,521	97,924
Adjustment for share options ('000)	56	192
Weighted average number of Ordinary Shares for diluted earnings per share ('000)	92,577	98,116

* See note 34 for details of restatements for changes in accounting policies.

13. Dividends

During the year the following dividends were paid:

	2020 £m	2019 £m
Final dividend for the year ended 31 March 2018	–	4.5
Interim dividend for the year ended 31 March 2019	–	2.4
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	6.9

The Board has not proposed a final dividend (FY19: 5.00 pence) for the year ended 31 March 2020.

The final dividend for the year ended 31 March 2019 paid on 15 September 2019 was £4.7m, being a difference of £0.1m compared to that reported in the 2019 financial statements. This was due to a decrease in the Ordinary Shares entitled to a dividend between the date that the dividend was declared and the dividend record date of 16 August 2019.

The final dividend for FY19 was approved by shareholders at the AGM in July 2019 and was therefore not included as liabilities in the financial statements at 31 March 2019.

14. Property, plant and equipment

	Land £m	Freehold property £m	Short-term leasehold improvement £m	Plant and machinery £m	Fixtures and fittings £m	Office equipment £m	Work in progress £m	Total £m
Cost								
At 1 April 2018	1.7	–	5.2	1.0	1.0	2.5	–	11.4
Additions	–	–	1.2	0.2	0.1	0.2	2.5	4.2
Transfers	–	–	–	–	–	–	–	–
Disposals	–	–	–	–	–	–	–	–
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**
Accumulated depreciation								
At 1 April 2018	–	–	2.7	0.8	0.6	1.9	–	6.0
Provided during the year	–	–	0.7	0.1	0.2	0.3	–	1.3
Disposals	–	–	–	–	–	–	–	–
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**
Net book value								
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
At 31 March 2018	1.7	–	2.5	0.2	0.4	0.6	–	5.4

The depreciation expense of £1.6m (FY19: £1.3m) 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 2018	45.8
Additions to right-of-use assets	–
Depreciation charge	(3.2)
Balance at 31 March 2019	42.6
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**

	Land and buildings £m
Lease liabilities	
Balance at 1 April 2018	49.0
Additions to lease liabilities	–
Repayment of lease liabilities (including interest element)	(4.4)
Interest expense related to lease liabilities	1.6
Balance at 31 March 2019	46.2
Current	1.2
Non-current	45.0
	46.2
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
	45.4

A maturity analysis of lease liabilities based on undiscounted gross cash flows as at 31 March 2020 is reported in the table below.

	2020 £m	2019 £m
Within one year	**4.7**	4.4
In the second to fifth years inclusive	**18.3**	17.2
After five years	**35.4**	39.7
Total minimum lease payments	**58.4**	61.3
Interest charges	**(13.0)**	(15.1)
Lease liability	**45.4**	46.2

15. Leases continued

b) Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

	2020 £m	2019 £m
Depreciation charge of right-of-use assets		
Buildings	**3.4**	3.2
	3.4	3.2
Interest expense (included in finance cost)	**1.6**	1.6

The total cash outflow for leases in FY20 was £4.6m (FY19: £4.4m).

c) The Group's leasing activities and how these are accounted for

The Group leases various offices and retail sites. Rental contracts are typically made for fixed periods of 3 years 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.

Until the 2019 financial year, leases of property, plant and equipment were classified as operating leases. From 1 April 2019, 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.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable; and
- amounts expected to be payable by the Group under residual value guarantees.

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.

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 measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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 2018 (restated*)	1.3	0.1	1.4
Credited to the income statement (restated*)	0.1	–	0.1
At 31 March 2019 (restated*)	1.4	0.1	1.5
Charged to the income statement	(0.2)	–	(0.2)
At 31 March 2020	**1.2**	**0.1**	**1.3**

Deferred tax likely to be realised within one year at the balance sheet date is £0.1m.

* See note 34 for details of restatements for changes in accounting policies.

17. Inventories

	2020 £m	2019 £m
Finished goods: new and used vehicles for resale	**111.8**	116.2

The replacement cost of inventories is not considered to be materially different from the above values.

Provisions against inventory total £1.2m (FY19: £1.4m).

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	2020 £m	2019 Restated* £m
Trade receivables[1]	**3.0**	8.6
Other receivables	**1.0**	0.5
Prepayments	**0.3**	1.4
Accrued income[2]	**0.1**	2.5
	4.4	13.0

1. Trade receivables are non-interest bearing and generally have a term of less than 7 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 (FY19: None).
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 (FY19: None). Trade and other receivables are valued at their book value which is equivalent to fair value and all are in sterling.

* See note 34 for details of restatements for changes in accounting policies.

19. Cash and cash equivalents

	2020 £m	2019 £m
Cash at bank and in hand	**10.8**	13.8

20. Borrowings

The Group's available borrowings consist of an unsecured £20m facility provided by Santander UK PLC with £10m (FY19: £Nil) drawn down as at the reporting date. The facility is currently provided as £6m available as an overdraft and £14m available as a revolving credit facility. An extension of the facility was agreed during the year to May 2024. A further extension to the facility was agreed during May 2020 to increase the facility to £35m. See note 33 for further details.

The finance charged 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 2020 interest was charged at 1.4% (FY19: 1.4%) per annum. The interest charged for the year of £0.2m (FY19: £0.1m) has been expensed as a finance cost.

21. Trade and other payables: amounts due within one year

	2020 £m	2019 Restated* £m
Trade payables		
– Trade creditors	**10.6**	15.3
– Stocking finance facilities[1]	**86.1**	82.2
Other taxes and social security		
– VAT payable	**1.4**	0.9
– PAYE/NI payable	**0.8**	0.8
Accruals and deferred income[2]	**12.7**	18.2
	111.6	117.4
Contract liabilities[3]	**0.2**	1.4
	111.8	118.8

1. Stocking finance facilities are provided from Black Horse Limited and Lombard North Central PLC. At 31 March 2020 the Group had £101m (FY19: £95m) of stocking finance facilities available of which £86.1m (FY19: £82.2m) 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. 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. 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. During the year this facility was increased by £6m to £26m. 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 facility bears interest at the rate of 1.35% over Finance House Base Rate.

   An interest expense in the year of £1.7m (FY19: £1.6m) has been recognised as a finance cost.

2. Included within accruals and deferred income is £1.7m (FY19: £3.3m) in relation to vehicles invoiced not collected at the reporting date and £3.0m (FY19: £2.0m) 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 income statement 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.

* See note 34 for details of restatements for changes in accounting policies.

22. Trade and other payables: amounts falling due in greater than one year

	2020 £m	2019 £m
Contract liabilities	**–**	0.2
	–	0.2

23. Provisions

	2020 £m Current	2020 £m Non-current	2020 £m Total	2019 Restated* £m Current	2019 Restated* £m Non-current	2019 Restated* £m Total
Make good provision[1]	**–**	**1.9**	**1.9**	–	1.6	1.6
Onerous lease[2]	**0.2**	**0.2**	**0.4**	0.3	0.2	0.5
	0.2	**2.1**	**2.3**	0.3	1.8	2.1

1. Make good provision
   Motorpoint Limited 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.

23. Provisions continued

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.

Movements in each class of provision during the financial year are set out below:

	Make good provision[1]	Onerous lease[2]	2020 £m Total	Make good provision[1]	Onerous lease[2]	2019 £m Total
Carrying amount at start of year	1.6	0.5	2.1	1.6	0.7	2.3
Charged/(credited) to income statement						
– additional provisions recognised	0.2	–	0.2	–	–	–
– unwinding of discount	0.1	–	0.1	–	–	–
Amounts used during the year	–	(0.1)	(0.1)	–	(0.2)	(0.2)
Carrying amount at end of year	1.9	0.4	2.3	1.6	0.5	2.1

* See note 34 for details of restatements for changes in accounting policies

24. Financial instruments and risk management

The principal financial liabilities comprise inventory finance facilities and 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 exposed to foreign exchange risk on the purchase of inventory from various European countries. In FY19 and FY20 there were no significant purchases from EU countries and therefore no hedging contracts entered.

At 31 March 2020 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 have been £Nil (FY19: £Nil) lower/higher 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 a £20m revolving credit facility which includes £6m of the facility available as an overdraft. Further information regarding these arrangements is included in note 20 and note 21.

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 23, various scenarios have been modelled in response to the impact of Coronavirus, with particular focus on short term cash management. After the balance sheet date, a further £15m uncommitted overdraft facility was agreed with Santander UK PLC to help support working capital. This additional facility has not been drawn down at the date of signing and is part of the measures taken by management to provide assurance around this risk in the short term. As a result of this measure, the Group has a total of £25m potential funding currently undrawn.

In addition, the Group has already taken 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 the core long term requirements of the Group.

24. Financial instruments and risk management continued

(c) Funding and liquidity risk continued

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.

2020	Within 180 days £m	Within 1 year £m	Between 1 and 2 years £m	Between 2 and 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
	114.7	–	–	–	114.7

2019 restated*	Within 180 days £m	Within 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Total £m
Stocking finance facilities	82.2	–	–	–	82.2
Trade creditors and accruals	28.2	–	–	–	28.2
	110.4	–	–	–	110.4

(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:

	2020			2019		
	Floating £m	Fixed £m	Total £m	Floating £m	Fixed £m	Total £m
Sterling denominated	96.1	–	96.1	82.2	–	82.2
Total	96.1	–	96.1	82.2	–	82.2

At 31 March 2020 and 2019 the floating rate financial liabilities comprise stocking finance facilities that bear interest at rates based on Finance House Base Rate (FHBR). The Group also has 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	2020 £m	2019 £m
Sterling	+50	0.5	0.5
Sterling	–50	(0.5)	(0.5)

(e) Capital management

The Group's objective when managing capital is to ensure adequate working capital for all operating and liquidity, including a comfortable headroom to take advantage of shoter 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 that shareholders' equity comprises capital.

The Group funds its inventory and other working capital through trade creditors, stocking finance facilities and an unsecured £20m facility currently provided as £6m available as an overdraft and £14m available as a revolving credit facility. 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 an extremely stressed scenario, involving the prolongued closure of all or most of our sites, it is possible the Group would need to negotiate changes to the banking covenants.

An extension of the above facility was agreed during the year to May 2024. A further extension to the facility was agreed during May 2020 to increase the facility to £35m.

At 31 March 2020 the Group had undrawn stocking finance facilities of approximately £14.9m (FY19: £12.8m) and undrawn revolving credit facilities of £10m (FY19: £20m).

(f) Fair value estimation

The Group has no financial assets or liabilities carried at fair value.

24. Financial instruments and risk management continued

(g) Financial instruments by category

The Group's financial assets are all measured at amortised cost.

2020	Carrying value and fair value £m	Total £m
Trade receivables	**3.0**	**3.0**
Other receivables	**1.0**	**1.0**
Accrued income	**0.1**	**0.1**
Cash and cash equivalents	**10.8**	**10.8**
	14.9	**14.9**

2019 restated*	Carrying value and fair value £m	Total £m
Trade receivables	8.6	8.6
Other receivables	0.5	0.5
Accrued income	2.5	2.5
Cash and cash equivalents	13.8	13.8
	25.4	25.4

The Group's liabilities are classified as follows:

2020	Financial liabilities at fair value through profit and loss £m	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**
Accruals	**–**	**8.0**	**–**	**8.0**
Contract liabilities	**–**	**–**	**0.2**	**0.2**
	–	**114.7**	**2.4**	**117.1**

2019 restated*	Financial liabilities at fair value through profit and loss £m	Other financial liabilities at amortised cost £m	Liabilities not within the scope of IFRS 9 £m	Total £m
Trade creditors	–	15.3	–	15.3
Stocking finance facilities	–	82.2	–	82.2
Other taxes and social security	–	–	1.7	1.7
Accruals	–	12.9	–	12.9
Contract liabilities	–	–	1.6	1.6
	–	110.4	3.3	113.7

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 financial instruments have all been measured at level 3.

(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. 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.

* See note 34 for details of restatements for changes in accounting policies.

25. 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 (FY19: £0.1m) were payable to the scheme at the end of the year and are included in accruals.

26. Share capital

	2020		2019	
	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	**96,166**	**1.0**	100,154	1.0
Bought back and held as treasury shares during the year[1]	**(5)**	**–**	(4)	–
Released from treasury to satisfy employee share plan obligations[1]	**5**	**–**	4	–
Bought back and cancelled during the year[1]	**(5,976)**	**(0.1)**	(3,988)	–
Balance at the end of the year	**90,190**	**0.9**	96,166	1.0

1. Share buyback
   During FY20 the Company purchased 5,981,000 (FY19: 3,992,000) Ordinary Shares on-market in order to reduce the share capital of the Company and return funds to shareholders who sell their shares. Of the 5,981,000 shares purchased 5,975,674 were cancelled and 5,326 were held in treasury and then used to satisfy employee share plan obligations.

   Purchases of Ordinary Shares pursuant to the programme fell within the maximum of 9,511,989 Ordinary Shares that the Company was authorised to purchase under the general authority granted by shareholders at the Company's last AGM in 2019.

   The shares were acquired at an average price of £2.24 per share, with prices ranging from £3.07 to £1.78. The total cost of £13.1m, including after tax transaction costs, was deducted from retained earnings.

   Since the commencement of the current share buyback programme in 2019 as at 31 March 2020, 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.

27. 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. £0.1m (FY19: £Nil) was transferred into the capital redemption reserve during the year in respect of shares purchased by the Group and subsequently cancelled.

28. 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.

29. Other commitments

(a) Capital commitments

The Group had capital commitments of £nil at 31 March 2020 (FY19: £nil).

30. Cash flow from operations

	2020 £m	2019 Restated* £m
Profit for the year, attributable to equity shareholders	**15.2**	17.7
Adjustments for:		
Taxation charge	**3.6**	4.5
Finance costs	**3.5**	3.3
Operating profit	**22.3**	25.5
Share-based payments	**(0.1)**	–
Loss on disposal of property, plant and equipment	**0.1**	–
Depreciation charge	**5.0**	4.5
Cash flow from operations before movements in working capital	**27.3**	30.0
Decrease/(Increase) in inventory	**4.4**	(12.2)
Decrease/(Increase) in trade and other receivables	**8.6**	(0.8)
(Decrease)/Increase in trade and other payables	**(7.1)**	11.7
Cash flow from operations	**33.2**	28.7
Cash generated from operations	**33.2**	28.7

* See note 34 for details of restatements for changes in accounting policies.

31. Share-based compensation

Share options are granted to Senior Executives and other individuals throughout the organisation. The Group currently operates 3 share schemes and these are the Performance Share Plan, Share Incentive Plan and the SAYE scheme. The total charge in the year relating to the 3 schemes including associated national insurance (NI) charges was a credit of £0.1m (FY19: £nil).

All share-based incentives are subject to service conditions. Such conditions are not taken into account in the fair value of the service received. The fair value of services received in return for share-based incentives is measured by reference to the fair value of share-based incentives granted. The estimate of the fair value of the share-based incentives is measured using the Black-Scholes pricing model as is most appropriate for each scheme.

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 2020 relating to all awards was a charge of £nil (FY19: £nil).

	SIP		SAYE		PSP		2020		2019	
	FY20	FY19	FY20	FY19	FY20	FY19	Weighted average exercise price £	Number of options	Weighted average exercise price £	Number of options
Outstanding at 1 April FY	149,168	179,809	1,356,618	1,128,741	1,522,841	1,311,916	**0.66**	**3,028,627**	0.59	2,620,466
Exercised	(82,433)	(5,180)	(421,647)	(3,536)	–	–	**(0.94)**	**(504,080)**	(0.47)	(8,716)
Forfeited/lapsed	(3,690)	(25,461)	(31,272)	(51,599)	(678,964)	(112,378)	**(0.07)**	**713,926**	(0.41)	(189,438)
Awarded	–	–	222,040	283,012	615,642	323,303	**0.61**	**837,682**	0.88	606,315
Exercisable at 31 March FY	63,045	149,168	261,652	–	12,221	–	**0.87**	**336,918**	–	–
Outstanding at 31 March FY	63,045	149,168	1,125,739	1,356,618	1,459,519	1,522,841	**0.75**	**2,648,303**	0.66	3,028,627

The options outstanding as at 31 March 2020 have an exercise price of nil in respect of the SIP and PSP awards and a range of 112.39 to 230 pence in respect of the SAYE scheme.

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.

On 27 June 2016, all eligible employees were granted a free share award to the value of £1,000 based on a share price of £1.877. A total of 194,023 shares were awarded under the scheme, subject to a three year service period ("vesting period"). New shares were issued and allotted to an employee benefit trust and as the awards made in 2016 were to be equity settled they were valued based on the grant price at the date of issue with an appropriate adjustment for expected leavers. The resulting share-based payments charge was spread evenly over the vesting period. The SIP shareholders were entitled to dividends over the vesting period. No performance criteria was applied to the vesting of the SIP shares. Fair value at the grant was measured at £1.877. The free share awards under the SIP matured and became exercisable on 27 June 2019.

	Number
Outstanding at 1 April 2019	149,168
Vested	149,168
Exercised	82,433
Forfeited	3,690
Vested and outstanding at 31 March 2020	**63,045**

In December 2017 a total of 118,716 cash-settled awards were granted to eligible employees alongside and on similar terms to the 2016 award made under the SIP, based on the number of shares awarded under the 2016 SIP award (to the value of £1,000 in June 2016). The fair value of the equivalent share value will be recalculated at each year end with changes in the share price and leaver assumptions reflected in the charge recognised within the financial statements for each year from the grant date. Cash is payable at the end of 3 years based on the share price on 1 December 2020. No performance criteria are applied to the vesting of the cash awards.

The total charge in the year, included in administration expenses, in relation to these awards was £nil (FY19: £nil). The liability for the scheme was £0.3m (FY19: £0.2m) is held within accruals and deferred income balance sheet in the Statement of Financial Position.

31. Share-based compensation continued

Performance Share Plan

The Group operates a Performance Share Plan for Executive Directors and certain key senior managers.

FY17 PSP Awards

On 23 June 2016 the Group awarded 596,659 nil cost options under the PSP scheme. The extent to which such awards vest will depend upon the Group's performance over the three financial years ending 31 March 2019 ("Performance Period"). The vesting in June 2019 was dependent on whether relevant performance criteria had been met. Performance criteria was based on both individual unit performances where relevant and overall Earnings Per Share performance.

As the PSP awards will be equity settled on exercise, they have been valued based on the grant price at the date of issue with an appropriate adjustment for actual leavers and actual performance against the relevant criteria. The resulting share-based payments charge has been spread evenly over the Performance Period. Participants are entitled to a dividend equivalent in the form of additional shares in relation to vested shares. Fair Value at the grant date was measured at £2.30. The current assumption of non-vesting conditions reduces the fair value to 3% of the fair value at grant date.

	Number
Outstanding at 1 April 2019	484,162
Awarded	–
Forfeited	–
Lapsed	(471,941)
Vested	12,221
Outstanding at 31 March 2020	**24,442**

FY18 PSP Awards

On 21 July 2017 the Group awarded 830,267 nil cost options under the PSP scheme. The extent to which such awards vest will depend upon the Group's performance over the three financial years ending 31 March 2020 ("Performance Period"). The vesting is dependent on whether relevant performance criteria was met. Performance criteria was based on both individual unit performances where relevant and overall Earnings Per Share performance.

As the PSP awards will be equity settled they have been valued based on the grant price at the date of issue with an appropriate adjustment for actual leavers and actual performance against the relevant criteria. The resulting share-based payments charge has been spread evenly over the Performance Period. Participants are entitled to a dividend equivalent in the form of additional shares in relation to vested shares over the Performance Period. Fair Value at the grant date was measured at £1.385. The current assumption of non-vesting conditions reduces the fair value to 3% of the fair value at grant date. The vested options will become exercisable on release of FY20 results and this has been communicated to those Participants who have met the performance criteria.

	Number
Outstanding at 1 April 2019	723,299
Awarded	–
Forfeited	(140,758)
Vested	–
Outstanding at 31 March 2020	**582,541**

FY19 PSP Awards

On 20 July 2018 the Group awarded 323,303 nil cost options under the PSP scheme. The extent to which such awards vest will depend upon the Group's performance over the three financial years ending 31 March 2021 ("Performance Period"). The vesting in April 2021 (third anniversary of grant for the Executive Directors) will be dependent on whether relevant performance criteria have been met. Performance criteria is based on both individual unit performances where relevant and overall Earnings Per Share performance.

As the PSP awards will be equity settled they have been valued based on the grant price at the date of issue with an appropriate adjustment for expected leavers and expected performance against the relevant criteria. The resulting share-based payments charge has been spread evenly over the Performance Period. Participants are entitled to a dividend equivalent in the form of additional shares in relation to vested shares over the Performance Period. Fair Value at the grant date was measured at £2.42. The current assumption of non-vesting conditions reduces the fair value to zero at the balance sheet date. The Options vesting will be communicated as soon as reasonably practicable after the Performance Period.

	Number
Outstanding at 1 April 2019	315,380
Awarded	–
Forfeited	(24,343)
Vested	–
Outstanding at 31 March 2020	**291,037**

31. Share-based compensation continued

Performance Share Plan continued

FY20 PSP Awards

The Group awarded 589517 nil cost options on 22 July 2019 and 26,125 nil cost options on 23 December 2019 under the PSP scheme. The extent to which such awards vest will depend upon the Group's performance over the: three financial years ending 31 March 2022 for 412,022 options and two financial years ending 31 March 2021 for 203,620 options (each the "Performance Period"). Vesting will be dependent on whether relevant performance criteria have been met. Performance criteria is based on a mix of individual unit performances, overall Earnings Per Share performance and market share growth of 0-2 year old vehicles.

As the PSP awards will be equity settled they have been valued based on the grant price at 22 July 2019 with an appropriate adjustment for expected leavers and expected performance against the relevant criteria. The resulting share-based payments charge has been spread evenly over the relevant Performance Periods. Participants are entitled to a dividend equivalent in the form of additional shares in relation to vested shares over the Performance Period. Fair Value at the grant date was measured at £2.20. The current assumption of non-vesting conditions reduces the fair value to 22% of the fair value at grant date. The Options vesting will be communicated as soon as reasonably practicable after the vesting date.

	Number
Outstanding at 1 April 2019	–
Awarded	615,642
Forfeited	(41,922)
Vested	–
Outstanding at 31 March 2020	**573,720**

The total charge in the year, included in administration expenses, in relation to these awards was a credit of £0.1m (FY19: credit £0.3m).

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 at 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). 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. There are no performance criteria applied to the exercise of SAYE options other than service requirements. 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 £	Exercise price at grant date £	Expected volatility %	Option life years	Risk-free rate %	Dividend yield %	Non-vesting condition %	Fair value per option £
23 December 2019	2.89	2.30	37.5	3.0	2.5	3.00	27.1	0.89
21 December 2018	2.04	1.89	34.5	3.0	2.5	2.85	27.1	0.50
27 December 2017	1.97	1.77	34.3	3.0	2.5	2.85	27.1	0.49
27 December 2016	1.28	1.12	33.0	3.0	2.5	3.10	27.1	0.32

Expected volatility is estimated by considering historic average share price volatility at the grant date. As there was no significant history of Motorpoint Group Plc share price at the point of issue volatility based on the historic share price movement of a selection of comparative companies was used. 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.

The SAYE options are granted on 1 February each year, have a vesting period of 3 years (subject to 36 monthly contributions) and are exercisable for a period of 6 months from maturity. Awards have been made in 2017, 2018, 2019 and 2020. The first SAYE scheme options granted on 1 February 2017 became exercisable on 1 February 2020 and those options not exercised by 31 July 2020 will lapse.

	FY20 SAYE		FY19 SAYE		FY18 SAYE		FY17 SAYE	
	Number	**Option exercise price £**	Number	Option exercise price £	Number	Option exercise price £	Number	Option exercise price £
Outstanding at 1 April 2019	**–**	**–**	277,776	1.890	280,438	1.773	500,059	1.124
Awarded	**222,040**	**2.300**	–	–	–	–	–	–
Forfeited	**(12,655)**	**–**	(88,277)	–	(93,784)	–	(80,246)	–
Vested/early exercise	**–**	**–**	(1,904)	–	(2,030)	–	(419,813)	–
Oustanding at 31 March 2020	**209,385**	**–**	187,595	–	184,624	–	–	–

The total charge in the year, included in administration expenses, in relation to these awards was £nil (FY19: £0.3m).

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.

32. Transactions and balances with related parties

During the year ended 31 March 2020 the Group had transactions with companies controlled by D E Shelton, a Director of the Company until 31 December 2019. The transactions below are included to that date:

	2020 £m			
	Balance as at 01/4/2019	**Rental charge**	**Payments made**	**Balance as at 31/3/2020**
Shoby Properties Limited	**–**	**(1.3)**	**1.3**	**–**

	2019 £m			
	Balance as at 01/4/2018	Rental charge	Payments made	Balance as at 31/3/2019
Shoby Properties Limited	–	(1.8)	1.8	–

Remuneration of key management personnel including share-based payments and loans to key management personnel have been detailed within note 9 to the Financial Statements.

During the year ended 31 March 2020 the Group purchased 2,575,00 shares for consideration of £5.2m from D E Shelton, a Director of the Company until 31 December 2019.

33. Post balance sheet events

In order to add additional liquidity an additional uncommitted overdraft facility was entered in May 2020 with Santander UK PLC for £15m. This facility not only provides additional short term liquidity, it also allows the Group to adopt a strong reopening strategy and will allow the Group to get back to its ambitious growth plans as quickly as possible. This facility is undrawn at the time of signing and is available only after the existing overdraft and revolving credit facility have been utilised.

34. Change in accounting policies

(i) Income statement

Under the previous accounting standard for leases, IAS 17, lease costs were recognised on straight-line basis over the term of the lease. The Group recognised these costs within administration costs. On adoption of IFRS 16 these costs have been removed and replaced with costs calculated on an IFRS 16 basis.

Under IFRS 16 the right-of-use asset is depreciated over the lease term. The Group has recognised the depreciation costs on the right-of-use asset in administration costs.

The costs under IAS 17 were higher than the depreciation costs recognised under IFRS 16 which has resulted in a net credit under IFRS 16 to administration costs.

Under IFRS 16 finance costs are charged on the lease liability recognised. These costs are recognised within finance costs.

(ii) Right-of-use asset

IFRS 16 has resulted in the recognition of a right-of-use asset. This asset represents the Group's contractual right to access an identified asset under the terms of the lease contract.

(iii) Lease liability

IFRS 16 has resulted in the recognition of a lease liability. This liability represents the Group's contractual obligation to minimum lease payments during the lease term. The element of the liability payable in next 12 months is recognised as a current liability with the balance recognised in non-current liabilities.

(iv) Working capital

Under IAS 17 certain lease incentives, rent prepayments, accruals and similar amounts were held on the balance as part of working capital. Such balances are no longer recognised as all payments, lease incentives and related costs are reflected in either the right-of-use asset or the lease liability.

(v) Taxation

A deferred tax asset has been recognised on the transition to IFRS 16 representing the timing difference on the amounts taken to reserves.

(vi) Practical expedients applied

In applying IFRS 16 for the first time, the Group has used 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 has 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.

34. Change in accounting policies continued

Income statement (extract)

	FY20 (pre IFRS 16)	IFRS 16	FY20 (post IFRS 16)	FY19 (as originally presented)	IFRS 16	FY19 (restated)
Operating expenses	(57.5)	0.9	(56.6)	(55.3)	0.9	(54.4)
Operating profit	21.4	0.9	22.3	24.6	0.9	25.5
Finance costs	(1.9)	(1.6)	(3.5)	(1.7)	(1.6)	(3.3)
Profit before taxation	19.5	(0.7)	18.8	22.9	(0.7)	22.2
Taxation	(3.6)	–	(3.6)	(4.6)	0.1	(4.5)
Profit and total comprehensive income for the period/year attributable to equity holders of the parent	15.9	(0.7)	15.2	18.3	(0.6)	17.7
Earnings per share						
Basic	17.2p	(0.8)p	16.4p	18.7p	(0.6)p	18.1p
Diluted	17.2p	(0.8)p	16.4p	18.7p	(0.7)p	18.0p

Statement of financial position (extract)

	FY20 (pre IFRS 16)	IFRS 16	FY20 (post IFRS 16)	FY19 (as originally presented)	IFRS 16	FY19 (restated)	FY18 (as originally presented)	IFRS 16	FY18 (restated)
Non-current assets									
Right-of-use assets	–	41.6	41.6	–	42.6	42.6	–	45.8	45.8
Deferred tax assets	0.5	0.8	1.3	0.5	1.0	1.5	0.5	0.9	1.4
Total non-current assets	19.4	42.4	61.8	8.8	43.6	52.4	5.9	46.7	52.6
Current assets									
Trade and other receivables	5.4	(1.0)	4.4	13.9	(0.9)	13.0	12.9	(0.7)	12.2
Total current assets	128.9	(1.0)	127.9	143.9	(0.9)	143.0	132.5	(0.7)	131.8
Current liabilities									
Lease liabilities	–	(2.3)	(2.3)	–	(1.2)	(1.2)	–	(1.9)	(1.9)
Trade and other payables	(114.0)	2.4	(111.6)	(120.0)	2.6	(117.4)	(104.9)	2.9	(102.0)
Provisions	–	(0.2)	(0.2)	–	(0.3)	(0.3)	–	(0.1)	(0.1)
Total current liabilities	(124.2)	(0.1)	(124.3)	(123.5)	1.1	(122.4)	(110.4)	0.9	(109.5)
Non-current liabilities									
Lease liabilities	–	(43.1)	(43.1)	–	(45.0)	(45.0)	–	(47.1)	(47.1)
Provisions	–	(2.1)	(2.1)	–	(1.8)	(1.8)	–	(2.2)	(2.2)
Total non-current liabilities	–	(45.2)	(45.2)	(0.2)	(46.8)	(47.0)	(1.6)	(49.3)	(50.9)
Net assets	24.1	(3.9)	20.2	29.0	(3.0)	26.0	26.4	(2.4)	24.0
Retained earnings	23.9	(3.9)	20.0	28.8	(3.0)	25.8	26.2	(2.4)	23.8
Total equity	24.1	(3.9)	20.2	29.0	(3.0)	26.0	26.4	(2.4)	24.0

34. Change in accounting policies continued

Cash flow statement (extract)

	FY20 (pre IFRS 16)	IFRS 16	FY20 (post IFRS 16)	FY19 (as originally presented)	IFRS 16	FY19 (restated)
Cash generated from operations	28.6	4.6	33.2	24.3	4.4	28.7
Interest paid	(1.9)	(1.6)	(3.5)	(1.7)	(1.6)	(3.3)
Net cash inflow from operating activities	20.3	3.0	23.3	18.1	2.8	20.9
Principal elements of lease payments	–	(3.0)	(3.0)	–	(2.8)	(2.8)
Net cash outflow from financing activities	(11.0)	(3.0)	(14.0)	(15.7)	(2.8)	(18.5)
Net (decrease)/increase in cash and cash equivalents	(3.0)	–	(3.0)	(1.8)	–	(1.8)

Trade and other receivables (extract)

	FY20 (pre IFRS 16) £m	IFRS 16 £m	FY20 (post IFRS 16) £m	FY19 (as originally presented) £m	IFRS 16 £m	FY19 (post IFRS 16) £m	FY18 (as originally presented) £m	IFRS 16 £m	FY18 (post IFRS 16) £m
Prepayments	1.3	(1.0)	0.3	2.3	(0.9)	1.4	4.4	(0.7)	3.7
Trade and other receivables	5.4	(1.0)	4.4	13.9	(0.9)	13.0	12.9	(0.7)	12.2

Trade and other payables: amounts due within one year (extract)

	FY20 (pre IFRS 16) £m	IFRS 16 £m	FY20 (post IFRS 16) £m	FY19 (as originally presented) £m	IFRS 16 £m	FY19 (post IFRS 16) £m	FY18 (as originally presented) £m	IFRS 16 £m	FY18 (post IFRS 16) £m
Trade creditors	(12.6)	2.0	(10.6)	(17.4)	2.1	(15.3)	(13.8)	2.2	(11.6)
Accruals	(13.1)	0.4	(12.7)	(18.7)	0.5	(18.2)	(17.0)	0.7	(16.3)
Trade and other receivables	(114.0)	2.4	(111.6)	(120.0)	2.6	(117.4)	(104.9)	2.9	(102.0)

Motorpoint Group Plc

Company balance sheet

At 31 March 2020

	Note	2020 £m	2019 £m
Assets			
Non-current assets			
Investments	4	**101.1**	100.9
Total non-current assets		**101.1**	100.9
Total assets		**101.1**	100.9
Liabilities			
Current liabilities			
Creditors: amounts falling due within 1 year	5	**(46.3)**	(25.1)
Total current liabilities		**(46.3)**	(25.1)
Net current liabilities		**(46.3)**	(25.1)
Total liabilities		**(46.3)**	(25.1)
Net assets		**54.8**	75.8
Equity			
Called up share capital	7	**0.9**	1.0
Capital redemption reserve	8	**0.1**	–
Retained earnings			
At 1 April 2019 and 2018		**74.8**	90.5
Buyback and cancellation of shares	7	**(13.1)**	(8.8)
Result for the year		**–**	–
Share-based payments		**(0.9)**	–
Dividends	9	**(7.0)**	(6.9)
		53.8	74.8
Total equity		**54.8**	75.8

The notes on pages 110 to 113 are an integral part of these financial statements.

The financial statements on pages 108 to 113 were approved by the Board of Directors on 14 July 2020 and were signed on its behalf by:

M Carpenter
Chief Executive Officer

J Gilmour
Chief Financial Officer

Motorpoint Group Plc
Registered number: 10119755

Company statement of changes in equity
For the Year Ended 31 March 2020

	Note	Share capital £m	Capital redemption reserve £m	Retained earnings £m	Total equity £m
At 1 April 2018		1.0	–	90.5	91.5
Result for the year		–	–	–	–
Share-based payments		–	–	–	–
Buyback and cancellation of shares	7	–	–	(8.8)	(8.8)
Final dividend for the period ended 31 March 2018	8	–	–	(4.5)	(4.5)
Interim dividend for the year ended 31 March 2019	8	–	–	(2.4)	(2.4)
At 31 March 2019		1.0	–	74.8	75.8
Result for the year		**–**	**–**	**–**	**–**
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	8	**–**	**–**	**(4.7)**	**(4.7)**
Interim dividend for the year ended 31 March 2020	8	**–**	**–**	**(2.3)**	**(2.3)**
At 31 March 2020		**0.9**	**0.1**	**53.8**	**54.8**

Notes to the company financial statements

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 2020 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 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 this is wholly as a result of amounts owed to Motorpoint Limited, a subsidiary company. As such the Directors do not see the net current liability position as a risk when considering the going concern of the Company. For further details of the going concern status of the Group see page 82.

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. The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

(b) Critical accounting estimates and judgements

The preparation of the financial statements requires the use of certain critical accounting estimates. It also 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, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4 to the consolidated financial statements. The estimates involved in accounting for share-based compensation 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 at 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.

(j) Employee benefits

(a) Other employee benefits

The Company recognises an expense for other short-term employee benefits, primarily holiday pay and employee commissions and bonuses on an accruals basis.

1. Summary of significant accounting policies continued

(j) Employee benefits continued

(b) Share-based compensation

Equity-settled share-based compensation payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market based vesting conditions.

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 profit or loss 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.

Equity-settled share-based compensation transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

A liability is recognised at the current fair value determined at each balance sheet date for cash-settled, share-based payments.

(k) 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. Auditors' remuneration

	2020 £'000	2019 £'000
Auditors' remuneration:		
Fees payable for the audit	**125**	87
Fees payable to the Company's auditors' and its associates for other services:		
Audit-related assurance services	**22**	20
Total	**147**	107

3. Employees and Directors

The Company has no employees other than Directors (FY19: none). Full details of the Directors' remuneration and interests are set out in the Annual Report on Remuneration on pages 60 to 71.

Other than the transactions included in note 32 to the Group accounts, there were no other transactions with Directors by the Company (FY19: none).

4. Investments

	2020 £m	2019 £m
At 1 April	**100.9**	100.7
Share-based payment charge	**0.2**	0.2
At 31 March	**101.1**	100.9

At 31 March 2020 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	80 Mount Street, Nottingham, England, NG1 6HH	Dormant	04100916
Auction 4 Cars Limited	Chartwell Drive, West Meadows Industrial Estate, Derby, England, DE21 6BZ	Dormant	09603690

The subsidiary undertakings listed in the table above were entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

5. Creditors: amounts falling due within 1 year

	2020 £m	2019 £m
Borrowings	**10.0**	–
Amounts owed to Group undertakings	**36.3**	25.1
	46.3	25.1

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 2020 may be analysed as follows:

	2020 £m	2019 £m
Financial liabilities measured at amortised cost	**46.3**	25.1
	46.3	25.1

Financial instruments included within current assets and liabilities (excluding cash and borrowings) 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

	2020		2019	
	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	**96,166**	**1.0**	100,154	1.0
Bought back and held as treasury shares during the year[1]	**(5)**	**–**	(4)	–
Released from treasury to satisfy employee share plan obligations	**5**	**–**	4	–
Bought back and cancelled during the year[1]	**(5,976)**	**(0.1)**	(3,988)	–
	90,190	**0.9**	96,166	1.0

1. During FY20 the Company purchased 5,981,000 (FY19: 3,992,000) Ordinary Shares on-market in order to reduce the share capital of the Company and return funds to shareholders who sell their shares. Of the 5,981,000 shares purchased 5,975,674 were cancelled and 5,326 were transferred into treasury and then used to satisfy employee share plan obligations.

   Purchases of Ordinary Shares pursuant to the programme will fall within the maximum of 9,511,989 Ordinary Shares that the Company was authorised to purchase under the general authority granted by shareholders at the Company's most recent AGM held on 26 July 2019.

   The shares were acquired at an average price of £2.24 per share, with prices ranging from £3.07 to £1.78. The total cost of £13.1m, including after tax transaction costs, was deducted from retained earnings.

   Since the commencement of the current share buyback programme in 2019 as at 31 March 2020, 615,000 shares have been bought back and cancelled representing 0.7% of the issued Ordinary Shares, at a cost of £1.8m.

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. £0.1m (FY19: £Nil) 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 the following dividends were paid:

	2020 £m	2019 £m
Final dividend for the period ended 31 March 2018	–	4.5
Interim dividend for the year ended 31 March 2019	–	2.4
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**	6.9

The Board have not proposed a final dividend (FY19: 5.00 pence) for the year ended 31 March 2020.

The final dividend for the year ended 31 March 2019 paid on 20 September 2019 was £4.7m, being a difference of £0.1m compared to that reported in the 2019 financial statements. This was due to a decrease in the Ordinary Shares entitled to a dividend between the date that the dividend was declared and the dividend record date of 16 August 2019.

10. Borrowings

The Company's available borrowings consist of an unsecured £20m facility provided by Santander UK PLC of which £10m (FY19: £Nil) was drawn down as at the reporting date. The facility was negotiated in May 2016 ahead of the Motorpoint Group IPO Listing. The facility is currently provided as £6m available as an overdraft and £14m available as a revolving credit facility. An extension of the facility was agreed during the year to May 2024. A further extension to the facility was agreed during May 2020 to increase the facility to £35m. See note 33 for further details.

The finance charged 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 2020 interest was charged at 1.4% per annum (FY19: 1.4%). The interest charged cost for the year of £0.2m (FY19: £0.1m) has been expensed as a finance cost.

11. Commitments and contingencies

Capital commitments

The Company had no capital commitments at 31 March 2020 (FY19: £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 £75m (FY19: £75m) stocking finance facility with Black Horse Limited.

12. Related parties

During the year, a management charge of £0.8m (FY19: £0.8m) was received from Motorpoint Limited in respect of services rendered.

At the year end the balance outstanding due to Motorpoint Limited totalled £36.3m (FY19: £25.1m) due to the dividends, settlement of the SAYE 2017 scheme and share buyback in the year offset by the drawn down balance on the revoling credit facility.

On behalf of Motorpoint Group Plc, Motorpoint Limited paid £1.0m (FY19: £1.1m) during the year and has recharged this to Motorpoint Group Plc.

13. Post balance sheet events

In order to add additional liquidity an additional uncommitted overdraft facility was entered in May 2020 with Santander UK PLC for £15m with Motorpoint Limited as borrower and Motorpoint Group Plc as guarantor. This facility not only provides additional short term liquidity, it also allows the Group to adopt a strong reopening strategy and will allow the Group to get back to its ambitious growth plans as quickly as possible. This facility is undrawn at the time of signing and is available only after the existing overdraft and revolving credit facility have been utilised.

Alternative performance measures

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 earnings per share; GP/adjusted overheads ratio; and operating cash conversion. The rationale for using these measures, along with a reconciliation from the nearest measures prepared in accordance with IFRS, are presented below.

The APMs we use may not be directly comparable with similarly titled measures used by other companies.

Adjusted operating profit and adjusted profit before tax

In addition to measuring financial performance of the Group based on operating profit, we also measure performance based on adjusted operating profit and adjusted profit before tax (Adjusted PBT). We consider Adjusted PBT and adjusted Operating Profit 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.

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	2020 £m	2019 Restated £m
Gross profit	**78.9**	79.9
Adjusted overheads	**(56.6)**	(54.4)
Gross profit/adjusted overheads	**139.4%**	146.9%

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	2020 £m	2019 Restated £m
Cash generated from operations	**33.2**	28.7
Operating profit	**22.3**	25.5
Cash generated from operations/operating profit	**148.9%**	112.5%

Glossary

Term	Meaning
Adjusted basic Earnings per Share	Earnings attributable to equity shareholders adjusted for Exceptionals/weighted average number of Ordinary Shares during the year
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
DEFRA	Department for Environment, Food and Rural Affairs
DTR	Disclosure Guidance and Transparency Rules
EBITDA	Earnings Before Interest, Depreciation and Amortisation
EBT	Earnings Before Tax
EPS	Earnings per Share
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 Promotor 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 before Exceptional Items/Capital Employed
SAYE	Save As You Earn
SID	Senior Independent Non-Executive Director
SIP	Share Incentive Plan
SMMT	The Society of Motor Manufacturers and Traders
Structural Debt	Debt excluding stock finance facilities
VED	Vehicle Excise Duty

Shareholder information & advisers

Registered office
Motorpoint
Chartwell Drive
West Meadows Industrial Estate
Derby DE21 6BZ
United Kingdom

Company number
10119755

Company secretary
Ms Manjit Kaur Virk

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 auditors
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Legal advisers
Pinsent Masons LLP
30 Crown Place
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Registrar
Link Asset Services
The Registry
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Bankers
Santander UK Plc
2 Clumber Street
Nottingham NG1 3GA

Financial calendar

24 August 2020	Annual General Meeting
8 October 2020	Half Year Trading Update
26 November 2020	Interim Results Announcement

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 atatements
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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