Company Registration No. 00653665

Motus Group (UK) Limited

Annual Report and Financial Statements

For the year ended 30 June 2021

Motus Group (UK) Limited

Annual report and financial statements for the year ended 30 June 2021

Contents

Motus Group (UK) Limited

Annual report and financial statements for the year ended 30 June 2021

Officers and professional advisers

Directors

OS Arbee
OJ Janse Van Rensburg
RG Truscott
AB Welch
MD Lawrenson
L Seward (appointed on 26 January 2021)
D Lewis (resigned on 1 August 2021)

Company Secretary

AB Welch

Registered Office

Oakingham House
Ground Floor, West Wing
London Road, Loudwater
High Wycombe
HP11 1JU

Auditor

Deloitte LLP
Statutory Auditor
4 Brindley Place
Birmingham
B1 2HZ
United Kingdom

Bankers

Barclays Bank PLC
1 Churchill Place
London
E14 5HP

Strategic report for the year ended 30 June 2021

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Review of the business and future prospects

The company is made up of four divisions Motus Commercials, Pentagon Motor Group, Motus Truck and Van and Motus Vehicle Solutions (MVS). Motus Commercials operates franchised commercial vehicle dealerships for a number of brands including DAF, Volkswagen, Ford, Fiat, Isuzu, Isuzu Pick-up and Maxus in locations across the UK. Motus Truck and Van operates Mercedes Benz commercial vehicle dealerships in Hertfordshire, Essex, Cambridgeshire, Norfolk and Suffolk. The Pentagon Motor Group operates passenger vehicle dealerships which offer new and used car sales, parts and servicing for Vauxhall, Ford, Peugeot, Citroen, Seat, Nissan, Renault, Mazda, Dacia, Kia, Cupra and Mitsubishi. The principal activities of the Motus Vehicle Solutions division are that of tail lift engineers, tail lift spares distributors, LCV conversions, vehicle body builders and retailers of CV aftermarket parts.

Trading and profitability recovered strongly in the year following the disruption caused by the first Covid related lockdown which started in March 2020 and the business made an operating profit of £18.5m (prior year operating loss of £7.2m).

Despite the closure of our dealership showrooms for around 4 months of the year our new vehicle volume increased by 5.7% in the year and used vehicle volume was 21.7% higher than the previous year. Volumes and margins in our aftersales businesses improved strongly in the year as a result of restructuring actions taken at the end of the previous year and renewed focus on operational efficiency.

The results for the year are as set out in the profit and loss account on page 19.

Our franchise manufacturer partners are experiencing production disruption caused by the shortage of certain components, particularly semi-conductors. While this didn't have a material impact on the performance of the business in the year to 30 June 2021, it has impacted on vehicle supply in the first three months of the new financial year where the new vehicle market volume was 31.1% lower than prior year in passenger car and 23.7% lower than prior year in LCV. New vehicle prices and margins have increased as a result of this reduction in vehicle availability.

Covid-19

On 11 March 2020 Covid-19 was declared a pandemic and it had a significant impact on the activities of the company from late March to 30 June 2020. The experience gained during that first lockdown was invaluable as the impact of the second (5 November 2020 to 2 December 2020) and third (6 January 2021 to 12 April 2021) non-essential retail lockdowns in England, where the majority of our dealerships are based, was significantly lower than the first. Despite the closure of the company's vehicle showrooms during the second and third lockdowns, online 'click and collect' selling continued which significantly softened the impact of the lockdown periods. The aftersales businesses were able to continue trading through the lockdown periods.

We introduced social distancing measures in all businesses in accordance with government guidelines including home working for many employees. Appropriate supplies of PPE are provided to our staff to enable them to carry out their duties in a safe manner. Our priority is to keep operations safe for customers, employees and business partners. We are appreciative of our team members who responded to the many challenges in this difficult period.

In response to Covid-19 the company has taken a number of internal actions and utilised government schemes available to the business in order to optimise the cash position. Staff whose roles were impacted by Covid-19 were furloughed which generated the receipt of government furlough support of £2.7m (2020 £7.2m) in the year. The company received rates relief and grants totalling £2.7m (2020 £0.8m) in the year. The VAT payment of £6.1m deferred in March 2020 was fully repaid in March 2021.

The company stopped utilising the government furlough scheme by 12 April 2021 the date of the end of the final lockdown in the year.

Climate change

The automotive sector is undergoing a period of evolution, driven by a combination of technology, environmental and social change factors. The company's strategy anticipates the impact that these macro factors will have for automotive retailers in the future.

Climate change and the response of international governments to these issues, in combination with technological developments by vehicle manufacturers, will have a significant impact on the automotive sector over the coming years.

The global response to the issue of climate change, including the Paris Agreement target for carbon neutrality by 2050, has instigated a shift from traditional internal combustion engines ('ICE') to battery electric vehicles ('BEVs'). That process is already well underway, driven by regulatory interventions such as the Clean Air for Europe programme ('CAFE'). Under the CAFE regulations, punitive financial penalties will be imposed from 2020 on vehicle manufacturers which do not achieve significantly reduced average Co2 emissions. In addition, national governments, including the UK, are setting their own targets for the cessation of sales of new ICE vehicles (including hybrids) over the next 15 to 20 years.

As a result, all major vehicle manufacturers are investing heavily in the development and launch of hybrids and BEVs. The substantial investment requirements of these developments have already led to significant collaboration and consolidation between vehicle manufacturers, including the acquisition of Vauxhall Opel by Groupe PSA, the merger of Fiat Chrysler Automobiles and Groupe PSA and the alliance between Renault, Nissan and Mitsubishi. Other technological developments will also have an increasing influence on the automotive sector in the future. Connected car capabilities have existed for a number of years and have facilitated a variety of new sharing and subscription models of vehicle use. In addition, autonomous technologies, whilst still many years away in terms of the potential for fully autonomous vehicles, have introduced a range of comfort and safety features to modern motor vehicles.

The macro change factors outlined above present a number of potential challenges and opportunities for motor retailers in the future. The increasing proportion of BEVs in the vehicle parc is likely to impact traditional aftersales activities, including the sale of parts and oil products. However, these new technologies, and the associated expertise and facilities required to service them, can also offer opportunities for certain franchised dealers. Close partnerships with vehicle manufacturers and the ability to invest in infrastructure required to service BEVs, differentiates their franchised dealers' expertise and service capabilities from those of the independent aftersales sector. Connected car technology will provide further opportunities for manufacturers, through their franchised dealer networks, to improve retention rates for older vehicles within their aftersales networks. Ancillary revenue streams including digital services, the sale of charging points and tyres (given increased replacement cycles for BEVs) are also areas of opportunity for certain retailers able and willing to invest. Finally, further consolidation of vehicle manufacturers and the anticipated reduction of retail networks over the coming years should assist in higher throughput and profitability per retail location.

The Board believes that the company's strategy of partnering with the rights brands in the right locations has positioned it well to benefit from the changes ahead. The rate of change is accelerating but it will be some time before BEV's replace ICE powered vehicles, particularly in the HGV sector. The company's key manufacturer partners are strong and are taking leading positions in the development of future mobility technologies and the company will benefit from the continued success of their brands. The Board also believes that the Company's portfolio of dealerships is in the right locations and markets to benefit from the expected rationalisation and consolidation of dealer networks in the UK. The board has considered the potential impacts of climate change driven changes in the sector when assessing for impairment.

Finally, and importantly, the Group's growing scale and depth of relationships with its manufacturer partners will help to ensure it remains a relevant and important part of their future retail strategies.

Section 172 statement

Engaging with stakeholders

During the year ended 30 June 2020, the Board of Directors acted in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its key stakeholder groups as a whole, in accordance with s172(1)(a)-(f) of the Companies Act 2006.

Section 172 statement (continued)

Engaging with stakeholders (continued)

The success of our business is dependent on the support of all of our stakeholders. Building positive relationships with stakeholders that share our values is important to us, and working together towards shared goals assists us in delivering long-term sustainable success.

The company comprises a number of divisions, all of which have extensive engagement with their own unique stakeholders as well as other divisions within the company. The governance framework delegates authority for local decision-making at divisional level up to defined levels of cost and impact which allows the individual divisions to take account of the needs of their own stakeholders in their decision-making.

The leadership teams of each business make decisions with a long-term view in mind and with the highest standards of conduct in line with company policies. In order to fulfil their duties, senior management take care to have regard to the likely consequences on all stakeholders of the decisions and actions which they take. Where possible and relevant, decisions are discussed with affected groups and are therefore fully understood and supported when taken.

Reports are regularly made to the Board by the divisions about the performance and key decisions taken which provides the Board with assurance that proper consideration is given to stakeholder interests in decision-making.

The Board is well informed about the views of stakeholders through the regular reporting on stakeholder views and it uses this information to assess the impact of decisions on each stakeholder group as part of its own decision-making process.

The Board of Directors have identified the company's key stakeholder groups which are set out below, including details of the nature of the relationship, the stakeholder groups' key interests and the methods used to engage with these groups. The potential impact on these stakeholder groups is key to the Board's decision-making process, including the likely consequences of any decisions in the long term.

Stakeholder	Why it is important to engage	Ways to engage	Stakeholders' key interests
Customers	Our customers' needs drive the nature of the products and services we offer and the way in which we deliver them.	• Customer satisfaction surveys • Google reviews • Social media engagement • Dedicated customer services team	• Customer service • Value for money • Product knowledge • Product range • Service provision
Colleagues	Our colleagues are essential to support the delivery of the company strategy. Ensuring that the business has the right values and culture is of paramount importance to the business model.	• Colleague satisfaction survey and feedback sessions • Regular team briefs and toolbox talks • Social media engagement • Apprenticeship programme • Training and development courses • Employee awards for strong performance	• Pay and employment conditions • Career opportunities • Training and development • Employee mental and physical wellbeing

Section 172 statement (continued)

Engaging with stakeholders (continued)

Stakeholder	Why it is important to engage	Ways to engage	Stakeholders' key interests
Manufacturers	The Company operates a franchise business model and therefore strong ongoing relationships with manufacturers are fundamental to this.	• Monthly financial performance reporting • Regular review meetings • Manufacturer conferences • Membership of manufacturer dealer councils and sub groups • Organisation along franchise lines	• OEM registration targets • Dealership financial performance • Customer satisfaction scores • Dealership portfolio management • Aftermarket parts sales volumes
Finance providers	Access to finance is essential for the Company to execute its strategy as well as providing customers with the ability to finance vehicle purchases.	• Regular review meetings and reporting • Monthly compliance reporting • Compliance reviews	• Financial performance • Strength of financial position • Business planning and forecasting • Volumes of finance written • Compliance with regulations
Shareholders	Provision of clear and transparent information is essential to inform investment decisions model.	• Board Meetings • Annual report and accounts	• Profitability • Return on invested capital • Capital allocation • Execution of strategy
Regulators	The Company operates in a highly regulated industry and therefore it is vital to achievement of the business model.	• FCA engagement • MOT Club • Trading Standards engagement	• Compliance with laws and regulations • Treating customers fairly
Communities	The Company values the importance of making a positive impact and maintaining its physical presence in each of its locations.	• Partnering with local schools and colleges with apprenticeship schemes • Local sponsorship arrangements	• Employment and development opportunities • Corporate and social responsibility • Environmental impact

Going concern

The business was significantly impacted by Covid-19 which emerged in the prior period. In the current year the business has performed strongly, despite the impact of the lockdowns experienced during the year.

Motus Holdings (UK) Limited and its subsidiary Motus Group (UK) Limited operate a bank pool which has a combined uncommitted overdraft facility of £16m. During the year the businesses have accessed the uncommitted pooled overdraft facility with a maximum overdraft of £5.1m in the period. There are no bank covenants in place. As at 4 November 2021 the companies had available cash resources of £12.6m.

Motus Holdings (UK) Limited has an unused loan facility of £41m with Motus Capital (Pty) Limited to support the UK businesses as necessary.

Motus Holdings (UK) Limited owns freehold property with a NBV of £47.0m at 30 June 2021 which has no charges over it. Management consider they could reasonably raise additional funding of up to £25m against the freehold property to support the UK businesses if required.

Management have prepared a profit and loss and cash flow forecast for the UK businesses for the period ending 30 November 2022. This base line revised forecast assumes:

- no further full UK wide lockdowns of the type experienced in March to May 2020; and
- in the case of a scenario similar to three previous lockdowns, the Manufacturer partners will reinstate its support to the company through their funding of new vehicle consignment and that normal adoption timings are delayed for new vehicle inventories until the vehicles are sold.

Based on the forecasts prepared by management for the two entities together, we forecast to remain comfortably within the existing bank facility limits throughout period to 30 November 2022, with no requirement to access the uncommitted bank overdraft facility at any point. This forecast has been reviewed and approved by the Board. Management has acknowledged the risk associated with the overdraft facility not being committed as at the date of signing and approving these financial statements. Management has engaged in discussions with the funding partner and concluded that based on these discussions, the overdraft facility should continue to be available during the period of assessment.

By their very nature forecasts and projections are inherently uncertain. The Covid-19 crisis has heightened uncertainty. Due to this inherent level of uncertainty over future financial performance and cash flows, as well as the importance of the key assumptions underpinning the Group's projections, sensitivity analysis has been performed to model the impact of more adverse trends compared to those included in the financial projections. These sensitivities model the impact of severe but plausible downside risks to the achievement of the financial projections. The sensitivities applied were:

- a reduction in the proportion of new vehicle consignment stock assumed to be funded by the Manufacturers;
- a further two month lockdown with no government support;
- stock supply disruptions arising from semi-conductor shortages internationally reducing OEM production.

In the absence of mitigating actions available to the companies, when these downside sensitivities are combined and applied to the financial projections, they indicate that £5.6m headroom would remain of the £16m uncommitted overdraft facility. Motus Capital (Pty) Limited, the immediate parent company of Motus Holdings (UK) Limited, has provided a letter of support to the company should additional facilities be necessary. The Directors have considered the ability of Motus Capital (Pty) Limited to provide this support to Motus Holdings (UK) Limited and its subsidiary Motus Group (UK) Limited and concluded the company has sufficient facilities available to support the UK businesses for a period of at least 12 months. Motus Capital (Pty) Limited has approximately £108m of committed undrawn facilities which are available, subject to covenants being met, for a period of at least 12 months as at the date of signing and approving these financial statements. The Directors have satisfied themselves that the Company would be able to draw down on these facilities as and when required during the 12 month period from the date of signing and approving these financial statements. The companies have a strong relationship with their funding partner and the wider Motus group has international relationships with the funding partner, so whilst the facility is uncommitted the company does not consider this to be a material uncertainty due to the relationship with the funding partner and the legally binding support provided by Motus Capital (Pty) Limited for at least 12 months following the signing of these accounts.

Going concern (continued)

Based on the detailed forecasts prepared by management for the two entities, taking into account the anticipated impact of the Covid-19 pandemic and the letter of support provided by Motus Capital (Pty) Limited, the Board has a reasonable expectation that Motus Group (UK) Limited has adequate resources to continue to trade for the foreseeable future, being a period of at least 12 months from the date of signing and approving these financial statements. Accordingly, the Board continues to adopt the going concern basis when preparing this Annual Report and Financial Statements.

Key performance indicators, management of risks and uncertainties

Key performance indicators

Management will continue to focus on long established key performance indicators within the business namely turnover, gross margin, operating profit and interest costs. These measures can be found in the profit and loss account shown on page 18. The operating margin for 2021 was 1.6% compared to (0.75)% in 2020. The 2020 operating margin was negatively impacted by Covid-19 from late March to the end of June.

Strategic risks

We are reliant on our vehicle manufacturer partners to provide products of sufficient quality and desirability to maintain their market share. The current worldwide supply shortages of raw materials and semi-conductors could pose short term difficulties, the company monitors the ongoing situation. The business' views are represented by participation in dealer council meetings.

The direct impact of the new trading relationship between the UK and the EU is minimal as almost all of the activities of the company are transacted in the UK. Many of the vehicles and parts sold by the business were manufactured outside of the UK and there have been some supplier price increases due to the introduction of tariffs for goods produced outside of the EU which are shipped via the EU. These price increases have not had a material impact on the company or its customers.

The business is exposed to changes in legislation that impact the markets in which it operates. The company monitors such changes and lobbies as appropriate.

Financial risks

The company's activities do not expose it to significant financial market risks, including price risk, interest rate risk, liquidity risk and foreign exchange risk. The company also has no significant concentration of credit risks due to exposure being spread over a large number of customers.

The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by periodic monitoring of these exposures posed by these financial market risks. The policies are set by the parent company and are monitored locally.

Strategic report for the year ended 30 June 2021 (continued)

Covid-19

Covid-19 has impacted on a number of the OEMs production and supply of vehicles and aftermarket parts. A resurgent virus could also impact the UK economy in the short term. As highlighted in the going concern section of this report management have modelled a number of scenarios to consider the possible impacts.

Approved by the Board of Directors
and signed on behalf of the Board

AB Welch
Director

Oakingham House
Ground Floor, West Wing
London Road, Loudwater
High Wycombe
HP11 1JU

Date: 4th November 2021

Motus Group (UK) Limited

Directors' report for the year ended 30 June 2021

The directors present their annual report and the audited financial statements for the year ended 30 June 2021.

The directors have presented statements on future prospects and financial instruments in the strategic report.

Principal activity

The principal activity of the company throughout the year was the operation of commercial vehicle dealerships and included the sale and repair of passenger vehicles and ancillary services, tail lift engineers and spares distributors.

Directors

The directors who held office during the year and to the date of this report were as follows:

OS Arbee
OJ Janse Van Rensburg
RG Truscott
AB Welch
MD Lawrenson
L Seward (appointed on 26 January 2021)
D Lewis (resigned on 1 August 2021)

Dividend

No interim dividends were declared or paid during the year (2020: £nil) and the directors do not recommend the payment of a final dividend (2020: £nil).

Employee wellbeing, diversity and inclusion

It is the company's policy to promote diversity and inclusivity, to ensure that all persons are treated fairly and consistently in terms of recruitment, training, career development and promotion and that employment opportunities are based on a realistic assessment of their aptitudes and abilities.

Employee involvement

The company believes that to achieve excellent customer service its employees should be well informed about company plans and performance and have the opportunity to discuss their performance at least on an annual basis with their manager. Additionally, the company is committed to providing all its employees with information on a regular basis at their home or in the workplace in a range of different forms, from newsletters to company briefings.

The Champions of Quality programme recognises individuals or teams who have made a significant personal contribution to the quality of service provided to customers, or who have made a major change in operating methods which improves performance or service levels.

Stakeholder engagement

A summary of how the company engages with stakeholders is set out in the Section 172 statement on pages 4 and 5 of the Strategic Report.

Statement of corporate governance arrangements

The company has adopted the Wates Corporate Governance Principles for large private companies as its corporate Governance Framework. The application of this code in the company is as follows:

Principle	Application
Purpose and leadership An effective board develops and promotes the purpose of a company, and ensures that its values, strategy and culture align with that purpose.	The board actively seeks the views of its stakeholders, see the table Engaging with Stakeholders in the strategic report for further details. The company is organised into four trading divisions, each with a Managing Director and a management team who maintain regular dialogue with employees. Each division has created its own set of values and culture within the broad guidelines set by the Motus organisation. The company subscribes to SafeCall which is a confidential anonymous tip-off line which can be used by employees to report concerns about misconduct and unethical practices. Senior managers complete an annual declaration of any conflicts of interest and all attendees at board and operational board meetings are asked to declare any potential conflicts of interest before the start of any meeting.
Board composition Effective board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the company.	The roles of Chairman and Chief Executive of the company are separate. There are currently six Directors of the company, four executive Directors based and working in the business and two further Directors based in South Africa. Director briefings on the statutory duties and responsibilities of directors have been presented during the reporting year. When appropriate training is made available to new directors via the Institute of Directors. Continuing director training and development is delivered both within and outside of the boardroom. Within the boardroom, the Board receive updates and presentations on current operational matters and specific initiatives within the business. These presentations also provide an opportunity to benefit from the input of other Board members on matters within their area of the business. There are regular reviews of the board composition and changes are made when considered appropriate. The Directors' names are listed on page 1 of the financial statements.
Director responsibilities The board and individual directors should have a clear understanding of their accountability and responsibilities. The board's policies and procedures should support effective decision-making and independent challenge.	The board delegates accountability and responsibility for the business to the CEO who in turn delegates this to his direct reports. A delegated authority document details the extent to which delegation is granted. Monthly divisional review meetings are conducted and key decisions are debated and challenged as appropriate. The company has an Audit Committee which meets twice each year to consider the control environment and the integrity of company reporting. Divisional Audit Committee meetings take place twice each year in advance of the main Audit Committee meeting.

Statement of corporate governance arrangements (continued)

Principle	***Application***
Director responsibilities (continued)	The company has an internal audit function and engages external advisors to test the systems and controls in place in the business and any weaknesses are reported to the Audit Committee. The Board considers that the Group's governance structures and processes are fit for purpose and support good decision making by the Board.
Opportunity and risk A board should promote the long-term sustainable success of the company by identifying opportunities to create and preserve value, establishing oversight for the identification and mitigation of risks.	The company recognises that its long-term success relies on maintaining and building strong relationships with its various stakeholders, including in particular, its customers, shareholders, brand partners, suppliers and employees. In making decisions which are for the benefit of the members as a whole over the long term the Board also consider the interests of key stakeholder groups and seek to arrive at conclusions, which do not adversely impact those groups. As a franchise partner to global automotive manufacturers, the company is focused on building and maintaining excellent brand partner relationships. The company's recent success and growth has been based on strong and growing relationships with its brand partners. The directors are mindful that entrepreneurial creativity and responsiveness is a strong competitive advantage and every effort is made to integrate governance processes in the least bureaucratic way possible. The board assess risk and monitors the risk management process through risk review sessions at least twice a year which involve presentation of UK risk profile containing the most important operational, strategic, regulatory, financial and people risks currently facing the Company.
Remuneration A board should promote executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the company	Directors' remuneration is set at market rates and is flexed in line with the achievement of targets set by the Directors' manager within the remuneration structure within the wider Motus Group.
Stakeholder relationships and engagement Directors should foster effective stakeholder relationships aligned to the company's purpose. The board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.	Please see the table Engaging with Stakeholders in the strategic report.

Directors' report for the year ended 30 June 2021 (continued)

Energy and carbon reporting

We have reported on all sources of GHG emissions and energy usage as required under The Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended.

GHG emissions and energy usage

	Year ended 30 June 2021				Year ended 30 June 2020			
	Total kilowatt hours	**Total emissions (tonnes)**	**Revenue £m**	**tCO2e/ £m**	**Total kilowatt hours**	**Total emissions (tonnes)**	**Revenue £m**	**tCO2e /£m**
Scope 1								
Gas in kWh	22,585,186	4,192	1,152	3.64	17,939,030	3,319	964	3.44
Petrol in litres	161,596	367	1,152	0.32	86,781	200	964	0.21
Diesel in litres	1,621,351	4,172	1,152	3.62	1,946,267	5,117	964	5.31
Scope 2								
Electricity in kWh	11,460,581	5,506	1,152	4.78	12,019,777	5,766	964	5.98
TOTAL		**14,238**	**1,152**	**12.36**		**14,402**	**964**	**14.94**

Intensity ratio

The Company's intensity ratio is tonnes of CO2e per £1 million of revenue. This allows for a fair comparison over time of CO2 emissions given the growth trajectory envisaged for the Company and cyclical variations in business activity.

Reporting boundary and methodology

The table above includes data from all of the company's operations.

Methodology used: the Greenhouse Gas Protocol – a Corporate Accounting and Reporting Standard (Revised Edition).

Energy efficiency actions taken

During 2021 we have taken a number of steps to improve energy efficiency. These include:

- All refurbishments that are being completed include LED lighting where applicable in an effort to reduce energy consumption.
- Many of the passenger car sites now have EV charging points for their EV's on sale.
- Plug-in hybrid electric vehicles (PHEV) and battery electric vehicles (BEV) are now available within the company car fleet.
- The use of video-conferencing which has significantly reduced the number of journeys undertaken for business meetings.
- The MVS Division partnered with Ecology to offset CO2 emissions produced from all its operations.

Directors and officers liability insurance

Directors and officers liability insurance was held for the benefit of all Directors during the year.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP is deemed to be reappointed under s487(2) of the Companies Act 2006.

Approved by the Board of Directors
and signed on behalf of the Board

Andrew Welch

AB Welch
Director

Oakingham House
Ground Floor, West Wing
London Road, Loudwater
High Wycombe
HP11 1JU

Date: 4 November 2021

Directors' responsibilities statement for the year ended 30 June 2021

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Motus Group (UK) Limited (continued)

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Motus Group (UK) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 June 2021 and of its income statement for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- profit and loss account;
- the statement of changes in equity;
- the balance sheet; and
- the related notes 1 to 29.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Independent auditor's report to the members of Motus Group (UK) Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities. *Please note: no instances of non-compliance or fraud have been identified that are not disclosed elsewhere in the annual report.*

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included health and safety regulations, relevant environmental regulations, GDPR.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the area of inventory valuation. A significant risk was identified in respect of valuation of used vehicle inventory. This is due to used vehicles inventory being a depreciating asset and IAS 2 requires inventory to be held at the lower of cost and net realisable value. Estimating the net realisable value involves judgement and therefore represents a fraud risk. To respond to the risk of fraud, we tested the design and implementation of relevant controls performed by Management. We audited the inventory valuation and provision methodology used by Management and assessed whether it was compliant with the requirements of IAS 2. We compared the cost of inventory held at year-end to net realisable values from sales post year end and where no post year end sale had occurred to sales orders, third party valuations or historic sales of a similar vehicle.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Independent auditor's report to the members of Motus Group (UK) Limited (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Manmeet Kalsi

Manmeet Kalsi ACA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Birmingham, United Kingdom

4 November 2021

Profit and loss account
For the year ended 30 June 2021

	Notes	2021 £'000	2020 £'000
Turnover	5	1,152,233	963,874
Cost of sales		(1,003,672)	(843,956)
Gross profit		148,561	119,918
Distribution costs		(79,970)	(77,451)
Administrative expenses		(50,059)	(49,692)
Operating profit / (loss)		18,532	(7,225)
Net interest payable and similar charges	6	(7,787)	(7,349)
Profit / (loss) before tax	7	10,745	(14,574)
Tax on profit / (loss)	10	(2,110)	1,131
Profit / (loss) for the financial year		8,635	(13,443)

All amounts relate to continuing operations.

There have been no comprehensive income or expenses in either the current or preceding financial years other than those shown above, accordingly no separate statement of comprehensive income has been presented.

Motus Group (UK) Limited

Balance Sheet
As at 30 June 2021

	Notes	2021 £'000	2020 (Restated) £'000
Fixed assets			
Intangible assets	11	23,425	23,430
Tangible assets	12	18,644	17,286
Right of use assets	13	78,093	86,690
		120,162	127,406
Current assets			
Stocks	14	218,634	286,440
Debtors	15	77,569	59,715
Cash at bank and in hand	17	46,518	52,507
		342,721	398,662
Creditors: amounts falling due within one year - external	19	(327,902)	(379,404)
Creditors: amounts falling due within one year - intercompany	19	(2,212)	(43,641)
Net current assets / (liabilities)		12,607	(24,383)
Total assets less current liabilities		132,769	103,023
Creditors: amounts falling due after more than one year	20	(102,317)	(81,299)
Provisions for liabilities	21	(1,712)	(1,600)
Net assets		28,740	20,124
Capital and reserves			
Called up share capital	22	560	560
Share premium account	23	554	554
Profit and loss account	24	27,626	19,010
Total shareholders' funds		28,740	20,124

The financial statements of Motus Group (UK) Limited, registered number 00653665, were approved and authorised for issue by the Board of Directors on 4 November 2021.

Signed on behalf of the Board of Directors

Andrew Welch

AB Welch

Director

Statement of changes in equity
For the year ended 30 June 2021

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
Balance at 30 June 2019 – As previously reported	560	554	35,079	36,193
Effect of change in accounting policy for initial application of IFRS 16	-	-	(2,676)	(2,676)
Balance at 1 July 2019	560	554	32,403	33,517
Loss and total comprehensive income for the year	-	-	(13,443)	(13,443)
Capital contribution related to share-based payments	-	-	50	50
- Expense recognised for share-based payments	-	-	99	99
- Hedge premium in respect of share-based payments	-	-	(49)	(49)
Balance at 1 July 2020	560	554	19,010	20,124
Profit and total comprehensive income for the year	-	-	8,635	8,635
Capital contribution related to share-based payments	-	-	(18)	(18)
- Expense recognised for share-based payments	-	-	22	22
- Hedge premium in respect of share-based payments	-	-	(40)	(40)
Balance at 30 June 2021	560	554	27,626	28,740

Notes to the financial statements
For the year ended 30 June 2021

1. General information

Motus Group (UK) Limited is a private company limited by shares, incorporated in England and Wales and domiciled in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the company's operations and its principal activity are set out in the strategic report and the directors' report on pages 2 to 13.

Basis of preparation

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly the financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As a consequence of adopting FRS 101: Reduced Disclosure Framework the presentation of the financial statements has been amended to comply with section 395 (1) (a) of the Companies Act 2006 and a cash flow statement, otherwise required by IAS 1 and IAS 7, has not been presented. In addition, as permitted by FRS 101: Reduced Disclosure Framework, advantage has been taken of the exemptions available not to disclose:

- The disclosure requirements of IFRS 7 Financial Investments: Disclosures;
- The effect of new IFRS's that are not yet effective and have not yet been adopted;
- Key management compensation;
- Related party transactions between the company and other members of the group;
- Comparative information for movements in tangible and intangible fixed assets;
- Certain disclosure requirements otherwise required by IFRS 3 relating to business combinations;
- Fair value measurement disclosures required by IFRS 13 paragraphs 91 and 99;
- The disclosure requirements of IFRS 15 Revenue from Contracts with Customers including the disaggregation of revenue, qualitative and quantitative information related to changes in contract assets and contract liabilities; and information about an entity's performance obligations, transaction prices and any significant judgements; and
- The disclosure requirements of IFRS 16 Leases paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 and also the requirements of paragraph 58.

The financial statements have been prepared under the historical cost basis of accounting and in accordance with FRS 101: Reduced Disclosure Framework and with the Companies Act 2006. FRS 101: Reduced Disclosure Framework has been early adopted as permitted by paragraph 1 of that standard.

The ultimate parent company into which this company's financial statements are consolidated is Motus Holdings Limited. Copies of the consolidated financial statements of Motus Holdings Limited can be obtained from the company registered office; 1 Van Buuren Road, Corner Geldenhuis and Van Dort Streets, Bedfordview, 2007, South Africa.

Going concern

The business was significantly impacted by Covid-19 which emerged in the prior period. In the current year the business has performed strongly, despite the impact of the lockdowns experienced during the year.

Motus Holdings (UK) Limited and its subsidiary Motus Group (UK) Limited operate a bank pool which has a combined uncommitted overdraft facility of £16m. During the year the businesses have accessed the uncommitted pooled overdraft facility with a maximum overdraft of £5.1m in the period. There are no bank covenants in place. As at 4 November 2021 the companies had available cash resources of £12.6m.

1. General information (continued)

Going concern (continued)

Motus Holdings (UK) Limited has an unused loan facility of £41m with Motus Capital (Pty) Limited to support the UK businesses as necessary.

Motus Holdings (UK) Limited owns freehold property with a NBV of £47.0m at 30 June 2021 which has no charges over it. Management consider they could reasonably raise additional funding of up to £25m against the freehold property to support the UK businesses if required.

Management have prepared a profit and loss and cash flow forecast for the UK businesses for the period ending 30 November 2022. This base line revised forecast assumes:

- no further full UK wide lockdowns of the type experienced in March to May 2020; and
- in the case of a scenario similar to three previous lockdowns, the Manufacturer partners will reinstate its support to the company through their funding of new vehicle consignment and that normal adoption timings are delayed for new vehicle inventories until the vehicles are sold.

Based on the forecasts prepared by management for the two entities together, we forecast to remain comfortably within the existing bank facility limits throughout period to 30 November 2022, with no requirement to access the uncommitted bank overdraft facility at any point. This forecast has been reviewed and approved by the Board. Management has acknowledged the risk associated with the overdraft facility not being committed as at the date of signing and approving these financial statements. Management has engaged in discussions with the funding partner and concluded that based on these discussions, the overdraft facility should continue to be available during the period of assessment.

By their very nature forecasts and projections are inherently uncertain. The Covid-19 crisis has heightened uncertainty. Due to this inherent level of uncertainty over future financial performance and cash flows, as well as the importance of the key assumptions underpinning the Group's projections, sensitivity analysis has been performed to model the impact of more adverse trends compared to those included in the financial projections. These sensitivities model the impact of severe but plausible downside risks to the achievement of the financial projections. The sensitivities applied were:

- a reduction in the proportion of new vehicle consignment stock assumed to be funded by the Manufacturers;
- a further two month lockdown with no government support;
- stock supply disruptions arising from semi-conductor shortages internationally reducing OEM production.

In the absence of mitigating actions available to the companies, when these downside sensitivities are combined and applied to the financial projections, they indicate that £5.6m headroom would remain of the £16m uncommitted overdraft facility. Motus Capital (Pty) Limited, the immediate parent company of Motus Holdings (UK) Limited, has provided a letter of support to the company should additional facilities be necessary. The Directors have considered the ability of Motus Capital (Pty) Limited to provide this support to Motus Holdings (UK) Limited and its subsidiary Motus Group (UK) Limited and concluded the company has sufficient facilities available to support the UK businesses for a period of at least 12 months. Motus Capital (Pty) Limited has approximately £108m of committed undrawn facilities which are available, subject to covenants being met, for a period of at least 12 months as at the date of signing and approving these financial statements. The Directors have satisfied themselves that the Company would be able to draw down on these facilities as and when required during the 12 month period from the date of signing and approving these financial statements. The companies have a strong relationship with their funding partner and the wider Motus group has international relationships with the funding partner, so whilst the facility is uncommitted the company does not consider this to be a material uncertainty due to the relationship with the funding partner and the legally binding support provided by Motus Capital (Pty) Limited for at least 12 months following the signing of these accounts.

1. General information (continued)

Going concern (continued)

Based on the detailed forecasts prepared by management for the two entities, taking into account the anticipated impact of the Covid-19 pandemic and the letter of support provided by Motus Capital (Pty) Limited, the Board has a reasonable expectation that Motus Group (UK) Limited has adequate resources to continue to trade for the foreseeable future, being a period of at least 12 months from the date of signing and approving these financial statements. Accordingly, the Board continues to adopt the going concern basis when preparing this Annual Report and Financial Statements.

2. New and revised IFRS Standards in issue but not yet effective

The following new and revised International Financial Reporting Standards could have an impact on the Company's future annual financial statements. These standards are effective in the 2022 financial year and beyond and the impact on the financial results is still being assessed.

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, determination of interest rate benchmarks (2022 financial year);
- Amendments to IAS 1, classification of liabilities as current or non-current (2023 financial year);
- Amendments to IAS 16, property, plant and equipment, proceeds before intended use (2023 financial year);
- Annual improvements to IFRS 2018 to 2020 (2023 financial year);
- Amendments to IFRS 3, reference to the conceptual framework (2023 financial year);
- Amendments to IAS 37 – Onerous Contracts – the cost of fulfilling a contract (2023 financial year);
- Amendments to IFRS 10 and IAS 28, sale or contribution of assets between an investor and its associate or joint venture (2023 financial year);
- Amendments to IAS 1, disclosures of accounting policies (2024 financial year);
- Amendments to IAS 8, definitions of accounting estimates (2024 financial year);
- IAS 12 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single transaction (2024 financial year); and
- IFRS 17 – Insurance Contracts (2024 financial year).

The Company has elected not to early adopt any of the abovementioned standards.

3. Significant accounting policies

Functional and presentational currency

The financial statements are presented in pound sterling because that is the functional currency of the economic environment in which the company operates.

Business combinations and goodwill

The acquisition of businesses, whether by asset or share purchases, are accounted for using the acquisition method. The assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 - Business Combinations - are recognised at their fair value at their acquisition date except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations - which are recognised and measured at fair value less costs to sell. Trade and asset transfers within the group are done at consolidated book value. Any excess of the cost over the asset valuation as calculated above is recognised as goodwill.

Goodwill is recognised as an asset and is not amortised. It is reviewed for impairment as detailed in "impairment of non-financial assets" below.

Intangible assets

Intangible assets are stated at purchase cost less accumulated amortisation and impairment losses. Amortisation is provided on a reducing balance basis using rates calculated at the time of acquisition to write down the cost of each asset to its estimated residual value. Full amortisation takes place within 10 years of acquisition. Annual reviews are made of estimated useful lives and material residual values and additional impairment provisions are created as required. Website domains have a useful life of five years.

Tangible fixed assets

Tangible fixed assets are stated at purchase cost including directly attributable costs less accumulated depreciation and any impairment losses. The company does not have a revaluation policy. Freehold land is not depreciated. Depreciation of other tangible fixed assets is provided on a straight line basis using rates calculated to write down the cost of each asset to its estimated residual value over its estimated useful life as follows:

Property:	
Leasehold improvements	2% to 50%
Owned buildings and long leasehold property	1% to 2%
Plant and equipment:	
Motor vehicles	10% to 50%
Plant and machinery	5% to 50%
Fixtures, fittings, tools and equipment	5% to 50%
Computer equipment	10% to 50%

Annual reviews are made of estimated useful lives and material residual values. The gain or loss arising on the disposal of tangible fixed assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss account.

3. Significant accounting policies (continued)

Leases

The Company has applied IFRS 16 using the cumulative catch-up approach. The details of accounting policies under IFRS 16 are presented below.

Policies applicable from 1 January 2019

The Company as lessee

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

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

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee 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.

The lease liability is presented as a separate line in the balance sheet.

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.

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

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged 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).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

3. **Significant accounting policies (continued)**

Leases (continued)

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

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

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

The right-of-use assets are presented within the tangible fixed assets line in the balance sheet.

The Company 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 of tangible and intangible assets' policy.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For a contract that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company as lessor

The Company enters into lease agreements as a lessor with respect to its investment properties.

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When a contract includes both lease and non-lease components, the Company applies IFRS 15 to allocate the consideration under the contract to each component.

3. Significant accounting policies (continued)

Impairment of non-financial assets

Goodwill is tested annually for impairment or more frequently if there are any changes in circumstances or events that indicate that a potential impairment may exist. Goodwill impairments are not reversed.

Tangible fixed assets are reviewed for indications of impairment when events or changes in circumstances indicate that the carrying amount may not be recovered. If there are indications then a test is performed on the asset affected to assess its recoverable amount against carrying value.

An asset impaired is written down to the higher of value in use or its fair value less costs to sell.

Current and deferred taxation

The current tax charge is based on the taxable profit or loss for the year and takes into account both permanent disallowable items and deferred taxation because of differences between the treatment of certain items for taxation and for accounting purposes.

Deferred tax arises due to differences between the accounts carrying value and the corresponding tax bases used in the computation of taxable profit. Full provision, calculated using the balance sheet liability method, is made for the tax effects of these differences except that deferred tax is not recognised if the temporary timing difference arises from the initial recognition of goodwill.

Deferred tax is provided using tax rates that have been enacted, or substantively enacted, by the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of deferred tax assets is reviewed at each balance sheet date to ensure that it is probable that sufficient taxable profits will be available to allow the asset to be recovered.

Assets and liabilities, in respect of both deferred and current tax, are only offset when there is a legally enforceable right to offset and the assets and liabilities relate to taxes levied by the same taxation authority.

Deferred and current tax are charged or credited in the profit and loss account except when they relate to items charged directly to reserves in which case the associated tax is also dealt with in reserves.

Stock

Stock is stated at the lower of cost of purchase and net realisable value. Cost comprises actual purchase price. Cost for parts is determined using an average cost method. Net realisable value is based on estimated selling price less further costs expected to be incurred to disposal.

A provision is raised against new, used, demonstration vehicles and parts for loss in the value of inventory held, likely to be incurred through obsolescence, damage, and future expected movement in net realisable value. There has been no change in the assumptions applied in the calculation of the inventory provision in the historic period presented.

This is assessed as follows:

- New and used vehicles – the carrying amount is compared to the expected sales value which is assessed based on the recent sales history, adjusted for the condition of the underlying vehicle, and market acceptance for the vehicle less its cost to sell.
- Parts – the ageing of the parts is assessed and appropriate percentage write downs are allocated based on past experience.

Vehicles held under manufacturer stock funding arrangements are brought onto the balance sheet at the point that the vehicles have been added to the relevant manufacturer stocking plan as that is the point at which the substantial risks and rewards of ownership are transferred to the business.

Notes to the financial statements (continued)
For the year ended 30 June 2021

3. Significant accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when the company becomes a party to the contractual provisions of the instrument.

The company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The company de-recognises financial liabilities only when the company's obligations are discharged, cancelled or they expire.

Financial liabilities and equity instruments are classified 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 company after deducting all of its liabilities.

Trade and other debtors

Trade and other debtors are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Allowances for irrecoverable amounts, which are dealt with in the profit and loss account, are calculated based on the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents

Cash and cash equivalents includes cash-in-hand, cash-at-bank and short term highly liquid investments that are readily convertible into known amounts of cash within three months from the date of initial acquisition with an insignificant risk of a change in value.

Trade and other creditors

Trade and other creditors are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method.

Bank borrowings

Interest bearing bank loans and overdrafts are recorded at the proceeds received net of direct issue costs. Interest charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in the profit and loss account using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received net of direct issue costs.

Provisions for liabilities

Provisions for liabilities are created where the company has a present obligation (legal or constructive) as a result of a past event where it is probable that the company will be required to settle that obligation. Provisions for liabilities are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date. Provisions for liabilities are only discounted to present value where the effect is material.

Retirement benefit costs

Defined contribution schemes

Employer's contributions are charged to the profit and loss account on an accruals basis.

3. Significant accounting policies (continued)

Turnover

Turnover represents the fair value of the consideration received and receivable for the distribution and repair of commercial vehicles, after deducting trade discounts, during the financial year. Turnover excludes Value Added Tax.

Income generated from the sale of commercial vehicles and spare parts is recognised in the profit and loss account when the significant risks and rewards of ownership have been transferred to the buyer. Income generated from the provision of service facilities is recognised in the profit and loss account on the date the service is provided.

An element of turnover is deferred to the extent that it relates to future maintenance contracts and is recognised in accordance with the expected profile of anticipated future costs.

Cost of sales

Bonus income from manufacturers is recognised on an accruals basis, when receipt is probable, as a reduction in cost of sales.

Interest income

Interest income from bank deposit accounts is accrued on a time basis calculated by reference to the principal on deposit and the effective interest rate applicable.

Interest payable

Interest payable is recognised in the profit and loss account on an accruals basis in the period in which it is incurred.

Operating profit

Operating profit is defined as the profit for the year from continuing operations after all operating costs and income but before investment income, interest receivable, interest payable and taxation.

Share-based payments

The share-based payment charge is measured in line with the requirements of *IFRS 2 Share-based Payment* and recognised in the profit and loss account. There is a corresponding increase recognised in equity as a capital contribution from the parent entity. The intragroup recharge from the parent is offset against the capital contribution arising for the share-based payment.

The group operates equity-settled share-based compensation plans for senior employees and executives.

Equity-settled share-based payments to employees are measured at the fair value of the equity instrument at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the company's estimate of equity instruments that will eventually vest.

Estimating fair value of share-based payment transactions requires determination of the most appropriate valuation model, which depends on the term and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the life of the share schemes, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of equity-settled transactions with employees at the grant date the company uses the Black-Scholes pricing model for both the share appreciation rights and deferred bonus plan schemes. The assumptions used for estimating the fair value of share-based payment transactions are disclosed in note 20.

4. Critical accounting judgements, estimates and assumptions

In applying the Company's accounting policies, which are described in note 3, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Inventory provision

A provision is raised against new, used, demonstration vehicles and parts for loss in the value of inventory held, likely to be incurred through obsolescence, damage, and future expected movement in net realisable value. There has been no change in the assumptions applied in the calculation of the inventory provision in the historic period presented.

This is assessed as follows:

New and used vehicles – the carrying amount is compared to the expected sales value which is assessed based on the recent sales history, adjusted for the condition of the underlying vehicle, and market acceptance for the vehicle less its cost to sell.

Parts – the ageing of the parts is assessed and appropriate percentage write downs are allocated based on past experience.

Residual value of tangible assets

Residual values are assessed for plant, equipment and motor vehicles for hire. In arriving at estimated residual values, Motus considers the existing condition of the asset, the expected condition of the asset at the end of its useful life, technological innovations, product lifecycles, maintenance programmes and projected disposal values.

Motus reassesses the residual values of its assets on an annual basis. Actual residual values can vary from those previously estimated.

Impairment of assets

Goodwill and other indefinite useful life intangible assets are assessed annually for impairment. The key assumptions used are cash flow projections, growth rates and discount rates applied. The growth rates and cash flow projections are approved by senior management. The discount rates are established by an independent expert taking into account the geographic and other risk factors relating to the particular cash-generating unit being assessed. For the purpose of impairment testing, goodwill is allocated to each of Motus' cash-generating units (or groups of cash-generating units) that are expected to benefit from the synergies of the business combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is first allocated to the goodwill and then to the other non-current assets of the unit on a pro rata basis on the carrying amount of each non-current asset in the unit.

Notes to the financial statements (continued)
For the year ended 30 June 2021

4. Critical accounting judgements, estimates and assumptions (continued)

Key sources of estimation uncertainty

The directors do not believe there to be any key sources of estimation uncertainty in the financial statements.

5. Turnover

The turnover arises from the two classes of business. Sale of goods includes parts and vehicle sales. Sales of services represent the sale of labour..

	2021 £'000	2020 £'000
Sales of goods	1,036,342	857,124
Sales of services	115,891	106,750
	1,152,233	963,874

Turnover from continuing operations is generated wholly in the UK.

6. Net interest payable and similar charges

	2021 £'000	2020 £'000
Interest charge on bank loans and overdrafts	94	80
Interest charge on manufacturer floor plan creditor	3,085	4,704
Interest charge on lease liabilities	3,663	2,569
Intercompany interest payable	954	-
Interest payable and similar expenses	7,796	7,353
Interest receivable and similar income		
Bank interest receivable	(9)	(4)
Interest receivable and similar income	(9)	(4)
Net interest payable and similar expenses	7,787	7,349

The intercompany interest payable is as a result of the conversion of the short term intercompany loan into a formal loan arrangement with the holding company Motus Holdings (UK) Limited on 21 October 2020.

Notes to the financial statements (continued)
For the year ended 30 June 2021

7. Profit / (loss) before tax

Profit / (loss) before tax for the year has been stated at after charging / (crediting):

	2021 £'000	2020 £'000
Cost of stock recognised as an expense	970,224	805,560
Furlough grant received*	(2,702)	(7,208)
Rates relief and rates grants received	(2,721)	(758)
Net (credit) / charge for stock net realisable value provisions	(1,596)	1,082
Rent receivable	(291)	(257)
Intangible asset impairment and amortisation charges (note 11)	5	4,514
Depreciation of tangible fixed assets		
Right of use assets (note 13)	9,453	7,588
Other tangible fixed assets (note 12)	5,799	5,045
Loss on sale of tangible fixed assets	167	418
Loss / (profit) recognised on termination of lease contracts	118	(2,790)
Remeasurement of lease liability	(10,122)	(20,930)
Adjustment to right of use asset (note 13)	10,240	18,140
Operating lease rental payments (note 27):		
Property lease rental payments	194	198
Plant and machinery lease rental payments	2,020	1,590
Auditor's remuneration (note 8)	310	353
Staff costs (note 9)	99,005	91,357

*The furlough grant is paid by the UK government to organisations that furloughed employees between March 2020 and March 2021 as a result of the Covid-19 pandemic. Provided claims are made in accordance with the grant scheme rules which is not repayable to the UK Government.

The intangible asset impairment in the prior year was in relation to goodwill relating to the Pentagon and Mercedes divisions. The impairment reflected revised cash flow forecasts in the light of the impact of Covid-19 on anticipated future cash flows.

8. Auditor's remuneration

A more detailed analysis of auditor's remuneration is as follows:

	2021 £'000	2020 £'000
Fees payable to the company's auditor in respect of audit services:		
The audit of the financial statements	310	353
Total audit fees	310	353

Notes to the financial statements (continued)
For the year ended 30 June 2021

9. Employee information

	2021 No.	2020 No.
The monthly average number of employees employed during the year was:		
Sales	428	533
Service and bodyshop	1,596	1,738
Parts	445	496
Administration	391	396
	2,861	3,163

Staff costs charged in the profit and loss account

	2021 £'000	2020 £'000
Staff costs, including directors' remuneration amounted to:		
Wages and salaries	85,592	78,993
Social security costs	8,885	8,018
Other pension costs – defined contribution and similar schemes (note 28)	4,528	4,346
	99,005	91,357

Included in wages and salaries is a share-based payment charge of £22,000 (2020: £98,000).

Directors' emoluments

	2021 £'000	2020 £'000
Total directors' emoluments were as follows:		
Emoluments	1,592	911
Company contributions to a money purchase pension scheme	22	2
	1,614	913

Notes to the financial statements (continued)
For the year ended 30 June 2021

9. Employee information (continued)

	2021 No.	2020 No.
Number of directors to whom retirement benefits are accruing under:		
Defined contribution scheme	4	4
Number of directors who received shares in respect of qualifying services	1	1
Number of directors who exercised share options	1	1

Details in respect of the highest paid director are as follows:

	2021 £'000	2020 £'000
Emoluments	442	242
Company contributions to a money purchase pension scheme	-	-
		242

The highest paid director exercised share options during the year (note 25).

10. Tax on profit / (loss)

The tax charge / (credit) on profit / (loss) is as follows:

	2021 £'000	2020 £'000
Current tax		
UK Corporation tax and group relief at 19% (2020: 19%) based on the taxable profit / (loss) for the year	2,484	(941)
Adjustments in respect of prior periods	313	(103)
Total current tax charge / (credit)	2,797	(1,044)
Deferred tax (credit) / charge		
Deferred tax on the origination and reversal of temporary differences	(658)	152
Effect of change in rate of corporation tax	(115)	(188)
Adjustments to deferred tax in respect of prior periods	86	(51)
Total deferred tax credit (note 16)	(687)	(87)
Total tax charge / (credit) for the financial year attributable to continuing operations	2,110	(1,131)

The tax (credit) / charge for the financial year can be reconciled to the profit before tax per the profit and loss account multiplied by the weighted average effective standard corporation tax rate in the UK of 19% (2020: 19%) as follows:

	2021 £'000	2020 £'000
Profit / (loss) before taxation from continuing operations	10,745	(14,574)
Tax at the UK effective corporation tax rate of 19% (2020: 19%)	2,042	(2,769)
Effects of:		
Payment for group relief at rates other than the standard rate	-	-
Expenses not deductible for tax purposes	158	254
Goodwill write off	-	855
Permanent difference related to share-based payments	4	19
Loss on sale of ineligible assets and ineligible depreciation	282	311
Corporate interest restriction	(660)	541
Change in rate of corporation tax	(115)	(188)
Adjustments to current tax in respect of previous periods	313	(103)
Adjustments to deferred tax in respect of previous periods	86	(51)
	2,110	**(1,131)**

Factors effecting future current and total tax charges

The UK corporation tax rate has been 19% since 1st April 2017. The UK government have announced that the corporation tax rate for the financial year beginning 1 April 2023 will rise to 25%.

Notes to the financial statements (continued)
For the year ended 30 June 2021

11. Intangible assets

	Website domain £'000	Customer relationships and database £'000	Goodwill £'000	Total £'000
Cost				
As at 1 July and 30 June 2021	10	726	29,357	30,093
Accumulated depreciation				
As at 1 July 2020	10	721	5,932	6,663
Amortisation	-	5	-	5
As at 30 June 2021	-	726	5,932	6,668
Carrying value				
As at 30 June 2021	-	-	23,425	23,425
As at 30 June 2020	-	5	23,425	23,430

Customer relationships and databases are being amortised over their expected useful lives which is estimated to be three years.

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGU) that are expected to benefit from that goodwill. Before recognition of impairment losses, the cost of goodwill had been allocated as follows:

	2021 £'000	2020 £'000
Pentagon Motor Holdings	13,115	13,115
S&B Commercials	7,057	7,057
F&G Holdings	5,808	5,808
F&G Commercials	1,651	1,651
Truck Services Grimsby*	575	575
AM Bell*	314	314
Humberside Tail Lifts	294	294
Hawarden Commercials*	292	292
Truck and Trailer Equipment*	106	106
Meo Commercials*	100	100
Joseph Rice Truck Services Gloucester*	27	27
Bellshill*	18	18
	29,357	29,357

Goodwill impairment tests are performed annually or more frequently if there are indications that the goodwill may be impaired. The recoverable amount of goodwill is its value in use. The goodwill in respect of acquisitions marked* totalling £1,432,000 has been fully impaired.

In the prior year the goodwill in the Pentagon and Mercedes divisions was impaired by £4,500,000. This impairment reflected revised cash flow forecasts in the light of the impact of Covid-19 on anticipated future cash flows.

12. Tangible fixed assets

	Leasehold property £'000	Motor vehicles £'000	Plant and machinery £'000	Fixtures fittings, tools and equipment £'000	Computer equipment £'000	Total £'000
Cost or valuation						
As at 1 July 2020	8,116	6,913	9,557	5,973	1,560	32,119
Additions	3,366	2,256	810	1,082	501	8,015
Disposals	(392)	(1,233)	(1,732)	(812)	(178)	(4,347)
Reclassifications	-	4	(4)	119	(119)	-
As at 30 June 2021	11,090	7,940	8,631	6,362	1,764	35,787
Accumulated depreciation and impairment						
As at 1 July 2020	1,845	3,263	6,579	2,581	565	14,833
Depreciation charge	1,400	1,863	1,227	952	358	5,799
Disposals	(166)	(983)	(1,583)	(600)	(157)	(3,489)
Reclassifications	-	4	(4)	(3)	3	-
As at 30 June 2021	3,079	4,146	6,219	2,930	769	17,143
Carrying amount						
As at 30 June 2021	8,011	3,794	2,412	3,432	995	18,644
As at 30 June 2020	6,271	3,650	2,978	3,392	995	17,286

Property consists of long leasehold property of £283,000 (2020: £359,000) and short leasehold property of £7,729,000 (2020: £5,912,000).

At 30 June 2021 the company had entered into contractual commitments for the acquisition of property, plant and equipment of £347,000 (2020: £498,000).

Disposals represent items with no further useful life that have been disposed of as well as assets sold to third parties.

Notes to the financial statements (continued)
For the year ended 30 June 2021

13. Right of use assets

Depreciation is calculated on a straight-line basis to write off the cost of each component of an asset over the shorter of the lease term or estimated economical useful life as follows:

- Property – varies between two and 49 years;
- Motor vehicles – varies between two and four years.

	Property £'000	Motor Vehicles £'000	Total £'000
As at 30 June 2021			
Cost	92,244	3,318	95,562
Accumulated depreciation and impairment	(15,700)	(1,769)	(17,469)
Carrying value	76,544	1,549	78,093
Carrying value at the beginning of the year	85,432	1,258	86,690
Movement during the year			
Acquisition of businesses	4,473	-	4,473
New leases entered into or renegotiated	5,777	1,274	7,051
Derecognition of right of use assets	(10,240)	-	(10,240)
Depreciation charge	(8,470)	(983)	(9,453)
Impairment cost	(428)	-	(428)
Carrying value at the end of the year	76,544	1,549	78,093

	Property £'000	Motor Vehicles £'000	Total £'000
As at 30 June 2020			
Cost	92,234	2,044	94,278
Accumulated depreciation and impairment	(6,802)	(786)	(7,588)
Carrying value	85,432	1,258	86,690
Carrying value at the beginning of the year	-	-	-
Movement during the year			
Recognition of right of use asset on the modified retrospective approach	56,286	1,309	57,595
New leases entered into or renegotiated	54,088	735	54,823
Derecognition of right of use assets	(18,140)	-	(18,140)
Depreciation charge	(6,802)	(786)	(7,588)
Carrying value at the end of the year	85,432	1,258	86,690

Notes to the financial statements (continued)
For the year ended 30 June 2021

14. Stocks

	2021 £'000	2020 £'000
Raw materials and consumables	170	175
Work in progress	2,927	2,291
Goods held for resale	215,537	283,974
	218,634	286,440

15. Debtors

	2021 £'000	2020 £'000
Amounts falling due within one year:		
Trade debtors	64,998	48,703
Amounts owed by group undertakings	3,996	-
Corporation tax and group relief	-	397
Other debtors	16	219
Prepayments and accrued income	6,240	8,764
	75,250	58,083
Amounts falling due after more than one year:		
Deferred tax asset (note 16)	2,319	1,632
	77,569	59,715

Amounts owed by group undertakings are non-interest bearing and repayable on demand, all amounts fall due within one year.

16. Deferred tax asset

The deferred tax asset recognised by the company and the movements thereon during the current and previous year are as follows:

	Depreciation in excess of capital allowances £'000	Provisions and other short term timing differences £'000	Intangibles £'000	Right of use assets and liabilities £'000	CIR dis-allowance £'000	Total £'000
Asset as at 1 July 2019 at 17%	154	843	-	-	-	997
Deferred tax recognised in retained earnings	-	-	-	548	-	548
Credit to profit and loss account (note 10)	8	113	11	(45)	-	87
Asset as at 30 June 2020 at 19% (note 15)	162	956	11	503	-	1,632
Credit to profit and loss account (note 10)	71	(56)	57	(45)	660	687
Asset as at 30 June 2021 at 19% and 25% (note 15)	233	900	68	458	660	2,319

The company did not have any unused capital or trading losses at the end of either year.

A deferred tax asset has been recognised as the directors consider that there will be sufficient taxable profits in the foreseeable future to ensure its recoverability.

17. Cash at bank and in hand

	2021 £'000	2020 (Restated) £'000
Cash at bank	46,484	52,478
Cash in hand	34	29
	46,518	52,507

The company is a member of a pooled bank arrangement with Motus Holdings (UK) Limited. As at 30 June 2021, the value of bank accounts with a positive balance was £46,484,000 (2020: £52,478,000) and the value of accounts with an overdrawn balance was £35,180,000 (2020: £23,047,000). The net bank balance was £11,304,000 (2020: £29,431,000).

18. Prior year adjustment

The Company is a subsidiary of Motus Holdings Ltd (the "Group"), all legal entities within the Group are party to the same banking arrangement with legal right of set-off covering all accounts. The bank arrangement treats all accounts as one facility and they are grouped together by the bank to calculate total amount drawn down on the facility and also to calculate interest and charges payable. The accounts are administered centrally by the Group with regular transfers being made to amounts held to realign all businesses to comparable funded positions. The separate bank accounts held in the Company are held in order to ease the reconciliation of monies locally. Considering these factors the Company and Group have previously concluded that the total amounts held in the accounts across the Company and Group would be most appropriately reported net. However, following further clarification of the requirements of FRS101 the balance sheet and notes for the prior year have been restated to present the gross position, with positive balances included within Cash at bank and in hand and overdrawn balances within Creditors: amounts falling due within one year.

This adjustment has the effect of increasing both cash at bank and in hand and bank overdraft included in creditors by £35,180,000. The effects of the prior period adjustment are summarised below, there is no change to net current assets or the balance sheet total.

Balance sheet - Extract

	As restated £'000	As previously reported £'000
CURRENT ASSETS		
Cash at bank and in hand	52,507	29,460
CREDITORS		
Amounts falling due within one year	423,045	399,998

Notes to the financial statements (continued)
For the year ended 30 June 2021

19. Creditors: amounts falling due within one year

	2021 £'000	2020 (Restated) £'000
External		
Trade creditors	241,459	309,725
Bank overdrafts	35,180	23,047
HP Creditor	1,067	594
Lease liabilities	7,649	6,727
Corporation tax and group relief	2,128	-
Other tax and social security	11,031	13,917
Other creditors	179	424
Accruals and deferred income	29,209	24,970
	327,902	379,404
Intercompany		
Amounts owed to group undertakings	2,212	43,641
	2,212	43,641
	330,114	423,045

Trade creditors include £175,145,000 (2020: £264,957,000) secured by reservation of title on stock.

The company is a member of a pooled bank arrangement with Motus Holdings (UK) Limited. As at 30 June 2021 the value of bank accounts with an in hand balance was £46,484,000 (2020: £52,478,000) and the value of accounts with an overdrawn balance was £35,180,000 (2020: £23,047,000). The net bank balance was £11,304,000 (2020: £29,431,000).

£2,211,000 (2020: £43,275,000) of the total short term intercompany creditor balance is due to Motus Holdings (UK) Limited. On 21 October 2020, £30,000,000 of the short term intercompany loan was converted into a formal loan arrangement with a due date of 5 January 2023 (refer note 20).

Notes to the financial statements (continued)
For the year ended 30 June 2021

20. Creditors: amounts falling due after more than one year

	2021 £'000	2020 £'000
HP Creditor	172	1,346
Other loans payable	87	-
Lease liabilities	72,058	79,953
Amounts due to group undertakings represent intercompany borrowings which are repayable as follows:		
Loan due to Motus Holdings (UK) Limited with a due date of 5 January 2023	30,000	-
	102,317	81,299

Motus Holdings (UK) Limited has agreed to subordinate a maximum amount of £5 million of the above debt in preference to amounts owed by this company to Paccar Financial Services Europe B.V. The amount actually subordinated is calculated in accordance with an agreed formula. As at 30 June 2021 the amount owed by this company included within trade creditors as disclosed in note 18, to Paccar Financial Services Europe B.V. was £44,141,000 (2020: £45,563,000) and the amount of debt subordinated was £5 million (2020: £5 million).

Analysis of lease liabilities

	2021 £'000	2020 £'000
Amount due for settlement:		
Between one and five years	26,992	27,810
After five years	45,066	52,143
	72,058	79,953
On demand or within one year	7,649	6,727
	79,707	86,680

21. Provisions for liabilities

	Dilapidation provisions £'000
As at 1 July 2019	1,227
Additional provision in the year	243
Business acquisitions	130
As at 30 June 2020	1,600
Additional provision in the year	125
Utilisation of provision	(13)
As at 30 June 2021	1,712

The dilapidations provisions represent the anticipated costs of reinstating leasehold premises at the end of the lease agreements. These will be utilised as lease periods expire.

22. Called up share capital

	2021 £'000	2020 £'000
Called up, allotted and fully paid		
560,000 ordinary shares of £1 each	560	560

The company has one class of ordinary shares which carry no right to fixed income.

23. Share premium account

	£'000
Balance at 30 June 2020 and 30 June 2021	554

24. Profit and loss reserve

The profit and loss reserve comprises cumulative profits and losses net of dividends paid.

Notes to the financial statements (continued)
For the year ended 30 June 2021

25. Share-based payments

Selected participants receive annual grants of share appreciation rights (SARs), which are conditional rights to receive shares of the participants' listed holding company equal to the difference between the exercise price and the grant price. Vesting of rights is subject to performance conditions being met and participants remaining employed with the group for the vesting period.

The company recognises a share-based payment expense based on the fair value of the awards granted, and an equivalent credit directly in equity as a capital contribution.

The expense recognised for share-based payments in respect of employee services received during the year to 30 June 2021 is £22,000 (2020: £98,000).

The Imperial group unbundled its Motus operation and Motus (and the Motus Shares) listed on the main board of the JSE on 22 November 2018. The SARs in existence prior to the unbundling from Imperial will be settled in the shares of Motus only. Vesting of rights is subject to performance conditions being met and participants remaining employed with Motus for the vesting period. These performance conditions will be based on the combined values of both Imperial and Motus. The value created will need to be settled in shares compared to the combined share prices of Imperial and Motus to the original strike price. For grants from November 2018 onwards, the value will be based solely on the Motus share price.

The following details apply to the group's share schemes:

25.1 Share Appreciation Rights Scheme

Share Appreciation Rights Scheme (ZAR)	**2021**		**2020**	
	Number of rights	**Weighted average exercise price (ZAR)**	**Number of rights**	**Weighted average exercise price (ZAR)**
Historical Imperial Share Scheme				
Unexercised rights at the beginning of the year	153,941	154.22	160,632	153.12
Rights forfeited during the year	(44,165)	152.65	(6,691)	127.77
Rights exercised during the year	(47,966)	127.77	-	-
Unexercised rights at the end of the year	**61,810**	**175.86**	**153,941**	**154.22**
Motus Share Scheme				
Unexercised rights at the beginning of the year	255,345	80.26	118,930	89.67
Rights allocated during the year	-	-	136,415	72.05
Unexercised rights at the end of the year	**255,345**	**80.26**	**255,345**	**80.26**
Unexercised rights at the end of the year	**317,155**	**98.89**	**409,286**	**108.08**

Notes to the financial statements (continued)
For the year ended 30 June 2021

25. Share-based payments (continued)

25.1 Share Appreciation Rights Scheme (continued)

Share Appreciation Rights Scheme – details of rights by year of grant	Number of rights	Average exercise price (ZAR)	Vesting date	Expiry date
Grant date				
Historical Imperial Share Scheme				
June 2014	19,246	193.77	Vested	June 2021
June 2015	29,245	174.65	Vested	June 2022
June 2017	13,319	152.65	Vested	June 2022
	61,810	**175.86#**		
Motus Share Scheme				
November 2018	118,930	89.67	September 2021	June 2023
September 2019	136,415	72.05	September 2022	June 2024
	255,345	**80.26#**		
Total unexercised rights at end of year	**317,155**	**98.89#**		

Weighted average

The fair values for the share-based payment expense is calculated using a Black-Scholes pricing model. The inputs into the model established in the prior years at the grant dates, which have not subsequently changed, were as follows:

	Motus Only		Motus and Imperial Combined	
	2020*	**2019**	**2017**	**2016**
Share Appreciation Rights Scheme				
Volatility (%)	34.30	29.00	35.60	34.00
Weighted average share price (ZAR)	72.05	89.67	152.65	127.77
Weighted average exercise price (ZAR)	72.05	89.67	152.65	127.77
Weighted average fair value (ZAR)	17.31	22.10	44.25	39.08
Expected life (years)	4.27	4.27	4.30	4.39
Average risk-free rate (%)	7.22	8.20	7.59	8.75
Expected dividend yield (%)	5.50	4.50	4.00	3.75

*No SARs were issued during 2018 and 2021.

25. Share-based payments (continued)

25.2 Deferred Bonus Plan

Deferred Bonus Plan rights entitle participants to invest in shares of the participants' listed holding company, which, if held for three years, will be matched by the company on a one-for-one basis by the allocation of an equal number of shares of the participants' listed holding company for no consideration.

Deferred Bonus Plan – details of rights taken up and to be vested	**Number of rights**	**Vesting dates**
Imperial (IPL) - August 2017	4,626	September 2020
Motus (MTH) - August 2017	4,626	September 2020
	9,252	

The fair values for the share-based payment expense is calculated using a Black-Scholes pricing model. The inputs into the model established in the prior years at the grant dates, which have not subsequently changed, were as follows:

	2019	**2017**	**2016**
Deferred Bonus Plan			
Volatility (%)	29.00	35.60	34.00
Weighted average share price (ZAR)	89.67	152.65	127.77
Weighted average fair value (ZAR)	77.60	134.09	112.76
Expected life (years)	3.21	4.30	4.39
Average risk-free rate (%)	8.20	7.59	8.75
Expected dividend yield (%)	4.50	4.00	3.75

No deferred bonus plans were issued in 2018, 2020 and 2021.

There is no weighted average exercise price on the DBPs.

The volatilities were determined by calculating the historical volatility of Motus' and Imperial's share price over the previous three years. The expected life is determined by the rules of the schemes which dictate the final expiry date.

25.3 Conditional Share Plan

Selected participants receive grants of conditional share plan awards (CSPs) and the vesting is subject to performance conditions. The performance conditions for the CSPs are based on performance targets set by the board. The current performance conditions applicable to annual CSP allocations are the same as those used in respect of SARs. CSPs are only awarded to the most senior employees and replaced annual DBP allocations from 1 July 2019.

The fair values for the share-based payment expense is calculated using a Black-Scholes pricing model. The inputs into the model established at the grant dates, and which have not changed, were as follows:

Notes to the financial statements (continued)
For the year ended 30 June 2021

25. Share-based payments (continued)

25.3 Conditional Share Plan (continued)

	2021	2020	2019
Conditional Share Plan			
Volatility (%)	40.00	34.30	29.00
Weighted average share price (ZAR)	30.45	72.05	89.67
Weighted average fair value (ZAR)	25.52	57.15	77.60
Expected life (years)	3.21	4.21	3.21
Average risk-free rate (%)	4.15	7.22	8.20
Expected dividend yield (%)	5.50	5.50	4.50

There is no weighted average exercise price on the CSPs.

The volatilities were determined by calculating the historical volatility of Motus' share price over the previous three years. In the prior years, this was based on Imperial and Motus' share piece volatility. The expected life is determined by the rules of the schemes which dictate the final expiry date.

Conditional Share Plan – details of conditional awards taken up	Number of awards	Vesting date
July 2020	53,538	September 2023

26. Contingent liabilities

The company has guaranteed the bank overdraft of its parent company, Motus Holdings (UK) Limited. The amount outstanding at 30 June 2021 was £3,540,067 (2020: £489,577). As of 30 June 2021 Motus Holdings (UK) Limited held deposits outside the bank pooling arrangement of £3,114 (2020: £3,114).

27. Operating lease arrangements

At the balance sheet date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	Plant, machinery and equipment	
	2021	2020
	£'000	£'000
Amounts payable under operating leases:		
Within one year	938	747
In the second to fifth years inclusive	145	264
	1,083	1,011

Plant, machinery and equipment leases represent short term leases for office, general equipment and vehicles.

Notes to the financial statements (continued)
For the year ended 30 June 2021

28. Pension commitments

The company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the company's independently administered funds. The pension charge represents contributions payable by the company to the funds and amounts to £4,528,000 (2020: £4,346,000). As at 30 June 2021 outstanding contributions owed to the schemes were £439,000 (2020: £398,000).

29. Ultimate parent company

The company regarded by the directors as the ultimate parent and controlling party is Motus Holdings Limited, which is incorporated in South Africa. It is also the parent company of the largest and smallest group for which group financial statements are prepared. The immediate parent company and immediate controlling entity is Motus Holdings (UK) Limited.

Copies of the consolidated financial statements of Motus Holdings Limited can be obtained from the company registered office; 1 Van Buuren Road, Corner Geldenhuis and Van Dort Streets, Bedfordview, 2007, South Africa.